2020 AERONAUTICS SUPPLIER PERFORMANCE ENHANCEMENTS

Implementation Date: January 10, 2020

NEW QUALITY FORMULA

\[
\text{Program Supplier Rating} = \left[ 100 - \frac{\text{Defect QTY x Impact Factor}}{\text{12mo * Receipt QTY x Volume Factor}} \right] - \left[ \text{Critical Impact} \cdot \text{Late SCAR Response} \right]
\]

*12mo Receipt QTY accommodates for situations where defects occur in a month without receipts

**Critical Impact**
- Deduction Based on Leadership Concern of Major Event/Impact of Deliverable Based on Quality

**Late SCAR Response**
- Deduction When Supplier is Unresponsive to a Supplier Corrective Action Report (SCAR)

**Impact Factor**
- Multiplier to Account for Impacts Felt Later in LM Production Sequence

**Volume Factor**
- Multiplier on Supplier Receipt Quantity to Reduce Impact on Low Volume Receipts

**Escalation Concern**
- 11pts
- Severe Impact = 21pts

**Each Late SCAR = 20pts**

- x2 Supplier Impact (SOARs/Variances)
- x4 Source Rejections, Destination Acceptance & Swift Labs
- x6 Manufacturing Floor Impact & Material Surveys
- x8 Final Assembly/Shake & Flight Line Impact
- x10 End User/Fleet/Sustainment Impact

**QTY Range**

<table>
<thead>
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<th>QTY Range</th>
<th>Factor</th>
<th>QTY Range</th>
<th>Factor</th>
</tr>
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<td>1 - 9</td>
<td>3.35</td>
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<td>1,000 - 9,999</td>
<td>0.037588</td>
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**Deduction Present Each Month Until Issue Resolves**