Supplier Rating System
Corporate Supplier Quality Management Model

**Supplier Development**
- Supplier Audit Plan
- Supplier Improvement Plan
- Site Training
- Internal SQA visits / audits
- Cross Site Support / Regional Audit Team
- External Supplier Information Page
- Supplier Diversity Reporting

**Supplier Selection and Qualification**
- Supplier - Self Assessment
- Risk Assessment
- Onsite Audit
- Supplier Onboarding
- Supplier Auditor Qualification

**Component Qualification**
- APQP (Advanced Part Quality Planning)
- FMEA / QCP / PPAP / SFAI
- Component Specification Agreement
- Product - Process Audit
- AEG Laboratories
- Dfx

**SRS Supplier Rating System**
- Supplier Performance Monitoring

**Supplier Quality Assurance**
- Incoming Inspection
- Continuous Improvement - SCAR
Supplier Selection and Qualification (SSQ) Overview

One of the most important objectives in Flex supply chain process is the Supplier Selection and Qualification (SSQ) of an effective supply base. SSQ is becoming increasingly critical as Flex and our customers continue to develop more collaborative and long-term relationships with suppliers. As a result, SSQ is a strategic decision that assumes utmost importance in the current scenario of global purchasing.

Flex SSQ process is based on Flex controlled suppliers which provides a common framework, tool suite to achieve Flex objectives of a robust supplier program in establishing supplier credentials and capabilities for supplying specific processes, products and services.
Supplier Rating System (SRS) – Overview and Scope

Flex evaluates Supplier Performance quarterly through in a systematic tool that enables Flex and Vendors to measure objectively supplier performance to drive business continuity and success. Some of the core benefits:

- Intensive Collaboration with Suppliers and Flex to enable a Quality/Materials competitive advantage
- Helps to identify strengths, competitive advantages & opportunities for continuous improvement
- Measure Supplier performance to support operational processes
- Improve communications through standardized quality data
- Measures Automation level of PO transaction

1. OTD % Vs Supplier Commit
2. OTD % Vs Flex Request
3. PO % Automation
4. Payment Terms
5. QA Quality Performance DPPM, SCAR Incidents & RT
6. SMI % Supplier Managed Inventory and Continuous Replenishment Program
7. CRP % Response Environmental & Quote RT
8. Communication
9. Supply Chain Optimization Program

10. On Time Delivery
11. CRP Continuous Replenishment Program
12. DPPM Defects Part Per Million
13. SCAR Supplier Corrective Action
Supplier Rating System (SRS)

Quality Performance
To provide Sites, Business Segments and the Global Team with a centralized data report related to Suppliers' Performance in terms of Quality: Actual DPPM Level, SCARs Incidents and Response time

OTD (Supplier Promise / Flex Request)
Monitoring On-Time Delivery metrics
Driving collaboration to improve performance
Increase manufacturing efficiency

Payment Terms
Promote collaboration from our supply base that join and align with Flex term

Supplier Managed Inventory (SMI) and Continuous Replenishment Program (CRP)
To increase SMI/JIT Logistics optimization

Communication Performance
Promoting effective direct communication with our supply base: Quotation Response Time % & Environmental Response Time %

Supply Chain Optimization Program
Encourage vendors to look for opportunities of optimization that could provide benefits to the business: transportation, operations, packaging, etc

Purchase Order (PO) Automation %
To improve PO processing by removing manually performed steps
# Supplier Rating System (SRS) – Process Flow Steps

<table>
<thead>
<tr>
<th>Data Management</th>
<th>SRS Reporting</th>
<th>Communication and collaboration</th>
<th>Supplier Performance Assessment</th>
<th>Improvement Plan &amp; Corrective Action</th>
</tr>
</thead>
</table>
| • Data System collection  
• Multi-cross functional data integration | • Dashboards creation  
• Standard template  
• Initial internal data validation | • Onboarding program / Targets and expectations alignment  
• Engagement between Supplier & Flex  
• Promote collaboration from flex partners | • Information Full Analysis  
• GAP and Risk Analysis  
• Initiation of SIP/SCAR request | • QUALfx/FlexQ  
Medical, Flex corporate tools  
• Close loop Plan and reassessment process  
• Supplier development |
SIP & SCAR Overview – How we drive improvements?

If the SRS of the suppliers present a low score or non-archive Flex minimum requirements, Supplier is encouraged to develop an Improvement Plan to improve existing process/practices to bring up existing capabilities and process. In case of recurrence, a Supplier Corrective Action Request (SCAR) Process is initiated to eliminate the potential causes of identified non-conformities through proven problem-solving methodologies.

<table>
<thead>
<tr>
<th>Supplier Improvement Plans (SIP)</th>
<th>Supplier Corrective Actions (SCAR)</th>
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<tbody>
<tr>
<td><strong>24/48 hrs</strong></td>
<td><strong>24/48 hrs</strong></td>
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<tr>
<td>Acknowledgement</td>
<td>Acknowledgement</td>
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<tr>
<td>• Expectations and Scope setup</td>
<td>• Expectations and Scope setup</td>
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<tr>
<td>• Contact lead confirmation</td>
<td>• Containment Actions</td>
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<tr>
<td>• Awareness</td>
<td>• 3D</td>
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<tr>
<td><strong>72 hrs</strong></td>
<td><strong>72 hrs</strong></td>
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<td>Initial Analysis</td>
<td>Initial Analysis</td>
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<tr>
<td>• Scope</td>
<td>• Root Cause</td>
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<tr>
<td>• GAP analysis</td>
<td>• Corrective &amp; Preventive Action Plan</td>
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<tr>
<td>• OFI</td>
<td>• Close loop and Verification of success implementation</td>
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<tr>
<td>• Priorities and First level of action</td>
<td></td>
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<tr>
<td><strong>10 days</strong></td>
<td><strong>5 days</strong></td>
</tr>
<tr>
<td>Full Improvement Plan</td>
<td>Full Action Plan</td>
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<tr>
<td>• PDiC (Plan-Do-Check-Act)</td>
<td>• Close loop and Verification of success implementation</td>
</tr>
<tr>
<td>• Action Plan with ownership and commits</td>
<td></td>
</tr>
<tr>
<td><strong>• Close loop and Verification of success implementation</strong></td>
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