



The Brighton NC Machine Corporation (BNC) Supplier Performance Evaluation System is based on a Quality, Delivery, and Cost performance rating. Each performance rating will be listed separately on the Supplier Performance Report and will be processed monthly.

The results of the rating evaluations will be used in making future Delivery, Quality and Cost improvements. The results will also be used when determining new business opportunities.

Delivery Performance Rating:

The Delivery portion is based on a demerit system. The following shows the weight of each category.

Category	Demerits	Description
Late	-10	Delivery after the day shown on the release. No grace period.
Short	-10	Quantity received is over 3% below the required amount shown on the release.
Inaccurate Data on Packing Slip	-10	Receiving paperwork does not meet the specified BNC requirements or is incorrect.
Bar Code Label	-10	Missing bar code labels, bar code labels will not scan, or bar code labels do not meet BNC requirements.
No Packing List	-10	No packing list was received with the shipment.
Nuisance	-50	This can be added by the Planner if the Supplier causes an issue for the Planner. This can include late notification of a delivery issue, lack of customer service or response or other issues determined by the Planner.
Poor Performance	-100	This can be added by the Planner if there is significant poor performance by the Supplier. This can include poor response, poor customer service or other issues determined by the Planner.
Good Performance	+100	This can be added by the Planner if the Supplier exceeds expectations. They can include exceptional customer service or other circumstances determined by the Planner.

Anytime a shipment has one of the above issues a Delivery Performance Review (DPR) is issued by the MRP system. The DPR's are part number based. A Supplier can receive several DPR's for a single shipment.

Deliveries are due on the day shown on the release. There are no grace periods allowed. Quantities received are to be within +/- 3% of the quantity shown on the release. The Supplier Performance Program converts the amount of demerits the Supplier has received into a percentage. The percentage is based on the amount of Delivery Receipt Days (DRD) during the month and the number of demerits (DPR) issued. (See below calculation)

$$[(DRD \times 100) + DPR \text{ Demerits} / (DRD \times 100)] \times 100 = \text{percentage}$$



The percentage that is calculated results in the following rating categories:

Percentage	Rating
100%	Preferred
90% - 99.99%	Acceptable
80% - 89.99%	Requires Investigation
Less than 80%	Probation

Quality Performance Rating:

The Quality portion of the system is based on the number of rejected parts for the month. To standardize the rating all Supplier quantities (received and rejected) are calculated based on parts per million (PPM). (See below calculation)

Quantities Rejected x 1,000,000 / Quantity Received = PPM

Anytime there is a quality issue a Defective Material Notice (DMN) is issued in the MRP system. If there is a cost associated with the DMN, the Supplier will receive a Debit Memo for that cost. The PPM that is calculated results in the following rating categories:

PPM	Rating
0-10	Preferred
11-100	Acceptable
101-1000	Requires Investigation
1001 and above	Probation

If the Delivery Performance Rating is less than 80% and/or the Quality PPM is higher than 100 then the following actions will be taken:

Requires Investigation:

For Suppliers whose Delivery or Quality Rating falls in the *Requires Investigation* range, a letter will be issued by Brighton NC Corporation and the Supplier shall be responsible for implementing action to improve. This action shall be communicated to the Buyer by the Supplier within five days of notification. *Failure to respond within five days could result in further actions.*



Probation:

For Suppliers whose Delivery or Quality Rating falls in the *Probation* range, a letter will be issued by Brighton NC Corporation and the Supplier shall be responsible for implementing action to improve through either an 8D or 5P form (See the Supplier Quality Manual, Blank Forms on www.americanmitsuba.com). This action shall be communicated to the Buyer by the Supplier within five days of notification. *Failure to respond within five days could result in further actions.* The Buyer may also deem it necessary for the Supplier to present their 8D or 5P in person.

Additionally a \$500 fine may be taken by debit memo. The fine may increase by \$500 each additional time the Supplier falls in the Probation percentage within a 12 month period. Further actions may also be required by the Quality Department.

Cost Improvement Rating:

This section of the report is based on the Supplier's Cost Improvement performance from the previous year. Each year Brighton NC will send a Cost Improvement Request to the Supplier outlining a targeted savings percentage for the upcoming year. Based on the savings the Supplier provided throughout the previous year a corresponding Percentage of Goal and Rating will be published on the Supplier Performance Report and will remain the same until the next year. Failure to participate in Cost Improvement may result in loss of current business or removal from new business opportunities.

Percentage	Rating
100% of goal or above	5
75% to 99.99% of goal	4
50% to 74.99% of goal	3
25% to 49.99% of goal	2
0.01% to 24.99% of goal	1
0% of goal	0