

**Springdale Site Specific Requirements**  
**Addendum to**  
**DAYCO Global Supplier Policy Manual**

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## **1. Purpose**

This addendum is structured as a companion to the Dayco Global Supplier Quality Policy Manual. These requirements apply to all suppliers that provide direct materials to the Dayco Springdale facility. These suppliers and all members of their supply chain are expected to follow the requirements of the Dayco Global Supplier Quality Policy and the supplements noted in this addendum.

Exceptions or the use of any alternative method of compliance from the requirements of this manual shall be documented by the supplier and submitted to the appropriate Dayco buyer. The Dayco quality department will review, document, and notify the supplier of any approved deviations from the requirements included herein.

Other unique requirements not contained in the Supplier Quality Policy or this addendum may be flowed down to the supplier on the PO or other documents such as the Contract or Long Term Agreement (LTA).

## **2. Objectives**

No additional requirements.

## **3. Scope**

### **3.1 General**

No additional requirements.

### **3.2 Subcontractors**

No additional requirements.

## **4. Supplier Sourcing and Selection**

### **4.1 General**

No additional requirements.

### **4.2 Criteria**

No additional requirements.

## **5. Auditing**

### **5.1 General**

No additional requirements.

### **5.2 Corrective actions**

No additional requirements.

## **6. Supplier Quality System Requirements**

### **6.1 General**

No additional requirements.

### **6.2 Automotive-Specific Requirements**

No additional requirements.

### **6.3 Continual Improvement**

No additional requirements.

### **6.4 Special Processes**

No additional requirements.

### **6.5 Government Regulations, Environmental protection, Health and Safety Policy**

No additional requirements.

### **6.6 Conflict Minerals Policy**

No additional requirements.

## **7. Global Dayco Supplier Performance Requirements and Rating Systems**

### **7.1 General**

No additional requirements.

### **7.2 Quality Performance:**

#### **7.2.1 Quality Expectations**

No additional requirements.

#### **7.2.2 Packaging and Labeling**

No additional requirements.

#### **7.2.3 Costs of Nonconformity**

No additional requirements.

#### **7.2.4 Certified Stock and Support**

No additional requirements.

#### **7.2.5 Corrective Action**

No additional requirements.

7.2.6 Shipment of Nonconforming or Suspect Product  
No additional requirements.

7.2.7 Quality Performance Scoring (Vendor Rating)  
No additional requirements.

### **7.3 Delivery Performance:**

7.3.1 Delivery Performance Expectations  
No additional requirements.

7.3.3 Scheduling Information  
No additional requirements.

7.3.4 Delivery Performance Scoring (Vendor Rating)  
No additional requirements.

**7.4 Additional Performance Measures**  
No additional requirements.

**7.5 Overall Performance Scorecard Rating Calculation**  
No additional requirements.

**7.6 Disputing Ratings**  
No additional requirements.

**8. Quality System Requirements**  
No additional requirements.

**8.1 Quality Planning (APQP), FMEA, and Manufacturing Process Design**  
No additional requirements.

8.1.1  
No additional requirements.

8.1.2  
No additional requirements.

8.1.3  
No additional requirements.

8.1.4  
No additional requirements.

#### 8.1.5

No additional requirements.

### **8.2 Work Instructions**

No additional requirements.

### **8.3 Change Management**

#### 8.3.1

No additional requirements.

### **8.4 PPAP**

#### 8.4.1

PPAP submissions must be submitted in accordance with AIAG PPAP manual latest revision. When there is a conflict between requirements AIAG PPAP manual latest edition shall be the governing specification.

##### 8.4.1.a

Refer to <http://www.iatfglobaloversight.org/oem-requirements/customer-specific-requirements/> website for detailed end-user (i.e. Ford, GM, FCA, etc.) customer specific requirements.

#### 8.4.2

No additional requirements.

#### 8.4.3

For requirements regarding submission levels, refer to the AIAG PPAP Manual latest edition. All level III PPAP submissions shall include measurement system analysis studies for all new or modified gauges, measurement or test equipment.

#### 8.4.4

For end customer owned tooling, (i.e. Ford, GM, FCA, etc.) the supplier must follow customer specific requirements for tool identification.

#### 8.4.5

Capacity analysis shall be completed for any part supplied to Dayco that the end customer is Ford Motor Company. Capacity planning and calculation will be based on Average Production weekly (APW) and Maximum production weekly (MPW) supplied by Ford to Dayco. Ford specific Capacity Analysis Report and training is available at the following websites or guidance can be obtained vis the Springdale site contact:

<https://web.fsp.ford.com/gtc/docs/capacityplan.pdf>

Capacity Analysis Report - [https://web.qpr.ford.com/sta/Capacity\\_Analysis\\_Report.xlsx](https://web.qpr.ford.com/sta/Capacity_Analysis_Report.xlsx)

Capacity Analysis Training – [https://www.lean.ford.com/cqdc/supplier\\_training.asp](https://www.lean.ford.com/cqdc/supplier_training.asp)

Capacity analysis must be submitted with every PPAP request for a Ford specific part, or at the request of a Dayco site contact. If Ford site access is not available, contact your Dayco representative for specific capacity analysis training requirements.

8.4.6

No additional requirements.

8.4.7

## **8.5 Management of Production Tooling**

8.5.1

No additional requirements.

8.5.2

No additional requirements.

## **8.6 Engineering Specifications**

8.6.1

No additional requirements.

8.6.2

No additional requirements.

## **8.7 Product Identification and Traceability**

No additional requirements.

## **8.8 Cleanliness of Premises**

No additional requirements.

## **8.9 Designation and Control of Special Characteristics**

No additional requirements.

## **8.10 Preventive and Predictive Maintenance**

No additional requirements.

## **8.11 Monitoring and Measurement of Manufacturing Processes**

8.11.1

No additional requirements.

8.11.2

No additional requirements.

## **8.12 Verification of Job Setups**

No additional requirements.

## **8.13 Laboratory Requirements**

No additional requirements.

## **8.14 Measurement System Analysis**

Measurement system analysis (MSA) shall be conducted in accordance with the AIAG Measurement System Analysis Manual latest edition. Additionally, the minimum expectation for the Springdale facility is that MSA is carried out on all equipment used for new or modified gages, measurement, and test equipment

## **8.15 Calibration/verification Records**

### 8.15.1

No additional requirements.

### 8.15.2

No additional requirements.

## **8.16 Control of Nonconforming Product, Rework and Repair**

### 8.16.1

No additional requirements.

### 8.16.2

No additional requirements.

### 8.16.3

No additional requirements.

### 8.16.4

No additional requirements.

## **8.17 Problem Solving Methods**

No additional requirements.

## **8.18 Dayco Packaging and Labeling Standards**

No additional requirements.

## **8.19 Record Retention**

No additional requirements.

## **8.20 Incoming Product Conformity to Requirements/Tier 2 Approval**

8.20.1

No additional requirements.

8.20.2

No additional requirements.

8.20.3

No additional requirements.

### **8.21 Deviation (Customer Waiver)**

No additional requirements.

### **8.22 IMDS**

No additional requirements.

### **8.23 Statement of Clarification**

No additional requirements.

## **9. Glossary of Acronyms and Terms**

No additional requirements.

## **Springdale Supplier Performance Rating System**

Dayco Suppliers will be rated on their overall performance. *Supplier performance is monitored through the following indicators: delivered product quality; customer disruptions including field returns; delivery schedule performance (including incidents of premium freight); special status customer notifications related to quality or delivery issues; customer service/support.* This section details the performance requirements and the Supplier performance rating system.

Each Supplier will have a scorecard with an overall performance rating. The rating will be calculated using scores derived from the three key elements of Supplier performance, Quality, Delivery, and Service/Support. The weighting of the overall score using the key elements will be as follows:

<b>Quality</b>	<b>40%</b>
<b>Delivery</b>	<b>40%</b>
<b>Service/Support</b>	<b>20%</b>

A Supplier with perfect scores in all key elements will receive an overall score of 100.

## Quality Performance Scoring:

Supplier quality performance will be rated using a composite of a parts per million (PPM) score, a quality reject (QR) score, and a Supplier quality event (SQE) score.

PPM will be calculated with the following formula:

$$\text{PPM} = (\text{total rejected parts} / \text{total parts received}) \times 1,000,000$$

Dayco will then take the calculated PPM total and, using an algorithm, assign a point score for the time period. An example of the PPMs and derived scores is shown in the table below.

PPM	Point Score	PPM	Point Score	PPM	Point Score	PPM	Point	PPM	Point
0	100	51-61	89	205-257	78	788-840	67	4707-5235	55
1-6	99	62-72	88	258-310	77	841-893	66	5236-5765	54
7-11	98	73-83	87	311-363	76	894-946	65	5766-6294	53
12-17	97	84-94	86	364-416	75	1000	63	6295-6823	52
18-22	96	95-105	85	417-469	74	1001-1530	62	6824-7353	51
23-28	95	106-116	84	470-522	73	1531-2059	61	7354-7882	50
29-33	94	117-127	83	523-575	72	2060-2589	60	7883-8411	49
34-39	93	128-138	82	576-628	71	2590-3118	59	8412-8941	48
40-44	92	139-149	81	629-681	70	3119-3647	58	8942-9470	47
45-49	91	150	80	682-734	69	3648-4177	57	9471-9999	46
50	90	151-204	79	735-787	68	4178-4706	56	100000	0

Note: The table above does not contain the complete rating data.

The number derived from the calculation is recorded as the Supplier's PPM score.

The number of QRs for a Supplier during the rating period will be displayed in the scorecard and is subtracted from the total number of shipments during the rating period to get the number of shipments accepted. The number of shipments accepted is divided by the total number of shipments and is multiplied by 100 to calculate the QR score.

$$\text{QR score} = 100 \times (\text{shipments accepted} / \text{total shipments}).$$

SQEs are defined generally as events caused by poor Supplier quality that have larger negative impact on Dayco than simple QRs. Such events could include, but are not limited to, rejection and sorting of finished goods at Dayco locations, customer quality rejects, returns and/or sorts, warranty issues, field returns, customer field actions, etc. Dayco takes these quality issues seriously; therefore,

Suppliers will be penalized twenty-five points for each SQE. Dayco receiving location Purchasing and/or Logistics functions will assign the SQE scores.

SQE score = number of SQEs x 25.

When corrective action is required at the supplier's facility, Dayco requires suppliers to provide timely and thorough responses that eliminate and prevent the root cause. When corrective actions are late, submitted incomplete, or fail to address the root cause suppliers will be penalized 5 points for each late and/or failed corrective action. Dayco supplier quality engineering will assign CA score.

CA Score = Number of late or failed corrective actions X 5

To arrive at the total Supplier quality score, the PPM score and QR scores will be added together and then divided by two. The resulting score will then have the SQE and CA score subtracted from it.

Quality score + ((PPM score + QR score)/2) - (SQE score + CA score)

The number derived from the calculation is recorded as the Supplier's quality performance score in the scorecard and is then multiplied by 0.4 to determine the quality performance contribution to the overall performance rating. No score less than zero will be awarded.

## **Delivery Performance Scoring:**

Delivery performance is a ship-based measure and will be scored on a hit or miss basis. A hit will be an on-time delivery of the correct amount of product. A miss will be a delivery, which is either outside of the allowed delivery or quantity tolerance limits. The delivery date will be the basis for determining a hit or miss delivery. The receiving locations will establish the delivery targets and tolerances. Any instance of a premium freight shipment will result in a one-point reduction in the delivery performance score. The respective Dayco Logistics and Purchasing functions have the discretionary authority to adjust individual delivery hits or misses (including premium freight) based on circumstances.

Supplier delivery performance will be scored as percent hits of total deliveries less premium freight occurrences. The score will be calculated using the following formula:

Delivery performance = (100 x (hits / total deliveries)) – premium freight deliveries. The

number derived from the calculation is recorded as the Supplier's delivery performance score in the scorecard and is then multiplied by 0.4 to determine the delivery performance contribution to the overall performance rating. No score less than zero will be awarded.

## Service/Support Performance:

Suppliers will be rated on how well they support their Dayco receiving locations in **five** areas. The overall score for Service/Support will be the sum of the point scores weighted as follows:

1. PPAP performance	20 points
2. Responsiveness	35 points
3. EDI compliance	15 points
4. NAFTA compliance	15 points
5. ASN accuracy	15 points
Total Points Possible	100 points

### PPAP Performance

It is Dayco's expectation that Suppliers will deliver PPAP packages that arrive on or before the date scheduled by the receiving location purchasing function. PPAP packages must have all required documentation and samples, and submitted materials must meet all dimensional, chemical, physical, appearance, and performance requirements. All process capability requirements must be met. All Suppliers must also submit an IMDS Substance of Concern report before, or at the time of PPAP. For IMDS information, see [www.markivautoSupplier.com](http://www.markivautoSupplier.com).

Failure of Suppliers to meet PPAP requirements can cause problems with build schedules, process validation, and the ability of Dayco to achieve on-time delivery of product samples to customers. Suppliers will be awarded a PPAP performance score between 0 and 20. PPAP performance will be scored by subtracting 5 points for each unsuccessful PPAP. The minimum score will be zero. Suppliers having no PPAP submissions in the rating period receive a default score of 20.

### Responsiveness

It is Dayco's expectation that Suppliers will respond promptly and proactively to all problems and concerns, or other needs that are identified by the Dayco receiving location(s) or their customers. Suppliers will be judged on the following:

- x Availability of support personnel;
- x Promptness and completeness of responses to RFQs;
- x Early communication of potential problems.

Suppliers will be assigned a responsiveness performance score by the appropriate receiving location purchasing and quality personnel. The assigned score will be a point score between 0 and 35. Each failure in any of the above listed areas will result in a deduction of 5 points. The minimum score will be zero.

### EDICompliance

It is Dayco's expectation that Suppliers are to implement systems to support electronic interchange of data between themselves and Dayco facilities. EDI is important for reduction in time and errors during information exchange and improvement in the flow of critical information needed for forecasting and scheduling activities. Dayco may at their discretion waive this requirement for some Suppliers. EDI information may be found at [www.markivautoSupplier.com](http://www.markivautoSupplier.com).

Suppliers successfully supporting this requirement will receive a score of 15. Suppliers not meeting this requirement will receive a score of zero unless waived by Dayco. If the requirement is waived, the default score of 15 will be awarded.

### NAFTACompliance

It is Dayco's expectation that Suppliers provide NAFTA Certificates of Origin for all eligible materials and/or parts. Certificates that are valid for the applicable calendar year must be submitted to the Dayco receiving locations on or before the specified due date. Suppliers that are in full compliance with this requirement after the specified due date will receive a score of 15 points. All others will receive a score of zero.

### ASNAccuracy

It is Dayco's expectation that Suppliers support the receiving locations by transmitting timely, accurate ASNs. ASNs are critical to purchasing because they provide feedback confirming that the releases or kanbans have been filled and the product is being shipped as required. Dayco receiving locations may, at their discretion, waive the ASN requirement for some Suppliers.

Purchasing at the receiving locations will award a score between zero and 15 relative to timeliness and accuracy of the Suppliers' ASNs. For Suppliers who have had the ASN requirement waived, the default score of 15 will apply. Three points will be subtracted for each ASN that fails to meet the timeliness or accuracy requirements. The minimum score will be zero.

### **Supplier Service/Support Rating Calculation Example:**

For example, if Supplier "X" was late on one PPAP, sent two inadequate corrective action reports and a late quotation, fully supports EDI, had two noncompliant ASNs, and was late submitting NAFTA Certificates of Origin, the support overall score would be calculated as follows:

<b>Category</b>	<b>(Calculation)</b>	<b>Score</b>
PPAP Performance	(20-5)	15
Responsiveness	(35-15)	20
EDI Compliance	(15)	15
NAFTA Compliance	(0)	0
ASN Accuracy	(15-6)	9
<b>Total Service/Support Score</b>	<b>(Sum)</b>	<b>59</b>

## Overall Performance Scorecard Rating Calculation Example:

The same Supplier "X" had shipped 100,000 units during a rating period containing 20 shipments, and had 50 parts rejected as nonconforming in one of the shipments (one QR). A bent part was found at a customer plant and Dayco sorted product at the customer location (one SQE). Using the formulas supplied, the PPM would be 500 and the PPM score from the table would be 73. The QR score would be 95. The overall quality score for the rating period is  $((73+95)/2)-25$ , which is 59. During the same period, one shipment was late and quantities shipped were all within tolerance limits, resulting in a score of 95. One premium freight shipment occurred. The delivery performance score would be  $95-1$ , which is 94. Taking the support score from the example above, the overall rating calculation would be as follows:

<b>Performance Area</b>	<b>Area Score</b>	<b>Factor</b>	<b>Adj. Score</b>
Quality Performance	59	.40	23.6
Delivery Performance	94	.40	37.6
Service/Support Performance	59	.20	11.8
<b>Overall Performance Rating</b>			<b>73</b>

The matrix below will be used in evaluating Suppliers with scores in the following ranges:

<b>Point Score Range</b>	<b>Category</b>	<b>Explanation of Score</b>
98-100	Excellent	Preferred candidates for additional and future business. Level needed to maintain preferred Supplier status.
94-97	Acceptable	Candidate for future business.

90-93	At Risk	If overall score falls inside this range for three consecutive months, the supplier may be required to provide an improvement plan to DAYCO.
<90	Unacceptable	If overall score falls in this range for two consecutive months, the supplier must provide an improvement plan to DAYCO. A supplier improvement plan must also be provided if the suppliers delivery or quality score falls in this range for two consecutive months. The supplier will not be allowed to quote on new business and re quoting activities may occur. Supplier will be placed on probation until two consecutive rating periods above 90. Three consecutive months below 90 in any category may result in an audit of the supplier's facility.

Suppliers that consistently fail to achieve acceptable performance ratings will be placed on probationary status. Suppliers on probation may forfeit the right to quote new business and, if the performance problems are severe and repeated, are subject to removal from the approved Supplier list(s) of the receiving location(s). Suppliers' top management may be required to attend meetings with Dayco Quality, Purchasing, and Operations management at the Dayco receiving locations to assist in resolution of performance problems and to present action plans designed to raise performance to acceptable levels. Suppliers that have been placed on probationary status will be required to perform at acceptable levels until 3 month rolling average is above 90 before they can be removed from probation. Dayco Logistics and plant purchasing functions control Suppliers' probationary status.

Performance rating summaries will be calculated, published, and distributed to the supply base, on a monthly basis, by the receiving location purchasing functions. The report cards will contain 12 month performance histories for all scoring categories. Distribution of the reports will be done using the Suppliers' primary contacts' email addresses. If email is not available, ratings may be faxed or sent by regular mail.