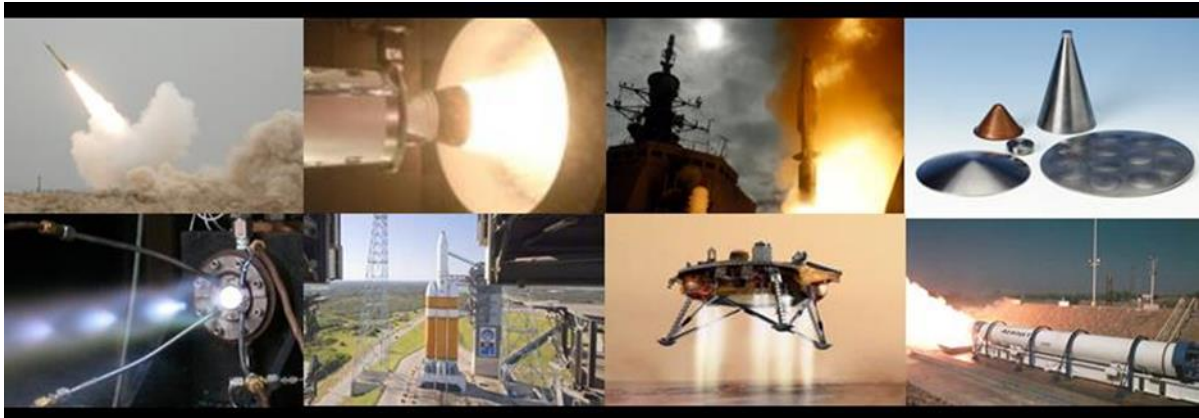


Supplier Rating System (SRS)



**Aerojet Rocketdyne
2024**

Supplier Rating System

As a supplier to Aerojet Rocketdyne (AR), you should understand and monitor the AR supplier rating system. AR uses the supplier ratings to make current and future sourcing decisions. To provide a better understanding of the system, we have prepared this pamphlet to answer frequently asked questions about the system.

Suppliers may access their Supplier Performance from the Aerojet Rocketdyne Supplier [Aerojet Rocketdyne Portals | arsuppliernet.l3harris.com](https://arsuppliernet.l3harris.com) and view their 6 months of historical data. Sufficient back up information shall be provided to allow suppliers to review/evaluate their ratings.

Supplier Performance Scorecard is a standardized Diamond, Green, Yellow and Red supplier rating.

The Performance Scorecard is based on a weighted sum of the Supplier's Quality Score and On Time Delivery Score.

Supplier Overall Score				
60 %	Quality Score	+	40%	OTD Score

Overall Score determines the Supplier Rating

Overall Rating Score	
Score	Rating
4	Diamond
3	Green
2	Yellow
1	Red

Example:

Red (1) Quality + Diamond (4) OTD =
 $(1 * .60) + (4 * .40) = 2.2$
 2.2 rounded down (it is less than 2.5)
 2 = Yellow Overall Score

What data makes up the Supplier Quality Score?

The calculation for Supplier Quality Rating is composed of penalty points for the following Quality Metric elements: Hardware Nonconformance, Supplier Correction Action Requests, Late SCAR Responses and Customer Escapes. Each of the Quality Metric elements contain a multiplier based on the severity of the element and when in the Supply Chain process it is detected.

How are the Quality Penalty Points Calculated?

Penalty points for each Quality Metric are calculated as follows:

Max Penalties	Multiplier	Last 6 Complete Periods (4/1/2023 to 9/29/2023)			
Max 55	55 *	4 Receiving Rejects	+	124 Line Rejects	) / 63,727 Quantity Received) = 0.110 Reject Penalty Points
Max 10	1 *	2 Corrective Action	/	1 Suppliers	) = 2.000 SCAR Penalty Points
Max 10	2 *	1 Corrective Action Late	/	1 Suppliers	) = 2.000 Late SCAR Penalty Points
Max 25	10 *	1 Customer Escapes	*	Aging Factor *	) / 1 Suppliers) = 5.000 Customer Escape Penalty Points

Customer Escapes Formula after Aging Factor Applied

Customer Escape Penalties by Age							
Period	Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sep 23	Total
Escape Count	0	0	1	0	0	0	1
Remaining Impact Multiplier	- 1/6	- 2/6	- 3/6	- 4/6	- 5/6	- 6/6	
Effective Escapes	= 0	= 0	= 0.5	= 0	= 0	= 0	0.5

Customer Escape Formula after Aging Factor Applied			
max (25 ,	10 ·	0.5 Effective Escapes	/ 1 Suppliers) = 5.000 Customer Escape Penalty Points

Formula for calculating Total Quality Penalty Points

Formula for calculating Total Quality Penalty Points													
1	-	(	0.110	+	2.000	+	2.000	+	5.000	)	=	90.89%	RED
			Reject		SCAR		Late		Customer			Total	Rating
			Penalty		Penalty		SCAR		Escape			Quality %	
			Points		Points		Penalty		Penalty			Points	
							Points		Points				

Legend		
Quality %	Score	Rating
99.8% to 100%	4	Diamond
96.5% to 99.8%	3	Green
94.0% to 96.5%	2	Yellow
0% to 93.9%	1	Red

Total Quality Points determine the Quality Scoring and Rating

Quality Metric Definition	
Quality Metric	Definition
Receiving Rejects	Total Quantity of nonconforming units by AR during source, eCoC or receiving inspection. Multiplier factor 55.
Line Rejects	Quantity of nonconforming units found by Aerojet Rocketdyne during manufacturing process.
Quantity Received	Total parts received, for comparison with quantities rejected during receiving inspection and manufacturing. This number does not subtract parts that AR returned. ('Return' is different than 'reject'.) If AR received 10 parts and 'returned' 1, "Quantity Received" is still 10. The individual receipts in the supporting details might show negative quantities for returns, but these quantities are not aggregated together with the positive values.
Corrective Actions	Corrective Actions with notable, negative impact to AR business. This is the total number of Corrective Actions that are configured to impact the scorecard. Multiplier Factor 1.
Corrective Actions Late	Corrective Actions where a supplier response was not received <u>by the response due date</u> . It is not based on <u>implementation dates</u> . Multiplier factor 2.
Customer Escapes	Count of defects that were found by AR customers after AR product shipment. This defect type carries an additional penalty due to the AR expense of processing failures located after the customer acceptance of products. Each escape defect is counted once regardless of quantity of units impacted. During a 6-month period, each month the penalty is reduced by 1/6. The first month is the full penalty of 10 points. Multiplier factor 10.
# of Suppliers	In cases where scoring is performed over sets of multiple suppliers, the supplier count measure is used to average the penalty points across all suppliers in the set. (Ignore this measure for single supplier scoring.)
Total Quality % Rating	Categorized ranking based on accumulated penalty points. See rating legend for more info.

How is the OTD calculated?

The supplier On Time Delivery rating is obtained from this formula:

$$1 - \left(\frac{15,644 \text{ Late Not Received} + 949 \text{ Received Late}}{69,710 \text{ Due}} \right) = 76.20\% \text{ On Time Rating } \text{RED}$$

OTD %	Score	Rating
94.50% to 100%	4	Diamond
89.50% to 94.49%	3	Green
84.50% to 89.49%	2	Yellow
0% to 84.49%	1	Red

On Time Delivery determine the OTD Scoring and Rating

Delivery Metric	Definition
Late, Not Received	Quantity past due, still not received by L3Harris.
Received Late	Quantity received after the purchase order required due date.
Due	Total parts due for the given period, received or not. This count is taken before considering returns.
% On Time	Categorized ranking based on ratio of late receipts to total due. See rating legend for more info.

What will be displayed in AR Supplier Portal ?

See fig 1 at the end of this Pamphlet for an example of Supplier Rating display.

Liability Determination

The determination of responsibility for rejection is made by the product acceptance inspection process. Only nonconformances attributed as supplier responsibility will be part of the formula and adversely affect the supplier quality rating. Line Rejections found outside of the 6 months window will not be included in the Supplier Quality Rating calculation. In addition, rejections that are Aerojet Rocketdyne responsibility will not affect a supplier's quality rating.

Quality Liability Reversal

Suppliers may seek a liability reversal through the Aerojet Rocketdyne buyer for the affected purchase order. Suppliers may dispute a rejection liability by submitting documentation to the Buyer within three months from the original rejection. Documentation must be submitted thru the SAIR Portal as a general Inquiry. If the requested dispute is valid, the SRS rating will be adjusted accordingly. If the request is denied, then the buyer will notify the supplier through the SAIR process. Reversals are reviewed and analyzed regularly to determine if Aerojet Rocketdyne corrective action is required.

Delivery Liability Reversal

At the beginning of each month, the supplier rating system is refreshed. This refresh will show for each scheduled delivery during the 6 month window. It will also show any additional receipts during the month and the actual schedule for that receipt. It will also reflect how many days late or how early a given delivery is. This information will be visible through the secure [Aerojet Rocketdyne Portals | arsupplinet.l3harris.com](https://arsupplinet.l3harris.com)

Suppliers will have two weeks after the first of the month to review the information and inform the AR Buyer if any problems are discovered. If there are instances in which schedule relief should have been granted, the buyer shall institute a change notice. If agreement on schedule relief cannot be reached, the buyer shall notify the supplier of the final disposition of their request.

Management Review

Disagreement about liability responsibility is resolved by the Buyer's Manager and the Sector Supplier Quality Manager who is also available to answer any questions or comments about the SRS.

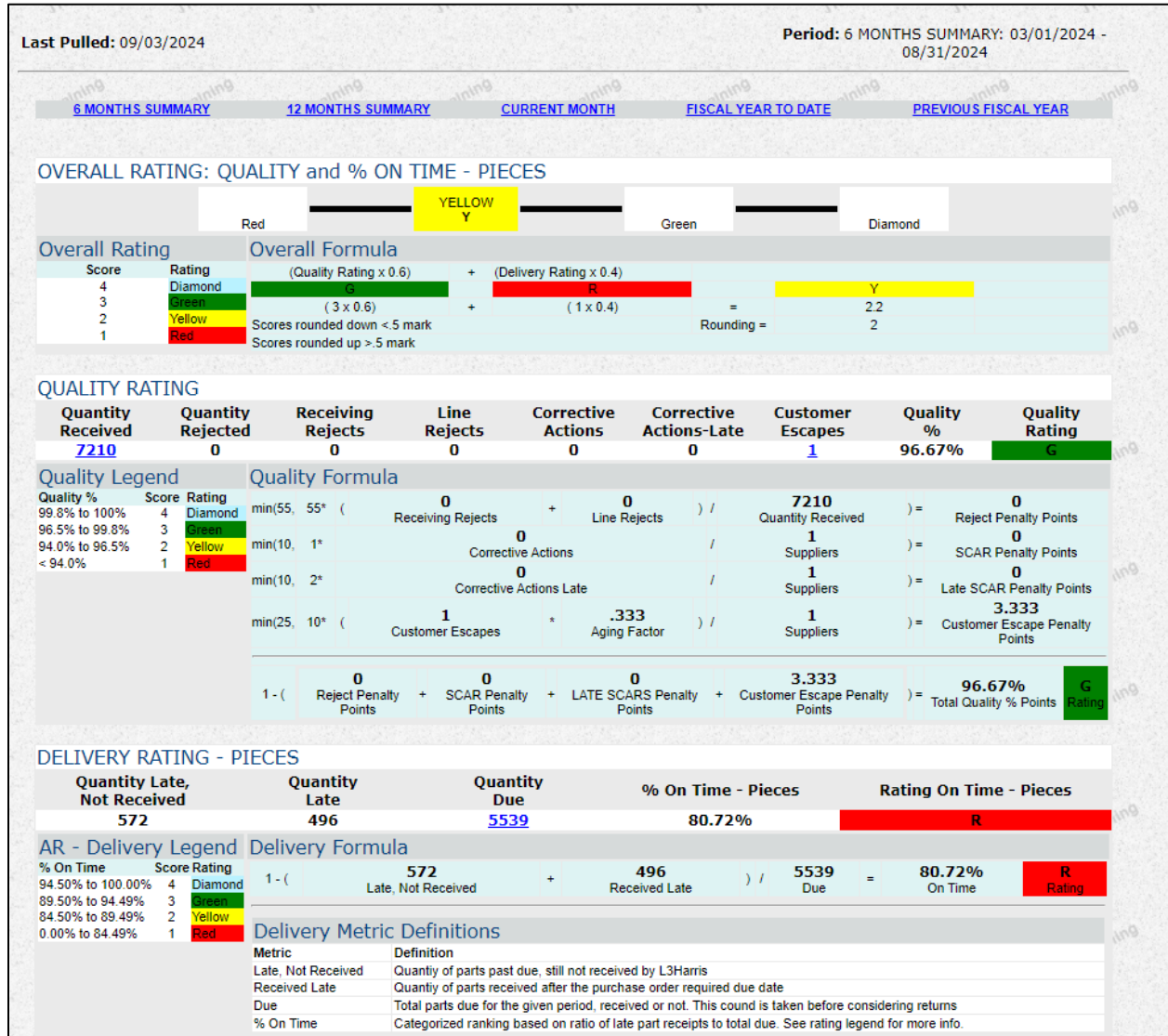


Fig 1 – Example of Supplier Rating in AR Supplier Portal

All the blue links are hyperlinks that allow detail data to be displayed on a pop-up screen.