TEXTRON SYSTEMS SUPPLIER RATING SYSTEM
QA-SP48 Rev. F
Objective:

- Provide Textron Systems strategic supply base with formal feedback on their overall performance to our expectations.
- Identify and prioritize Supplier development and corrective action needs.
- Serve as a key element of Textron Systems strategic sourcing process.

Suppliers are rated for Product Quality and Delivery (if they provide products) and/or Services (if they provide services). Suppliers are encouraged to view their ratings on a monthly basis and submit any discrepancies for investigation by Textron Systems Supplier Quality and Procurement.

Product Quality Performance:

- The quality rating is a 12 month rolling average of the number of shipments accepted vs. the number of shipments received and is calculated as follows:

\[
\frac{\text{Shipments Received} - \text{Supplier Nonconformances}}{\text{Total Number of Shipments Received}} \times 100
\]

Product Delivery Performance:

- The delivery rating is a 12 month rolling average of the number of shipments on time vs. the total number of shipments and is calculated as follows:

\[
\frac{\text{Shipments Received} - \text{Late Shipments}}{\text{Total Number of Shipments Received}} \times 100
\]

On time performance is measured as follows:

“On Time” – Product is received not more than five (5) business days after the contracted delivery date.

“Late” – Product is received more than five (5) business days after the contracted delivery date.
**Performance Level Definition for Product Quality:**

- **“Green” Supplier:**

  Rating of 98% and above.

  Suppliers performing at this level will be given every opportunity to quote business opportunities that fall within their capabilities.

- **“Yellow” Supplier:**

  Rating between 97.9% and 95%

  Suppliers performing at this level need to demonstrate sustained improvement. Supplier may be contacted to discuss current performance. Growth opportunities may be limited based on the severity of the nonconformances.

- **“Red” Supplier:**

  Rating below 95%

  Suppliers performing at this level will require Supplier Quality Management approval prior to issuing any new purchase orders over $30,000. Supplier may be contacted to discuss current performance. Visit to the Supplier may be required.

  Removal from the *Textron Systems* Approved Supplier List is possible.
Performance Level Definition for Product Delivery:

- **“Green” Rated Supplier:**

  Rating *95%* and above

  Suppliers performing at this level will be given every opportunity to quote business opportunities that fall within their capabilities.

- **“Yellow” Supplier:**

  Rating between *94.9%* and *90%*

  Suppliers performing at this level need to demonstrate sustained improvement. Supplier may be contacted to discuss current performance. Growth opportunities may be limited based on the severity of non-performance.

- **“Red” Supplier:**

  Rating below *90%*.

  Suppliers performing at this level due to late deliveries each month will be subject to a management review of all current business. Procurement/Subcontracts Manager must pre-approve all Purchase Order’s issued to red rated suppliers over $30,000. Supplier may be contacted to discuss current performance. Visit to the supplier may be required.

  Removal from the *Textron Systems* Approved Supplier List is possible.
Service Performance:

- The service rating is a 12 month rolling average of survey results from Textron Systems end users and buyers. Surveys are sent to Textron Systems end users after receipt of services, including at the end of each contract period of performance. Service performance includes measures of service quality, on-time delivery, and customer service, and ranges from 1 (does not meet requirements) through 5 (exceeds requirements). The average of all ratings from all surveys for a given supplier is calculated as follows; this becomes the supplier’s Service Performance rating.

\[
\text{Sum of Individual Scores} \\
\frac{\text{Number of Ratings Received}}{}
\]

Performance Level Definition for Services:

Rating 3 or Above
Suppliers performing at this level will be given every opportunity to quote business opportunities that fall within their capabilities.

Rating below 3
Suppliers performing at this level will require Procurement Management approval prior to issuing any new purchase orders over $30,000. Supplier may be contacted to discuss current performance. Visit to the Supplier may be required.

<table>
<thead>
<tr>
<th>Version</th>
<th>Date</th>
<th>Author</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>C</td>
<td>04/20/2012</td>
<td>M. Nussbaum</td>
<td>Added Services ratings. Replaced &quot;entered into Supplier CA database&quot; with &quot;documented&quot;. Added hardware quality notation.</td>
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<tr>
<td>D</td>
<td>7/27/12</td>
<td>M. Nussbaum</td>
<td>Adjusted product delivery and quality ratings</td>
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<tr>
<td>E</td>
<td>6/29/15</td>
<td>M. Nussbaum</td>
<td>Three-year review. No changes necessary.</td>
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<tr>
<td>F</td>
<td>10/22/18</td>
<td>J. Houk</td>
<td>Adjusted Quality and Delivery definitions to align with new vendor ratings in QlikView. Changed AAI references to Textron Systems.</td>
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