



SUPPLIER MANUAL

SAGE Automotive Interiors Supplier Manual is effective as of **April 1, 2023**. All previous editions of this Supplier Manual are obsolete.

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SAGE Business Philosophy

Section #1 Vision & Beliefs

1.1 Vision

SAGE Automotive Interiors will continue to provide our customers excellent value in the automotive body cloth and headliner business. SAGE will strive to be the market leader in design, engineering, and technical capability supported by world class manufacturing. Our strengths in consumer research, sustainability and innovation will solve consumer problems for the OEM. Through seamless global integration and thought leadership, SAGE will be the number one preferred automotive interior in the world.

1.2 What We Value: The SAGE Beliefs

Respect for Each Other

SAGE must operate in a climate of openness, trust, and cooperation, in which each of us freely grants others the same respect and decency we seek for ourselves. We expect open, honest, and timely communication.

Power of Collaboration

Our goal is to preserve the freedom each of us needs to find personal satisfaction while building a strong business that comes from unity of purpose. True unity is more than a melding of self-interests: it results when goals and values are shared.

Passion for Excellence

SAGE chooses to be a leader—in serving our Customers, advancing our technologies, and rewarding all who invest in us. To sustain our leadership, we relentlessly seek to improve our performance. We bring urgency to every business challenge and opportunity. We anticipate change and shape it to our purpose. We encourage new ideas that challenge the status quo, and we seek to involve every mind in the growth of our business.

Personal Integrity

We at SAGE demand uncompromising ethical standards in all we do and say. We are committed to doing what is right—in good times and in bad. We are accountable for the commitments we make. We are, above all, an honorable company of honorable people.

Responsibility to Our Communities

SAGE is committed to good corporate citizenship. We strive to supply goods and services of superior value to our Customers; to create jobs that provide meaning for those who do them; and to contribute generously of our talents and our wealth in the communities in which we do business.

Section #2 Quality Policy Principles

SAGE Automotive Interiors recognizes the importance of quality in all that we do. Therefore, SAGE is dedicated to maintaining the highest quality products and services while continuing to seek improvements to achieve higher standards. It is our goal that, through our dedication to quality, we will strengthen the long-term profitability of SAGE and our customers. Our aspirations for continually improved products and services are achievable only through the full participation and commitment of all SAGE associates.

Section #3 Goals & Scope

“We need Suppliers who are capable of providing best-in-class quality and services.”

Before presenting the following guidelines, we want to provide the general principles that drive this program to make sure that each Supplier’s decision to participate is made with a complete knowledge of our objectives, of the procedure used, and what is expected of all Supplier companies.

3.1 Goal

The demand for improved product quality is widely recognized as the primary challenge facing our industry. SAGE has been committed to producing the highest quality product possible. Our policy is to meet and/or exceed Customer requirements with the standard of measurement set at zero defects. These manual details the procedures and systems of the SAGE quality approach, the basis of which is defect prevention and continuous improvement. SAGE is committed to this approach, and we expect the same commitment from our Suppliers. It is important that SAGE’s supply base develops the same enthusiasm for leadership and displays the willingness to work toward the common goals outlined in this manual. SAGE has created this common Supplier Manual applicable for all SAGE locations. The Supplier Manual is intended to provide the following:

- Communicate SAGE’s expectations, goals, and minimum requirements to assure quality of supplied parts.
- Encourage open, unrestricted communication of ideas, information, and notification of problems among Suppliers, SAGE, and its Customers in the spirit of teamwork and cooperation.
- Develop an overall plan to ensure smooth production trials and launches both at SAGE and the Supplier, based on effective planning and communication.
- Define the quality assurance procedures and documents that Suppliers must use. All Suppliers are expected to follow an effective quality system based on ISO 9001, with a goal of working to achieve IATF certification.

3.2 Scope

This Supplier Manual applies to all raw and indirect material Suppliers that sell product to the production facilities of SAGE. These procedures may be applied to other parts and materials (such as consumable tools and supplies). The applicability of these procedures to tools and supplies will be indicated on purchase orders.

Responsibilities

- Suppliers must maintain a comprehensive Quality System to ensure compliance with the requirements of the contract and this document. This manual explains SAGE minimum expectations as well as the process SAGE follows to assess the capability and performance of each Supplier. SAGE seeks Suppliers who have a minimum of ISO 9001 and who will achieve IATF registration.
- SAGE also seeks Suppliers who have ISO 14001 or comparable registered Environmental Management Systems.

Section #4 Supplier Code of Conduct

SAGE expects all suppliers to adhere to the highest standards of excellence. Suppliers' adherence to these standards should be reflected in all aspects of their operation including employee, business, and community relationships.

Suppliers will always conduct business with SAGE in a spirit of collaboration and mutual respect. During interaction with SAGE, suppliers should recognize that information of a confidential nature, including but not limited to, business plans, financial data, and intellectual property, may be disclosed. Suppliers are expected to maintain the integrity of this privileged data within the supply relationship.

Suppliers are expected to report usage of conflict minerals in their products, and in their supply chains. More information on this topic is available at www.conflictreesmelter.org. Suppliers should complete the Electronic Industry Citizenship Coalition and Global e-Sustainability Initiative (EICC/GeSI) Conflict Minerals Reporting Template annually. This template is available at <http://www.conflictreesmelter.org/ConflictMineralsReportingTemplateDashboard.htm>. The completed template should be available upon request from SAGE.

Suppliers are expected to report usage of cobalt in their products, and in their supply chains. More information on this topic is available at <http://www.responsiblemineralsinitiative.org>.

Through this collaborative interaction, suppliers will ultimately help SAGE achieve improved products for our customers, an enhanced workplace for our employees and a better environment for our communities.

Section #5 Supplier Manual Access

5.1 SAGE Responsibility

5.1.1 Provide Supplier access to the latest released version of the SAGE Supplier Manual

5.1.2 Update Supplier Manual as required and notify Suppliers. This notification will occur in one of the following methods:

- SAGE Internet site
- Copies distributed directly to the supplier

5.2 Supplier Responsibility

5.2.1 Supplier must use the latest released version of the SAGE Supplier Manual, as posted on the SAGE Internet site.

5.2.2 Supplier must provide training to their personnel regarding the location on the controlled version of the SAGE Supplier Manual.

5.2.3 Supplier must provide SAGE Purchasing Department with accurate Supplier contact information. The Supplier must notify SAGE when any changes occur.

5.3 Revisions

5.3.1 Any updates to the SAGE Supplier Manual will be provided to the supplier as stated in the SAGE responsibility section above. Suppliers will be notified electronically if there are any substantial revisions to the manual.

Section #6 Commercial Expectations

6.1 Purchasing Process

6.1.1 Supplier Agreement

- If requested, Suppliers must sign and return the Mutual Confidentiality Agreement regarding Property Information Security and Disclosure to the appropriate SAGE Purchasing Representative prior to being issued an invitation to quote.
- Suppliers must sign and return all other agreements as deemed necessary by the Purchasing management team.

6.1.2 Request for Quotation

- Potential Suppliers will be invited to participate in the quoting process. Suppliers are required to use the forms supplied in the request for quotation. Failure to use SAGE documents may result in a "no quote status". (Contact SAGE Purchasing representative for further instructions.)

6.1.3 Supplier Selection Criteria

- The following criteria can be used to award new business:
 - The Supplier's demonstrated performance in quality, delivery, innovation, and cost reduction (Reference in SAGE SSM-F003 Supplier Performance Score Card)
 - Purchasing Supplier Evaluation - Profile (SSM-F001).
 - Supplier's total cost competitiveness and commitment to continuous Improvement
 - Supplier's demonstrated participation in Minority Business Sourcing
 - Supplier's demonstrated technical capabilities, Engineering support of SAGE programs, and Program Management of new product launches
 - Supplier's overall financial condition
 - Supplier's acknowledgement and acceptance of SAGE Purchaser Terms and Conditions.

6.1.4 Cost Breakdown Analysis

- As requested, Suppliers must supply detailed and accurate cost information on appropriate forms.

6.1.5 Purchase Orders

- Refer to the SAGE Purchase Order Terms and Conditions.

6.2 Continuous Improvement

6.2.1 General

- Continuous Improvement in regard to cost reduction is an essential element of long-term business success for SAGE and its Suppliers. In order to remain competitive, SAGE and its Suppliers must continually pursue ways to eliminate waste and reduce the cost of our products.

6.3 Minority Sourcing Program

6.3.1 Expectation

- Suppliers located in the United States are expected to have a formal Minority Business Enterprise (MBE) development program. SAGE expects Suppliers to make every effort to procure a minimum of 5% of the material and/or services from a certified Minority Business Enterprise.
- To be classified as a Minority Business Enterprise a company must satisfy the following criteria
 - The business is no less than 51% owned and operated by U.S. minority citizens
 - The minority owners are active in the management and daily business operations
 - The owners belong to one of the following U.S. minority groups:
 - Africa American, Asian America, Native American Indian, Asian Pacific American, Hispanic American, America Eskimo, and America Aleuts.
 - The business is certified by the National, State, or Local Minority Business Development Council

6.4 Service & Replacement

6.4.1 Duration

- Purchase Order requirements apply for a minimum period of fifteen (15) years of service after the last shipment of any goods or as otherwise stated in writing by SAGE.

6.4.2 Pricing

- Service components must be priced at the production pricing for a minimum of five years after SAGE Customer production has ceased. In no event will replacement items be made available to SAGE at prices that are not competitive or exceed those charged to the other comparable Customer of the Supplier

6.5 Terms & Conditions

6.5.1 The Supplier must comply with the SAGE Supplier Manual as well as any Terms and Conditions stated on SAGE Purchase Orders. The supplier will consult with the appropriate SAGE Purchasing Representative for clarification.

6.6 Warranty

6.6.1 The Supplier will accept the warranty requirements specified in the Purchase Order Terms and Conditions and/or separate agreements. Additionally, Supplier will be responsible for all applicable warranty cost.

6.7 Invoicing

6.7.1 General

- The Supplier will contact the SAGE Corporate Accounts Payable department for invoicing requirements.

6.7.2 Standard Invoicing Instructions

- The following information must be included on all invoices submitted to SAGE:
 - The term “Original” should be noted on any original copy of an invoice
 - The term “Duplicate” should be noted on any additional copies submitted with the original invoice.
 - Each invoice must contain a unique invoice number (not repeated)
 - SAGE Supplier number
 - SAGE purchase order number
 - Quantity
 - Unit and total price
 - Country of origin
 - Complete and detailed description of the merchandise
 - The terms of sale (latest version of INCOTERMS)
- Supplier will ensure that all information provided on all invoices and shipping/business documents and/or electronic data accurately reflects the physical goods in the shipment.

Section #7 Tooling Policy

7.1 General

- SAGE will issue purchase orders for special tooling, including dies, jigs, fixtures, templates, inserts, molds, patterns, gauges, test equipment, etc. as agreed upon.
- SAGE reserves the right to immediately remove SAGE-owned tools.
- Suppliers must receive written authorization from SAGE before:
 - Moving or destroying tooling
 - Altering tooling capacity
 - Disposing of service parts tooling
 - Altering tooling or processing in any way.
- Selling products made from SAGE tooling to any other Customer is strictly prohibited.
- The Supplier is responsible to adhere to all legal safety requirement as applicable
- The Supplier is responsible for ensuring that its sub-Suppliers adhere to the above guidelines.

7.2 Quotation

7.2.1 Tooling Quotation

The items in this section must be considered as part of a tooling quotation to SAGE unless otherwise specified by SAGE.

- Tooling quotation must include expense breakdown, including fixtures, dies, gauging, and other costs as well as tooling design (i.e., number of cavities, material, etc.).
- Capacity of the tool must be clearly defined on the quotation.
 - Capacity will be calculated on 5-day-3-shift basis unless otherwise directed by SAGE.
- Tool life must be clearly defined on the quotation
- Cavity replacement must be clearly defined on the quotation. This should be provided as a per part cost or as a cavity replacement cost.
- The quotation must specify lead-time breakdowns including design, build, testing and PPAP submission & approval.

7.2.2 Supplier's Responsibilities

- The Supplier is responsible for maintaining, repairing, refurbishing, and replacing tooling in production condition at no cost to SAGE and SAGE will retain all title and ownership rights for said repaired, refurbished, or replaced tooling for the defined lifetime of the tool, unless otherwise agreed to in writing by SAGE.
- The Supplier is responsible for disposing of the tooling at no cost when directed in writing by SAGE.
- The Supplier will keep detailed maintenance records for the tooling. The Supplier will make these records available to SAGE on request.
- The Supplier will monitor the tool life and performance to ensure that repair, replacement and maintenance, whether or not the responsibility of the Supplier, are identified and corrected prior to the time that part quality or production capacity are affected. This will include regular dimensional reviews on specific part characteristics. Supplier agrees to make this data available to SAGE on request.
- The Supplier will on regular basis monitor tool life and advise the SAGE Purchasing representative well in advance when tooling replacement is necessary.
- The Supplier will ensure that enough components will be in Supplier's inventory and available to support SAGE production prior to and during the period that the tooling is being refurbished or replaced.

7.2.3 Tooling Run-off

- The Supplier must document tooling run-off quantities in the quotation.

7.3 Tool Invoicing

7.3.1 Invoice Amount

- Supplier invoices should document expenditures for SAGE-owned tooling (including a full cost breakdown). In addition, invoices must show the exact physical location by city, town, state or province, and country where the tools will be used in production. Supplier invoices for tooling should reflect the tooling amount or the actual cost incurred, whichever is less. Any discrepancies should be brought to the attention of the SAGE Purchasing representative.
Note: Supplier must provide photographs of SAGE-owned tooling with all tooling invoices.

7.3.2 Payment Authorization

- SAGE will authorize payment for tooling when PPAP and required statistical studies are approved, and all photographs received, or as otherwise agreed upon with SAGE.

7.3.3 Bill of Sale

- Supplier will provide a bill of sale acknowledging payment and ownership of all SAGE tooling.

7.4 Tooling and Ownership

- All tooling which SAGE furnishes, either directly or indirectly, to supplier or which SAGE buys from or gives reimbursement to Supplier in whole or in a part (collectively, "SAGE's property") will be and remain the property of SAGE and be held by Supplier on a bailment basis. Supplier will sign or authorize SAGE to sign on its behalf, any documents deemed reasonably necessary by SAGE, to be filed with Federal, State or Local officials to record SAGE's title and interest in SAGE's property. Supplier will not sell, lend, rent, encumber, pledge, lease, transfer or otherwise dispose of SAGE's Property.
The Supplier will clearly mark or tag tooling as appropriate, with "Property of SAGE"
In certain instances, the Supplier will be required to mark or tag the tooling with the additional note, "Property of "(OEM)" as directed.

Section #8 Quality Requirements

8.1 General

8.1.1 Quality Management System

- All Suppliers must comply with the SAGE quality expectations defined in this section. Suppliers are fully responsible for the quality of their products. To ensure Zero Defects, an effective Quality Management System must be in place. Suppliers to SAGE shall be third party registered to ISO 9001 or IATF by an accredited certification party unless otherwise specified by SAGE.

8.1.2 Plant-Specific Requirements

- Suppliers must also comply with the additional quality expectations, where applicable, of specific SAGE locations or Customers.

8.2 Supplier Assessments

8.2.1 New Suppliers

- SAGE Purchasing Representative will provide access to SAGE Supplier Manual and will request completion of the SAGE Supplier Evaluation - Profile (SSM-F001) and Quality Assessment Form (SSM-F002). SAGE may also complete an On-site Supplier Quality Systems Assessment. Once completed and submitted, SAGE will determine whether the candidate Supplier has the required quality systems, technical core competencies, program management and financial stability to be awarded new business.

8.2.2 Existing Suppliers

- Depending on the complexity of the product being purchased or other potential risk, SAGE may conduct an On-site Supplier Evaluation – Profile (SSM-F001). Once completed, SAGE will determine whether the candidate Supplier has the required quality systems, technical core competencies and financial stability to be awarded new business.

8.3 Complaint on Purchased Material (CPM)

8.3.1 General

- SAGE will immediately notify the Supplier if non-conforming material is found. Upon verification that SAGE has received nonconforming product from a Supplier, SAGE will issue a Complaint on Purchased Material (CPM) to the Supplier.
- Evidence of the defect will be provided when possible (example-digital photograph). A sample of the defect may be sent to the Supplier upon request.

8.3.2 Corrective Action

- General
 - The Supplier will respond to CPMs by a SAGE approved form. The corrective action documentation will be submitted in response to each CPM, unless otherwise agreed to by the appropriate SAGE representative. E-mail is the preferred method of response.
- Initial Submission
 - Suppliers must submit an initial corrective action report that documents the containment action taken and the sort results found. SAGE must receive the initial corrective action report within 24 hours of notification.
- Final Submission
 - Suppliers must submit the final corrective action report for approval and closure as soon as practical, but no later than 30 days from the CPM issuance date. The supplier may request approval for an extension of the 30-day deadline but must do so prior to the original deadline. Requests should be made to the appropriate representative of SAGE.
- Approval and Closure

- The appropriate SAGE representative prior to closure of a CPM must approve a Supplier's final corrective action report. Any corrective actions open beyond 30 days may negatively impact the Supplier's performance rating. **(See Supplier Performance Metrics section).**

8.4 Supplier Charge Back

8.4.1 General

- Suppliers are responsible for the quality, on-time delivery, and reliability of the product they supply. Product must meet any referenced specifications. The Supplier accepts financial responsibility for the consequences of non-conforming product including, but not limited to, costs incurred for containment, sorting, premium freight, rework, repair, and replacement of defective material, resulting overtime, and productivity loss incurred by SAGE or SAGE's Customers.
- Following is the schedule for charge back cost associated with non-conforming products sent to a SAGE site:
 - Administration fee for each CPM issued:
 - Off –site 3rd Party Sorting- charges to be paid directly between Supplier and 3rd Party Sorting Company.
 - In-house sorting by 3rd Party Sorting Company (if allowed by specific SAGE site)- charges to be paid directly between Supplier and 3rd Party Sorting Company.
 - In-house sorting by SAGE personnel (if required to avoid down production line- Supplier will be responsible for actual costs incurred.
 - "Production Line Down" Charge- Supplier will be responsible for actual costs incurred.
 - Miscellaneous fees (rework, material handling, required Customer visit time and travel costs, expedites, Customer location sorting fees, testing, etc.) Supplier will be responsible for actual costs incurred.
 - Supplier will be responsible for all applicable warranty costs.

8.4.2 Unauthorized Changes

- In cases where a Supplier has implemented an unauthorized change or has failed to deliver contracted products in accordance with the specifications and terms of the SAGE Purchase Order, all costs that are incurred by SAGE and/or its Customers will be the sole responsibility of the Supplier.

8.4.3 Charge Back Debit

- The method of charge back will be by credit memo, processed by the SAGE receiving location.

Section #9 Material/Delivery Expectations

9.1 Delivery Expectations

9.1.1 Plant Specific Requirements

- In addition to complying with the material and delivery expectations defined in this section. Supplier must also comply with the laws of the country of each receiving SAGE facility. There may be additional materials and delivery expectations, where applicable, for specific SAGE locations. The Supplier should contact the appropriate material scheduler at the receiving SAGE production facility with any questions on plant-specific requirements.

9.1.2 Program-Specific Requirements

- SAGE will specify expectations for materials during Advance Product Quality Planning process (APQP), RFQ's, purchase orders and other forms of communication. The requirements include:
 - Labeling requirements
 - Capacity increments
 - Delivery terms according to the agreed INCOTERMS (Example: F.O.B. location, C.I. F. location, D.D.P.)
 - Containers, trays and other packing
 - Warehousing
 - Consignment
 - Production Identification
 - Hazardous Material restrictions (Including but not limited to IMDS/MSDS requirements)
 - Preservation of product (Contamination)
 - Material release and pull systems
 - Transportation mode and carrier route
 - Returnable Packaging (Avoid waste wherever possible)
- Suppliers are expected to ship 100% on time to SAGE based on the terms and conditions defined on the SAGE Purchase Order. The Supplier is expected to bear any costs associated with delays in shipments.

9.2 Packaging/ Containerization

- The Supplier will plan for the timely delivery of containers and/or packaging media to support SAGE requirements. SAGE must approve all packaging design during APQP. Suppliers are not permitted to ship product to SAGE without packaging approval by SAGE.
- The Supplier will develop and implement a system to monitor container quantity and suitability. The Supplier will also ensure that the following conditions are met:
 - Containers are kept in reasonably clean condition (free from foreign material)
 - Labels from previous shipments are removed
 - Containers are maintained in working order (i.e., lubricant of gate hinges, operational spring clip locking devices etc.).
 - Packaging meets all government and environmental regulations

Section #10 Supplier Performance Metric (Continuous Improvement)

10.1 General

10.1.1 Supplier Performance Rating

- The SAGE Supplier Performance Rating System presents the criteria that will be used to evaluate Raw & Indirect Material Suppliers. Suppliers who ship to more than one SAGE plant will receive an overall rating. Ratings will be published monthly. A combined rating score will be generated by SAGE using the following metrics:
 - Quality – 40 %
 - Problem Solving – 15%
 - Delivery – 40 %
 - Innovation – +15 %
 - Quality Certification – (10%)

10.2 Quality Performance

10.2.1 PPM Defect Rate (10 Points)

10.2.2 Open Claims (10 Points)

10.2.3 Supplier Disruption (10 Points)

10.2.4 Vendor Response (10 Points)

10.3 Problem Solving

10.3.1 Containment (5 Points)

10.3.2 RCA & Corrective Action (5 Points)

10.3.3 Recurrence Prevention (5 Points)

10.4 Logistics

10.4.1 Quantity (10 Points)

10.4.2 On-Time Delivery (10 Points)

10.4.3 Premium Freight (10 Points)

10.4.4 Packaging (10 Points)

10.5 Innovation Performance

10.5.1 Technical Support (5 Points)

10.5.2 Sample Turnaround Time (5 Points)

10.5.3 Advanced Technology Capability (5 Points)

10.6 Additional Metrics

10.6.1 Cost Reduction (Performance Plan)

- The expectation is that the Purchase Order (PO) unit price is reduced by at least 2% per year for all products supplied to SAGE. This can be achieved through contractual cost reductions as well as implemented Value Improvement Process (VIP) type reductions.

10.6.2 Each SAGE Plant Will Monitor the Following Categories:

- Number of Complaints (CPM)
- Number of Unauthorized Changes
 - Unauthorized Changes are all changes related to raw and indirect materials of the production products internally or by subcontractors without information/approval by SAGE.
- Number of Major Disruptions
 - Major Disruptions are disruptions which affect SAGE's Customer. The result is a production stage shut down at SAGE, or a delivery interruption to SAGE Customers.

10.6.3 SAGE may decrease the supplier rating by one full grade for any occurrence of CPM's, Unauthorized Changes or Major Disruptions.

10.7 Supplier Performance Report Card

10.7.1 Report Card Content

- The Supplier Performance Report Card (SSM – F003) documents Quality, Logistics, Innovation.
- The Scorecard may be issued per Business Unit or per plant.

10.7.2 Issuing the Report Card

- Suppliers are entitled to view their Performance Report Card (SSM – F003) monthly. Suppliers that have not shipped product within the previous six months will not be issued a Report Card.

10.7.3 Review of Performance Score

- Suppliers are encouraged to review their performance scores with the appropriate SAGE Purchasing or Sourcing Leader representative. If the Supplier believes that the Report Card contains inaccurate data, the Supplier should immediately notify the appropriate SAGE representative for discussion, review, and resolution

10.8 Supplier Rating System

10.8.1 G Level (Score of 90 – 100)

- This is the highest rating level. All Suppliers start out in this category and remain in this category if their performance scores are maintained.

10.8.2 Y Level (Score of 89 – 70)

- A Supplier will be placed in this category based on the performance score issued by the Supplier Performance Review Team. Supplier is required to formulate, implement, and sustain corrective action to be considered for upgrade to A-level.

10.8.3 R Level (Score of < 69)

- A Supplier will be placed in this category based on the performance score issued by the Supplier Performance Review Team. Current business with the Supplier is at risk. New business will not be awarded. The Supplier is required to formulate, implement, and sustain corrective action to be considered for upgrade to a higher level.

Section #11 Approved Supplier List Process

11.1 General

- The Approval Supplier List (ASL) is a list of all approved direct SAGE Suppliers to be used for sourcing by the SAGE Purchasing Supplier Management Organization. The ASL identifies the following information:
 - Supplier name, location, and DUNS Number.
 - Commodities approved for sourcing
 - Supplier Financial Risk Rating based on DUNS & BRADSTREET (D&B) input
 - Quality and environmental certifications
 - Suppliers will not be sourced production business from SAGE unless they are on the SAGE ASL. A Supplier can be added to the SAGE ASL by approval of SAGE Purchasing Management.

11.2 Supplier Classification

- The Supplier classification links the Supplier to the commodity in the ASL. Below are the definitions of a Supplier's classification:
 - **Under Development:** A designation of "under development" is used for a Supplier who is conditionally approved for sourcing by a SAGE plant. A Supplier under development is a Supplier who is new to SAGE and is currently in a launch mode. Upon successful launch, the classification is changed from "Under Development" to "Approved".
 - **Approved:** All Suppliers that provide raw and indirect materials to SAGE must be classified as "Approved". To become an approved Supplier, one of the following conditions must be met:
 - The Supplier was providing raw or indirect materials as 01/01/2010.
 - A SAGE Purchasing/Sourcing Leader recommended the Supplier be classified as "approved" based on a successful launch.

Once the Supplier meets one of the above requirements, the Supplier can be designated as an "Approved" vendor.

- **Preferred:** In addition to meeting and maintaining all the requirements for "Approved", Preferred Suppliers must meet SAGE's strategic goals and consistently meet cross-functional expectations from engineering, quality, delivery, innovation, and price.
- **Strategic Supplier:** A Strategic Supplier is an approved Supplier that not only meets and maintains all the requirements for an "approved" Suppliers but also meet ALL the following conditions:
 - The Supplier's product or service is fundamental to the success of SAGE Core Business Operations.
 - A limited number of suppliers exist who can supply the product or technology
 - The financial and operational risk of moving to an alternative is great.
 - A significant number of resources will be dedicated to this Supplier.
 - Both parties expect a long-term, mutually dependent relationship through negotiation and execution of Long-Term Supply Agreements.
 - To be classified as a strategic Supplier, the SAGE Supply Management staff (Director, VP & COO) must all concur.