

SUPPLIER RATING OF GEBR. BECKER GMBH

Guidelines for suppliers

Supplier rating is one of the essential tasks of Gebr. Becker GmbH's supplier management.

The intention on the one hand is to ensure the security of supply for Gebr. Becker GmbH. On the other hand it ensures that the requirements of customers and the business objectives of Gebr. Becker GmbH can be met.

We want to collaborate with our suppliers to increase our service performance and to continuously improve the competence of our supplier portfolio.

The supplier rating evaluates operative assessment criteria ("hard facts") in a semi-annual cycle.

A description of the supplier assessment can be found in the sections below.

1 Hard facts

1.1 Logistics score: Delivery reliability

- ▶ We expect our suppliers to deliver the ordered products in the agreed calendar week and in the precise quantities.
- ▶ Essentially, all order discrepancies (quantity, date, part delivery) shall be agreed upon with the relevant operational buyers and in their own interests.
- ▶ Without this coordination, deliveries that are either too early or too late are not permitted; over- and under-deliveries are not tolerated either.
(Exception: +/- 10% tolerance for specified commodity groups (see section 5))

Valuation Code:

	too early	CW (DD)	too late
over-delivery	0	0	0
precise quantity	0	1	0
underdelivery	0	0	0

1.1.1 Calculation method

1. Determine all orders whose desired delivery date is within the assessment period
2. For each order or order item:
 - a. Determine the calendar week of the desired date (CW (DD))
 - b. Determine the quantity (reference quantity) supplied in total under this order item within the CW(DD)
 - c. Compare the reference quantity (RQ) to the order quantity (OQ) and a scoring 1 or 0

[Points]	Condition for goods category without tolerance	Condition for goods category with tolerance
1	RQ = OQ	$0.9 \times OQ \leq RQ \leq 1.1 \times OQ$
0	RQ \neq OQ	$RQ < 0.9 \times OQ$ or $1.1 \times OQ < RQ$

3. Determine the logistics score for delivery reliability using the following method:

$$Delivery\ reliability = \frac{\sum\ evaluation\ of\ points\ (order\ item)}{\sum\ order\ items}$$

1.1.2 Definitions

	Abbreviation	Explanation
Desired date	DD	Delivery date on order
Reference quantity (RQ)	RQ	Quantity of an order item actually delivered in the CW(DD)
Order quantity	OQ	Desired delivery quantity for an order item
Goods receipt date	GRD	Goods receipt on the order / booking date = date of physical receipt of goods

2 Quality scores

To determine a supplier's quality score, we determine the number of disputed parts and the number of parts supplied during the assessment period for each supplier.

2.1 Quality score calculation method for a single supplier

2.1.1 Calculation step 1: Determine the complaint rate

The total number of disputed parts is the sum of all complaints within the period under consideration. The number of disputed parts is compared with the number of parts delivered in the same period.

$$\text{Complaint rate [\%]} = \frac{\text{Disputed parts}}{\text{Delivered parts}} \cdot 100$$

- The current complaint rate of the respective assessment period is reported in both the quarterly and annual reports.

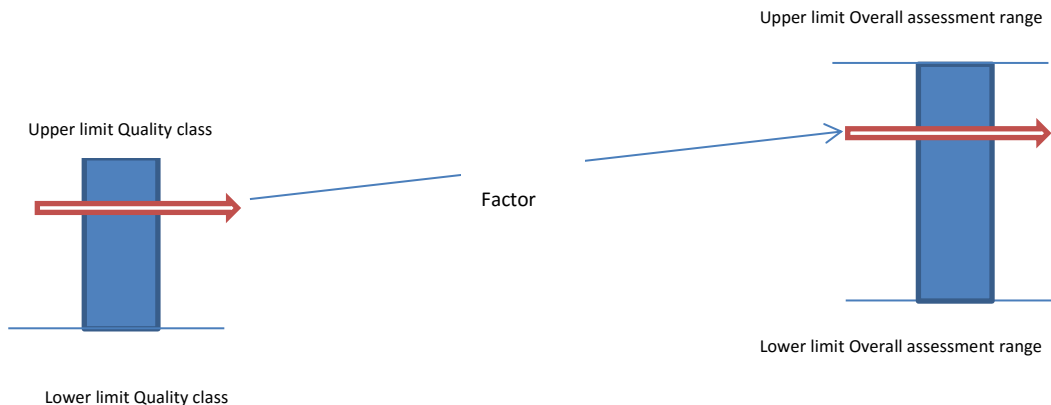
Special case: If the sum of the parts delivered is less than the sum of disputed parts within the period under consideration, the quality score is not determined and the logistics score is included in the hard facts assessment with factor 1.

2.1.2 Calculation step 2: Determine the quality score

Classify the determined complaint rate in the corresponding quality class (casting, motors, mechanics) to determine in which category the supplier falls and which rate is to be applied.

		Quality Class		
		Casting	Motors	Mechanics
Points	100 - 90	0,00% - 0,50%	0,00% - 0,25%	0,00% - 0,15%
	89 - 75	0,51 - 1,00 %	0,26% - 0,50 %	0,16% - 0,30 %
	74 - 50	1,01% - 2,00%	0,51% - 1,00%	0,31% - 0,60%
	< 50	> 2,00%	> 1,00%	> 0,60%

This matrix shows the target complaint rates that can be achieved by our suppliers and the scoring derived therefrom. The exact score is calculated from the complaint rate in the quality class and the classification in the points scale.



Example Motor supplier:

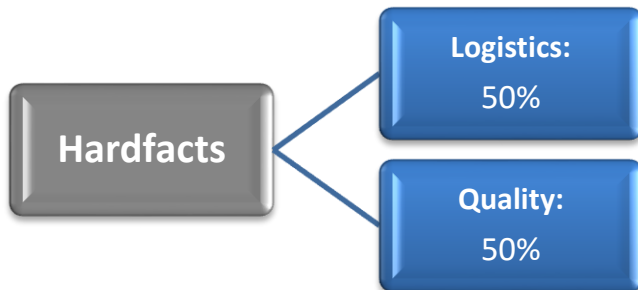
Quality Class Motors Complaint rate of 0,30% → 87 points

Example Casting Supplier:

Quality Class : Casting Complaint rate of 0,30% → 94 points

3 Weighting of the assessment criteria

The systematic assessment of the hard facts and the cross-functional assessment of the soft facts gives the overall result according to the following weighting.



4 Classification

Classification is undertaken once a year. The status of the supplier remains in place for one year, regardless of its semi-yearly results, until a new overall rating is obtained.

Notes on the assessment result and necessary action:	
100% - 90%	Requirements are nearly or completely achieved
89% - 76%	Requirements are partially achieved ▶ The supplier should introduce appropriate measures that will have a positive impact on the result
75% - 50%	Minimum requirements reached - improvement measures are required ▶ Within the two weeks we expect a written analysis with suggestions for improvement
< 50%	Minimum requirements not reached

5 Commodity Groups with and without tolerance (max. +/- 10%)

5.1 Commodity Groups with tolerance

Commodity Group	Quality class
Forged brass parts	Casting
Grey cast iron	Casting
Ductile cast iron	Casting
Cast aluminium	Casting
Cast brass	Casting
Steel semi-finished products	Casting
Aluminium continuous casting	Casting
Continuous casting	Casting
Electrical accessories	Motors
Spare parts for motors	Motors
Instrumentation	Motors
Cable and assembly	Motors
Electrical installation material	Motors
Electronic components	Motors
Oil level fittings	Mechanics
Filters / cartridges	Mechanics
Seals	Mechanics
Fixtures/fittings	Mechanics
Air metrology	Mechanics
Insulation material	Mechanics
O-rings	Mechanics
Hoses	Mechanics

Commodity Group	Quality class
Cooling pipes	Mechanics
Steel pipes	Mechanics
Gears	Mechanics
Glue / fats / oils	Mechanics
Paints, varnishes, etc.	Mechanics
DIN/small hardware	Mechanics
Shaft seals	Mechanics
Vacuum/manometer	Mechanics
Oil pumps	Mechanics
Rubber items	Mechanics
Couplings	Mechanics
Rotating/lifting magnets	Mechanics
Central systems accessories	Mechanics
Sheet metal parts	Mechanics
Turned and milled parts	Mechanics
Springs/wire products	Mechanics
Sintered parts	Mechanics
Coupling discs	Mechanics
Standard plastic parts	Mechanics
Labels	Mechanics
Carbon vanes	Mechanics
Wire parts	Mechanics

5.2 Commodity Group without tolerance

Commodity Group	Quality class
NE semi-finished products	Mechanics
Coolers	Mechanics
Fans	Mechanics
Plastic valves	Mechanics
Slide Bearing	Mechanics
Roller bearings	Mechanics
Magnetic bearings	Mechanics
Cabinets/hoods	Mechanics
Screw compressors	Mechanics
Cooling units	Mechanics
Boiler	Mechanics
Pumps	Mechanics

Commodity Group	Quality class
Stainless steel	Casting
Plastic foam parts	Casting
Shaft stubs	Casting
Plastic injection moulding	Casting
Plastic deep-drawn parts	Casting
Flange standard motors	Motors
Flange/special motors	Motors
Frequency converters	Motors
Capacitors	Motors
Built-in motors	Motors
EX motors	Motors
Fans with drive	Motors
Mounting plates/cabinets	Motors
IPC, controllers	Motors