

## **Supplier Requirements and Ratings System - Section 8**

### **Supply Chain Management**

#### **Vision**

The vision of Powers and Sons LLC Supply Chain Management is to develop, maintain and continuously improve our SCM systems to sustain a competitive advantage for our Customers, Suppliers, Community and our Business.

#### **Strategy**

To accomplish this we need to build on and maintain a world class Supply Chain Management System. We will allocate the proper resources to uncover new solutions that keep up with ever-changing technologies and goals of our Customers. We will strive to uncover waste at all levels of the Supply Chain, including internal, transportation and at Suppliers. We will utilize certifications and other assessment tools in an effort to improve our quality and costs while reducing risks to us and our Customers. We will maintain integrity and dignity in all dealings with our Customers, Suppliers and Employees.

#### **Objectives**

Measure and react to Customer Surveys

Meet all of the Customer Specific Requirements

Actively monitor and assist in improving our Supplier's performance

Meet all required governmental requirements

Maintain a list of approved suppliers that can produce products that meet all of the defined requirements at a total cost that keeps our customers at a competitive advantage

Review performance of suppliers and internal performances each month at QOS.

## **Power and Sons, LLC Conflict Mineral Policy**

On August 22, 2012 The U.S. Securities and Exchange Commission issued the final conflict minerals rule under section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The rule requires publicly traded companies to report annually the presence of conflict minerals in their products originating in the Democratic Republic of the Congo and adjoining countries if the 3TG is necessary to the functionality of production of such products. 3TG refers to tin, tungsten, tantalum and gold.

It is our companies policy to comply with the disclosure and reporting requirements of this rule. As part of our policy, we require our suppliers to engage in due diligence of the their supply chain to understand and report the 3TG content of their parts supplied to our company. We have purchased and utilize iPoint Conflict Minerals platform to support reporting to our customers.

Our company is dedicated to gathering the required data from our supply chain to provide as thorough an annual report as possible. It is our goal to meet all the regulatory requirements while promoting our cultural values.

### **Supplier Development Plan**

Powers and Sons, LLC requires 3<sup>rd</sup> party compliance for all of our approved production suppliers. The ISO9001 is a minimum acceptable level of certification; however, we encourage 3rd party IATF16949 certification or compliance to latest standard. In an effort of continuous improvement, Powers and Sons LLC may elect to assess the supplier to the latest standard.

Suppliers are **also encouraged** by Powers and Sons, LLC **to adhere to the Materials Management Operations Guidelines / Logistics Evaluation (MMOG/LE) standards.**

**Note: The MMOG/LE score should be submitted with the annual assessment.**

### **Supplier Requirements / Supplier Expectations**

- 100% on time delivery
- Provide accurate delivery information
- Use of specified carriers and class codes
- **Defect free parts**
- Competitive pricing
- **Demonstrated use of Value Analysis and Value Engineering Efforts (VA/VE)**

- Continuous improvement process utilized--embrace **lean manufacturing** and other techniques
- Proper and prompt response to RFQ's – including detailed part cost and tooling costs
- Engineering support--design and testing
- Maintain acceptable scoring levels on Supplier Performance Report (**as defined below**)
- 100% compliance to Supplier Information Manual
- Check Supplier Manual web site frequently for latest updates. Always use forms directly from the web site, to ensure you are using the latest revision.
- Registered to IATF16949, (min ISO9001), **and supply a copy of the current** certificate to P&S Purchasing
- Conduct **and submit the Powers and Sons self-assessment annually**
- Submit Conflict Mineral reporting annually

## **Supplier Performance Report**

The intention of this report is to fairly judge the performance and initiate a means of communication with our suppliers.

Within this section, please reference an example of the Supplier Performance Report. It begins with our company name followed by the month and year we are reporting. Your contact, company name and address are listed next. Please contact the Purchasing Manager if this information is not correct.

Last Assessment Date refers to all CQI information reported to Powers and Sons, LLC from the supplier.

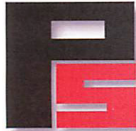
Scoring color definition, Green means acceptable, Yellow needs attention – follow up with Powers and Sons to determine what needs to be corrected to move your score back to green, Red written response required – you need to contact Powers and Sons and understand your issues then complete a Corrective Action as to how you will improve your scores. Failure to improve your scores may result in loss of quoting privileges and potential for loss of business.

The form is broken into 3 distinct areas: Quality, Delivery and Purchasing. Each area has a range defined for Green, Yellow and Red.

Under each category there are descriptions of elements you are being measured on. Some of the elements have systematic reports that are used to set the score and others are intuitive and are used by each area to convey how your company is performing against Powers and Sons expectations.

Next to each element is the potential high score. At the end of Delivery Performance, points can be deducted for issues stated in comments. Next is listed This Month scores which is the score achieved for the given element for the month listed at the top of the report. Next score is the Last 3 Months average, it is this score that will be looked at to determine what color each area is in. Next score reflects your 12-month average score. And last is the 12-month average for all suppliers in your commodity.

Be sure to review the comment areas every month, these comments are important! At the bottom of the form is your contact Email addresses. Use these to get any remaining questions answered.



Powers and Sons LLC

Powers and Sons LLC  
Supplier Performance Report  
Rating for: April 2019

generated on: 5/15/2019 09:50 AM

Green Acceptable  
Yellow Needs Attention  
Red Written Response Required \*

Last Assessment Date

SUPPLIER NAME  
SUPPLIER ADDRESS

eMailAddress

01 FORGING SUPPLIERS

Supplier Assessment Score: 99

High Impact Supplier

<b>Quality Performance - 100 Pts</b>		<b>GREEN</b>	<b>This Month</b>	<b>Last 3 Months</b>	<b>12 Month Average</b>	<b>Commodity Yr Avg Points</b>
(<80Red, 80 to 89Yellow, >=90Green)						
Parts Per Million Rejection	0	20 pts	20	20	20	18
NonConforming Material Reports (NCMR)	0	20 pts	20	20	20	18
PPAP Performance/Annual		20 pts	20	20	20	19
Current CQI's and Quality Certs on File		20 pts	20	20	20	20
Following Supplier Guidelines/SIM Adherence		10 pts	10	10	10	9
Supplier Annual Assessment		5 pts	5	5	5	5
QOS In Place		5 pts	5	5	5	4
Comments: . -						

Total Points for Quality Performance      100      100      100      93

<b>Delivery Performance - 100 Pts</b>		<b>GREEN</b>	(<80Red, 80 - 89Yellow, >=90Green)			
On Time Delivery		70 pts	70	70	70	57
Labeling, Packaging, Packing Slip, Accuracy		20 pts	20	20	20	20
Correct Advance Ship Process		10 pts	10	10	10	10
Deduction For Issues Stated Below		0 pts	0	0	0	1
Comments:						

Total Points for Delivery Performance      100      100      100      86

<b>Purchasing Performance - 100 Pts</b>		<b>GREEN</b>	(<70Red, 70 - 84Yellow, >=85Green)			
Dealer Returns, Warranty, Field Actions and Recalls		25 pts	25	25	25	25
Customer Disruption Costs		25 pts	25	25	25	24
Cost Competitive		25 pts	25	25	25	25
Continuous Improvement / VA, VE		25 pts	25	25	25	22

Total Points for Purchasing Performance      100      100      100      96

\*Red Area Requires EMail of corrective plans to respective person within 10 working days: Quality - sreese@powersandsonslc.com, Delivery - jschlosser@powersandsonslc.com, Purchasing - gnowak@powersandsonslc.com

Special Message Area:

## **Sustainability Guidelines for Powers and Sons Suppliers**

Powers and Sons motive is to ensure that all transactions throughout our supply chain are based on the principles of doing the right thing. In order to support our Customers and earn their trust and respect, our suppliers and your sub suppliers must adhere to open and honest business practices. This includes working inside of all the current legal and ethical requirements. We will continue to seek suppliers who share our values and promote high standards with all of our business transactions.

These Sustainability Guidelines for suppliers helps to highlight the expectations and requirements. Suppliers and their suppliers are expected to share Powers and Sons' commitment to these standards. Powers and Sons reserves the rights to conduct audits to assure compliance with these guidelines and also reserves the right to discontinue any relationship should the supplier fail to correct, or have a pattern of violating these guidelines.

### **Legal Compliance**

Suppliers must follow the law at all times. Suppliers and their employees must ensure they understand how these standards and the law apply to their work on behalf of Powers and Sons LLC. We encourage suppliers to participate in training for Compliance and Ethics to stay current on all applicable requirements.

### **Fair Treatment**

We expect workers to be treated fairly with respect to wages, benefits and hours. Must comply with all applicable wage and hour laws, including minimum wage, overtime, maximum hour rules, meals and rest periods. All legal and regulatory requirements must be complied with, including benefits. In further workplace should be free from discrimination, harassment and other abuses.

### **Child Labor**

All suppliers must adhere to the minimum employment age limit defined by national law or regulation and shall comply with the International Labor Organization standards.

### **Prohibit all forms of forced labor**

Employment must be voluntary and freely chosen. Powers and Sons LLC suppliers shall promote and maintain fundamental human rights.

### **Discrimination**

Discrimination based on race, color, gender, age, national origin, religion, sexual orientation, gender identity and expression, marital status, citizenship, disability, veteran status, medical condition (e.g., HIV/AIDS status, pregnancy, etc.), or any other legally protected factor will not be tolerated. External business partners must not discriminate in their hiring and employment practices (e.g., pay/promotion) and must follow all employment laws. Employment decisions must be based on merit, skills, and work experiences.

## **Health & Safety**

Provide safe and healthy working conditions. Must have a proactive program to improve safety and eliminate hazards and controlling risks associated to your specific industry.

## **Environmental Sustainability**

Suppliers should conduct business with respect to the impact on the environment and resources while complying with all applicable environmental laws, rules and regulations. ISO14001 certification is encouraged, at a minimum training is recommended to benefit future generations. Use of recycled materials is encouraged where it is possible to meet material requirements.

## **Freedom of Association and Collective Bargaining**

Suppliers must respect their employees' right to choose to join or not to join a trade union, or to have recognized employee representation in accordance with local law. External business partners are expected to maintain constructive dialogue and negotiate in good faith with such representatives.

## **Preventing Bribery and Corruption**

External business partners must conduct business with integrity and in full compliance with the law. External business partners must not give, agree to give, offer, or receive anything of value to influence the behavior of another business partner or government official in order to obtain an improper benefit or advantage.

## **Gifts, Entertainment and Gratuities**

Suppliers are prohibited from providing or offering gifts to Powers and Sons Employees that might influence a business decision or gain an unfair advantage. Powers and Sons employees are also restricted from these types of activities.

## **Employee & Data Privacy**

External business partners must respect the privacy of their employees as well as those whose personal data Powers and Sons entrust with them to provide products or services. Powers and Sons expect external business partners to properly protect and use personally-identifiable information. Powers and Sons expects that all external business partners will train their employees and subcontractors' employees assigned to work on the Powers account to ensure they understand the requirements and their personal responsibilities for protecting Powers and Sons personal information, as well as all Powers and Sons information.

## **Supplier Diversity**

Powers and Sons implemented a Diversity program to strengthen our supply base and support the efforts of our customers. We strongly encourage our suppliers to implement a program of their own. At a minimum attend some training and review the possibilities. At

this time we are not requiring reporting to Powers and Sons but as our program expands we reserve the right to do so. If you would like any help in creating or strengthening your program please contact us.