



Supplier Performance Rating System



Introduction

Groupe Meloche is a major North American leader in manufacturing solutions for the Aerospace industry, providing engineering, technical support, prototyping services, precision CNC machining, painting, surface treatments, as well as value added assembly.

We constantly strive to create and manage a highly reliable, competitive supply chain. To compete in today's demanding marketplace, Groupe Meloche and its suppliers must be recognized leaders in our chosen markets, providing responsive, quality solutions to improve customer's competitiveness. To measure supplier progress towards this quest, the Supplier performance Rating System was developed.

Purpose

The purpose of the Supplier Performance Rating System is to communicate key supplier performance metrics that align with Groupe Meloche's business objectives.

The program...

- rewards suppliers based on data,
- serves as a foundation for continuous improvement,
- assists with future sourcing decisions.

Supplier Performance Rating System

Our supplier performance rating system consists of the following focus areas:

1. **Quality** – measures the number of delivered p.o. lines in conformity with the original requirements, and quality standards. This includes proper documentation and certification of materials and services.
2. **Delivery** – measures our suppliers' ability to deliver on or before the required date indicated on the p.o.
3. **Service Responsiveness** – Measures our suppliers' ability to support Groupe Meloche with the attainment of its procurement objectives. This metric examines four elements:
 - a. **RFQ response time**
 - b. **Sales & Technical support**
 - c. **Quality resolution**
 - d. **Pricing competitiveness**

Scope

The Supplier Performance Rating System applies to a select group of Groupe Meloche suppliers we believe to be critical links in our supply chain.

Benefits

The Supplier Performance Rating System will benefit both Groupe Meloche and our suppliers. To achieve those benefits, members in the supply chain must willingly share information by establishing open communication and fostering trust.

Supplier Benefits:

- Clearly stated performance expectations
- Improved communication
- The ability to grow our business relationship
- Objective data to measure your performance
- Improved overall competitiveness in the market

Groupe Meloche Benefits:

- Clearly communicated performance expectations to our supply base
- Closer relationships with our suppliers
- Better understanding of our supply base's overall performance
- Closer alignment between our customers' needs and our suppliers' capabilities

Supplier Performance Rating Point System

Each month, suppliers will receive an overall performance score based on the three focus areas mentioned previously:

Three Focus Areas (300 points total)

1. **Quality** – 100 points total
2. **Delivery** – 100 points total
3. **Service Responsiveness** – 100 points

Quality Rating System (100 points)

% Conformity (100 possible points)

Calculated this way:

$$\% \text{ Conformity} = \frac{\text{Nb. of delivered p.o. lines} - \text{NCRs} - (0.5 \times \text{Certification Issues})}{\text{Nb of delivered p.o. lines}}$$

Where:

- NCRs → Number of non-conformance reports in the given period
 Certification Issues → Number of problems with documentation and certification
 Nb of delivered p.o. lines → Delivered p.o. lines in the given period

Delivery Rating System (100 points)

% OTD (On-Time Delivery – 100 possible points)

Calculated this way:

$$\% \text{OTD} = \frac{\text{Nb. of p.o. lines delivered on time}}{\text{Total Nb. of p.o. lines delivered}}$$

A p.o. line is considered 'on time' whenever it is delivered on or before the required date.

Service Responsiveness Rating System (100 points)

Service Responsiveness Rating (100 possible points)

Composite indicator calculated this way:

Service Rating = Weighted average of four sub-ratings below x 20

Where the four sub-ratings that compose this indicator are:

- RFQ response time (5 points) – 30% of indicator
- Sales & Technical support (5 points) – 30% of indicator
- Quality resolution (5 points) – 20% of indicator
- Pricing competitiveness (5 points) – 20 % of indicator

All four are Groupe Meloche's perception, based on a scale of 1 to 5, as indicated below.

- 5 → Excellent or N/A – Exceeds our expectations
- 4 → Good – Meets our expectations
- 3 → Acceptable – Meets most of our expectations
- 2 → Poor – Needs improvement
- 1 → Very poor – Needs major improvement in the short term

Supplier Awards Program

Each year, Groupe Meloche will present awards to recognize outstanding suppliers under the Supplier Performance Rating System.

The Best Supplier in each focus area:

(prerequisite: 90% of possible points)

The Most Improved Supplier in the same focus area:

(prerequisite: 70% of possible points)

The Best Overall Supplier of the Year:

(prerequisite: total score of at least 260, with no category at less than 85% of available points)