

Section

5

Supplier Rating Program

I. Application

- A. All LP Suppliers (direct material)
- B. Active only (at least one shipment per 6 months)

II. Scope

- A. 12 month period (Fiscal Year)
- B. By Fiscal Year (Apr-Mar)

III. Responsibility

- A. (ASTEMO)AM Purchasing is rating administrator
 - Calculates total score
 - Communicates to suppliers
 - Overall window between (ASTEMO)AM and supplier for problems, which cannot be resolved at the functional/operational level.
- B. (ASTEMO)AM internal customers of LP suppliers for Quality (SQA) and Delivery (PC) matters evaluate in perspective areas (see Rating topic in these categories within this handbook).

C. LP Suppliers

- Should strive for perfect scoring
- Verify accuracy of rating and communicate discrepancies back to (ASTEMO)AM.
- Utilize the rating to benchmark current condition and utilize the evaluation for continuous improvement.

IV. Frequency

Formal fiscal year Apr-Mar rating for each eligible supplier.

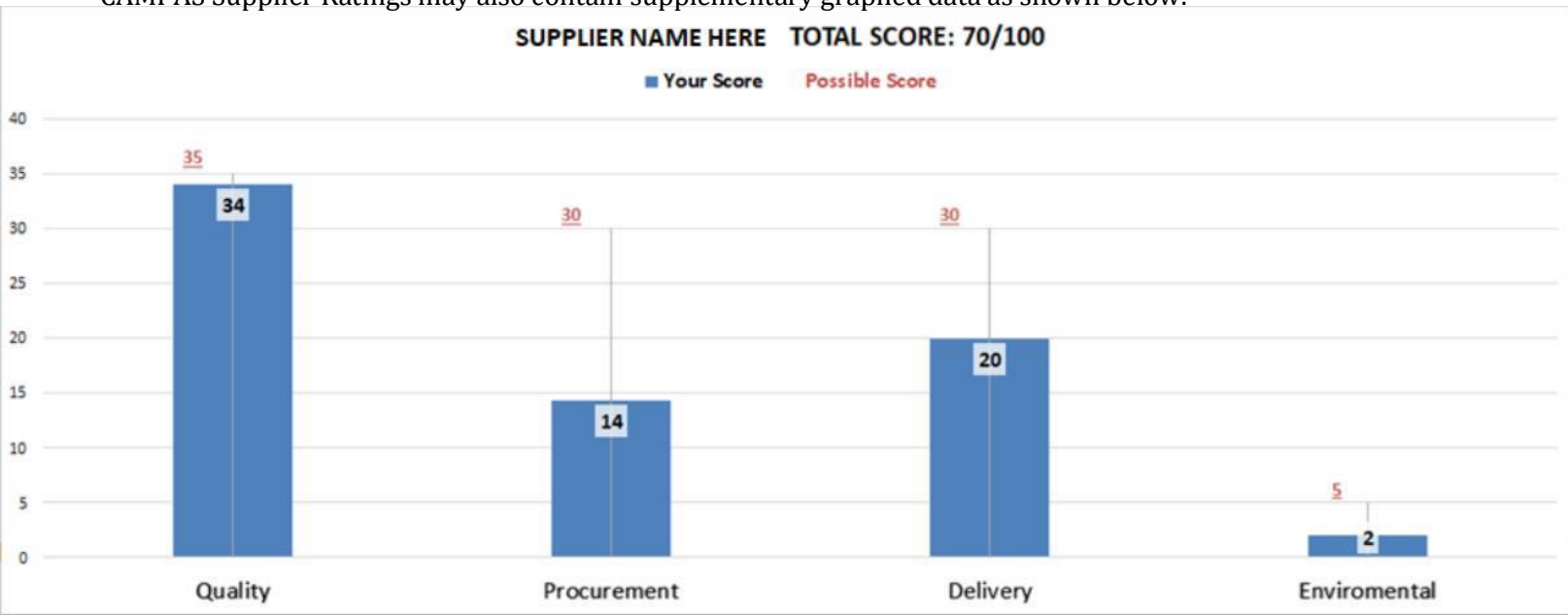
V. Documentation (Exhibits are attached)

- A. Summary page listing scores by Department and Fiscal Year total
- B. CAMPAS Form
- C. Strategic Suitability Evaluation - supplier may receive this form depending on yearly purchased dollar amount.

VI. Performance Factors

- A. 70% total score is minimum threshold acceptable level
- B. Less than 70% score then supplier:
 - Is considered Probation
 - May be ineligible for new business opportunity
 - May be issued a SRCAR and if so, must submit a corrective action plan
 - May be ineligible for RFQ's (buyer's option)
 - May be subject to special countermeasures for chronic deficient scoring, including desourcing
 - ✓ Final desourcing according to (ASTEMO)AM Executive Committee (top management of Production, DE, QA & Purchasing).
- C. Greater than 70% scores:
 - Supplier is eligible for
 - ✓ Performance award and/or
 - ✓ Special achievement award for distinguished customer service.

CAMPAS Supplier Ratings may also contain supplementary graphed data as shown below.



**Suppliers with Strategic Suitability status will reflect an additional graphed category*

(ASTEMO)Constitutional Assessment Method for Partners of Automotive Systems (CAMPAS) ver.5

Constitutional Assessment Method for Partners of Automotive Systems

- Subject partners for assessment : Suppliers or subcontractors which supply (ASTEMO) with production goods
- Frequency of the assessment : Once per fiscal year (Apr-Mar)

Supplier Code	Supplier Name	Hitachi Region-Site

1. Assessment Result

Rank	A	B	C	D	< Aggregated points >	
	Total Points	Over 85	85 ~ 70	70 ~ 50	49 or less	Performance
Content	Strategic partner	Key supplier	Needs development	Below standard	System	32
					Total points	100

Rank	A
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2. Points Allocation

	Points allocation	Q.C.D.S Evaluation Items			
		Quality	Procurement	Delivery	Safety & environment
Performance	68.0	40.0	0.0	25.0	3.0
System	32.0	15.0	10.0	5.0	2.0
Total points	100.0	55.0	10.0	30.0	5.0

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3. Evaluation content

< Performance >

(Quality: Q)

						QA Points A+B+C
						55.0 (55)
PPM	0	<10	10-100	100-1000	>1000	
Points	40	30	20	10	0	A → 40.0 (40)
Certifications	Obtain TS16949 (continuously renewing)		Obtained ISO after the year 2000	In process of obtaining ISO or TS certification		
Points	10		8	5		B → 10.0 (10)
	Documentation / Communication / Responsiveness					
	Submits effective and complete Corrective Actions with no recurring problems					5
	PPAP submittals are on-time and complete					5
	Responds timely to SCARs/Initial Containments, SREA/Supporting documents and general requests timely					5
	Supplier has not caused dealer returns, warranty, field actions, and/or recalls					5
	Supplier has not caused Hitachi to receive customer notifications of special status related to quality issues					5
	Supplier has not caused a customer disruption, including yard holds and stop ships					5
						30 (5/30) → 5.0 (5)

(Procurement: C)

Cost structure evaluation			1=Yes
Attitudes	① Proactively responds to Astemo's needs (targets)		1
	② All employees are engaged in improving profitability		1
Cost management	① Submits cost breakdown worksheets with new RFQ's		1
	② Is aware of overall cost and identifies wastes from purchasing to shipping and reduces cost where necessary		1
	③ Proactively submits cost reduction proposals for products and sets high cost reduction goals		1
Response	① Submits responses to RFQ's by deadlines		1
	② Submits response to CAMPAS corrective action timely (if required)		1
	③ Submits timely responses to requests for supplier impacts during potential delivery stoppages (earthquake, strikes, fires, etc.)		1
Factory management	① Creates specific improvement plans for reducing internal defects		1
	② Responds quickly to Tooling audits and/or Capacity verification requests		1
Survey Points(F)			10
			⇒ 10.0 (10)

(Delivery: D)

					G				
On-Time Deliveries	100% on time	> 95% on time	80-94% on time	< 80% on time	20				
	20	15	10	0	(G)				
Premium Freight Occurrences	Zero	1 +	Actual # if 1+		5	0	0		
	(H)				5				
					20	5	⇒	G+H 25.0 (25)	
	(I)								
	1=Yes								
Attitudes	① Secures appropriate plant capacity, cooperates well and responds quickly to fluctuations in order quantity								1
	② Supplier has not caused a customer disruption, including yard holds and stop ships								1
	③ Supplier has not caused Hitachi to receive customer notifications of Special status related to delivery issues								1
Production Control	① Supplier has not caused Hitachi to receive customer notifications of Special status related to delivery issues								1
	② Informs Hitachi quickly when delivery dates cannot be met								1
EDI	① Standard or alternate EDI is implemented								1
Survey Points(I)								5	
								⇒ 30.0 (30)	

(Safety - Environmental - CSR: SE)

ISO14001 Third-Party Certificates	Acquired	Have plans	No plan
	3	1	0

J ⇒ J
3 ⇒ 3.0
(3)

Conflict Mineral Reporting Response	On time	Late	Not Submitted
	2	1	0

L ⇒ L
2 ⇒ 2.0
(2)

S&E Points J+L
5.0
(5)

Compliance violation ▲ 20 points	Troubles such as Environmental pollution, labor issues, cartels, antisocial trading occurred	M	⇒	0
				(-20)

[20 points are deducted in cases where a violation has occurred]

Strategic Suitability Evaluation

NO	Evaluation contents	Evaluation points	point allocation	Individual point	Weight	Evaluation point
1	Advanced technology / Production capability	①Supplier has specific technology required for Hitachi products.	3	3	0.47	1.41
		②Supplier has a plan to obtain latest technologies.	3	3	0.47	1.41
		③ Is supplier investing in equipment to support Hitachi for new products and technologies.	3	3	0.47	1.41
		④Supplier has advantage for development and technology capability in comparison with other companies in the same business.	3	3	0.47	1.41
		⑤Supplier has advantage for production speed (lead time) in comparison with other companies in the same business.	3	3	0.47	1.41
		Total		15		
2	Technology attitude / development	①Supplier initiates a spec change or production improvement idea.	5	5	0.6	3
3	Communication / support	①Supplier has a team in place to support our needs	5	5	0.6	3
4	Global capability	①Supplier has provided their products to our oversea plant.	5	5	0.6	3
		(If supplier has not yet) ①Supplier has global production plant but hasn't provided to our oversea plant yet.	3			
5	Sourcing plan	①Supplier is necessary partner for our company.	4	4	1	4
Total			34			20

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