



Denso Manufacturing North America, Inc. & Denso North American Logistics Centers

Supplier Portal

Performance

Section 5

<Performance>

Purpose: Define DENSO's delivery performance elements and expectations. Delivery rating calculation method will be explained as well as the use of the Cause & Countermeasure Reports.

Delivery Performance

<p>PURPOSE</p>	<p>To define and explain DENSO's delivery performance expectations for its suppliers.</p>
<p>TIMING</p>	<p>Delivery performance is evaluated each time a supplier is scheduled to make a delivery. DENSO rates its suppliers' delivery performance each month. (See Delivery Rating 1-5).</p> <p>Note: Under certain circumstances, DENSO P.C. may require the suppliers to complete a DENSO Cause & Countermeasure Report.</p>
<p>CREATED BY</p>	<p>Each supplier is responsible for their delivery performance.</p>
<p>PERFORMANCE ELEMENTS</p>	<p>DENSO expects its suppliers to ship every order on-time and complete. The following are DENSO's definitions of On-Time and Complete:</p> <p>On-time = Shipments delivered on the due date shown on DENSO's Delivery Orders.</p> <p>Complete = Complete deliveries include four major components.</p> <ol style="list-style-type: none"> 1) Quantities: All parts delivered in the original quantities specified on DENSO's Delivery Orders and/or Supplement Delivery Orders (i.e. no back orders). 2) Packaging: The parts must be packaged in quantities that agree with the specified box/carton/pallet quantities shown on the DMTN documentation. 3) Labeling: The correct label (kanbans when applicable) showing the carton quantities and part numbers. 4) Paperwork: All complete shipments are accompanied by the applicable DENSO Delivery Order/Supplement Delivery Order correctly filled out and signed. 5) ASN: Completed and sent with each shipment

Problem Countermeasure Reports

PURPOSE	To define the supplier (1) Supplier Claim and (2) DPIR
(1) EPIQS Supplier Claim	NA Std System to Report Supplier Non-Conformance. Score deductions to overall Delivery Performance is based on defect (No ASN, Mis-label, No Paperwork, etc). Claim can be FYI or can require Supplier Response. This system incorporates problem solving techniques in the analysis.
(2) DPIR (Delivery Performance Improvement Report)	DENSO Collaboration Center maintains Supplier Performance Monthly. If Delivery is below minimum acceptable score, a Delivery Performance Improvement Report is issued to Supplier, with Root Cause and Action Plan response required. This system incorporates problem solving techniques in the analysis.
Use	Please refer to reports available to be filled out on the PC Supplier Guide website index {**INSERT ADDRESS**}. Reports are available with instructions on how to complete.

Supplier Performance Requirements

I. GENERAL PROVISIONS

This document sets forth the minimum Supplier Performance Requirements concerning delivery of products by “SUPPLIER” (Seller) to “DPAM” (DENSO Products and Services Americas, Inc.), pursuant to DPAM Purchase Orders. The requirements contained herein are supplemental to the DPAM General Terms and Conditions provided with the DPAM Purchase Order form FCD-0156, as well as any other Purchase Agreements in effect between DPAM and SUPPLIER.

II. SUPPLIER PERFORMANCE POLICY

DPAM strives to partner with SUPPLIERS who share our **commitment to provide excellent delivery and service**. DPAM’s ability to fulfill Customer obligations is reliant upon **full and equal SUPPLIER participation**, thus it is important to specify the minimum performance requirements of the SUPPLIER.

Failure to meet these requirements will result in penalties, which are intended to **raise SUPPLIER awareness and aid in continuous improvement**. SUPPLIERS are expected to dedicate sufficient attention and resources to address the root cause(s) of poor performance so that excellent delivery and service may be maintained, and penalties can be avoided.

III. DELIVERY

- A.) Ordering Parameters: DPAM Purchase Orders shall reflect ordering parameters which are agreed to separately by DPAM and SUPPLIER. These parameters shall include lead time, forecast policy, minimum order quantity as well as labeling and shipping requirements.
- B.) Delivery of Product: The DPAM Performance Requirements for the delivery of product by SUPPLIER to DPAM are listed in table 3.1 below. Judgment criteria and DPAM policy are listed respective to each item.

Table 3.1: Supplier Performance Requirements & Penalties for delivery of product

Item	Measurement	Policy	Fine **
1.) Fill Rate	a.) Purchase order delivered “on time”, by due date b.) Delivered in full at time of 1 st delivery (“First Pass”)	95% of total order delivered on time	1% of order value (Minimum \$ 200, Maximum \$ 1,000)
2.) Advance Shipping Notice	a.) Submitted on time b.) Submitted in approved format	ASN provided at least 48 hours prior to delivery*	\$ 100
3.) Packaging	a.) Shipped using approved packaging b.) Correct labeling with readable barcode	100% Compliance	\$ 200 (Plus labor if rework is necessary)
4.) Accuracy	a.) Part Numbers and Quantities match packing list, ASN and Purchase Order	100% Accuracy	\$ 200 (Plus labor if sorting is necessary)
5.) Freight Carrier	a.) Ship according to Freight Carrier & Incoterms method specified in Routing Guide.	100% Accuracy	\$ 100 (Plus refund for any excess freight charges)

* Local SUPPLIERS with less than 48 hour transit time are required only to provide ASN at time of shipment.

** Repeat occurrences will require root cause analysis and corrective action.

IV. PARTS RETURN

To provide immediate delivery to Customers, DPAM must hold inventories of products in quantities reflecting the most accurate forecasts available at the time of ordering. From time to time, it will be necessary to return products to enable stock balancing. The right to return products is illustrated in table 4.1, below.

Table 4.1: Right to return product

Condition*	Initial Order / New Product Launch	Existing Product
<u>“Saleable” condition</u> =Supplier’s Packaging, in good condition	100 % credit with off-setting order for 75% of returned value, within 6 months	100 % credit with off-setting order for 75% of returned value, within 3 months
<u>“Reworkable” condition</u> =Supplier’s packaging, in poor condition =DPAM packaging	80 % credit with off-setting order for 75% of returned value, within 6 months	80 % credit with off-setting order for 75% of returned value, within 3 months
<u>Aged Inventory (Older than 12 months)</u> =Any packaging type or condition	N/A	60 % credit without off-setting order

* In all cases, and regardless of packaging condition, the product shall be in the condition received, free from damage due to DPAM handling or storage

V. NOTES

These requirements may be modified at any time, with notification to SUPPLIERS as appropriate.

Any questions may be directed to the SUPPLIERS assigned DPAM Procurement representative.

Additional notes: _____