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## 0 Document control

### 0.1. General

<i>Property</i>	<i>Value</i>
<b>Process owner</b>	Purchasing and supply chain manager
<b>Document owner</b>	Purchasing and supply chain manager and Director quality
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### 0.2. Approval

<i>Name</i>	<i>Position / Department</i>	<i>Date</i>	<i>Signature</i>
Fernando Bolatti	Director quality	2019-11-21	See WI-007857
Eric Blanchette	Purchasing and supply chain manager	2019-11-21	See WI-007857

### 0.3 Version history

<i>Version</i>	<i>Date</i>	<i>CR No.</i>	<i>Summary of changes</i>	<i>Author(s)</i>
1.0	2018-09-26	-	First release	F. Bolatti
2.0	2018-12-03	-	Format change	F. Bolatti
3.0	2018-12-13	-	Definition of methodology at 5.18. Performance monitoring	F. Bolatti
31	2019-07-23	CR-26789	_ 5.20 Product Specific Requirements (PSR), added compliance with RoHS and REACH _ Process owner was Director, HW Engineering and production replaced by Purchasing and supply chain manager _ Format change to adjust to "generic template" and to add document ID as per "Therefore"	F. Bolatti
32	2019-10-21	CR-33932	_ Wording corrections and harmonization among paragraphs _ "Quality requirements" added under section 5.21.	F. Bolatti

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# 1 Purpose

To define supplier`s minimal management system and management system operation requirements as well as minimal quality, delivery and price performance requirements.

To define actions to be carried out by suppliers if requirements are not met.

It is responsibility of supplier`s management to ensure conformity with these requirements.

Nothing in this document shall limit the supplier`s obligation to provide 100% defect-free products and 100% disturbance-free business activity.

# 2 Scope

The “Supplier requirements (SR)” contained herein apply to parties who agree to contract with LT to supply products or services. It applies when specifically stated on the purchase order or supply agreement

# 3 Definitions

Term	Definition
Supplier	It is the organization that perform the operations necessary for the product realization of the product or service provided to LT or to the organization designated by LT as receiver of the product or service.
Product	Object of the transaction between LT and Supplier as stated in the purchase order or supply agreement.
Service	Object of the transaction between LT and Supplier as stated in the purchase order or supply agreement. For simplicity reasons, when referred to “Product” and/or product related activities and/or product requirements in this document, it implies also to refer to “Service” and/or service related activities or/and services requirements respectively.

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## 4 Roles and responsibilities

• Function	• Roles and Responsibilities
Supplier	<p>Application to these SR to the product object of the transaction with LT or with the organization designated by LT as receiver of the product.</p> <p>Applications of these SR to its management system and management system operation.</p>
LT	<p>Promptly to inform to the supplier in case of divergencies encounter to the complete application of these SR.</p> <p>The fact that LT has not detected a divergency, do not except or waive the Supplier in any way of its responsibility to fully application of this document.</p>

## 5 Activities

### 5.1. Initial Assessment

Potential Supplier shall complete LT form **5350P-R02 Suppliers self – assessment**.

Based on initial 5350P-R02 information and support documents provided, if potential supplier seems to be acceptable to initiate development, a copy of this SR will be provided to potential supplier, and an on-site audit will be performed.

Such audit can be waived and/or limited to a visit and/or a remote assessment should potential supplier have a certified QMS or a demonstrated expertise in the concerned field.

### 5.2. Organization and Organizational Changes

For existing suppliers, it is assumed that the organization is known.

Potential supplier to inform through 5350P-R02 of its organization and key positions.

Supplier organization changes: At any time after initial assessment performed, the Supplier must communicate to LT changes in its organizational structure, arrival or departure of people in key positions, loss of certifications-accreditations, significant change in performance or scrap rate, regulatory changes or restrictions that may affect supply to LT, loss of key suppliers or customers, etc.

Changes shall be communicated to LT within five (5) working days.

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### 5.3. Expectations

Supplier shall:

- Ensure conformity with this SR within its organization
- Provide right of access to LT and its customers to allow evaluation of management system documents and records, to conduct audits and to verify process and product conformity. If restrictions to access, these shall be communicated to LT prior to acceptance of the purchase order or signature of the supply agreement
- Demonstrate that a continuous improvement plan with measurable goals and objectives is in place and being monitored
- Demonstrate its commitment to protect the environment
- Be able to communicate efficiently in English
- Proactively alert LT of potential risky situations
- Allocate material and human resources needed to interact with LT for cases of non-conforming product, containment, root cause analysis and implementation of corrective actions
- Have access or ability to access to industry most commonly used Electronic Data Interchange (EDI) systems
- Have or ability to obtain a DUNS (Data Universal Numbering System) identifier
- Have an ID into IMDS (International Material Data System) and be able to issue the Material Data Sheet (MDS) corresponding to product supplied to LT
- Have the ability to report and to be compliant with the requirements that may be applicable to noticeable, declarable, restricted or prohibited material or substances. These requirements may be originated by governmental, non-governmental agencies or by private groups including LT and its customers
- Be able to issue a Conflict Minerals Report showing that no product to be supplied to LT is originated from or transformed in conflict regions
- Not utilize Child labor, Slave labor or Forced labor neither in its operation nor throughout its supply chain
- Proactively inform LT in case of restrictions to do business in a particular country or region
- Fully respect LT`s “Code of ethics”
- Use LT codes and denominations in all documents.

### 5.4. Supplier Approval

It is an internal activity of LT, there is no official communication from LT to Supplier.

### 5.5. Supplier Quality Management System

Supplier shall be able to demonstrate that has implemented and maintained a “Quality management system” certified by, or at least that it follows the prescriptions of the standards indicated below:

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- Raw materials, components, software and manufacturing operations subcontracted: ISO9001
- Machines, tools software and hardware: ISO9001
- Calibration and testing services: ISO17025
- Distributors, sorting services, transport and environmental services: ISO9001
- Service such as training, audit, accounting, etc.: Specific personal certifications may be required.

### 5.6. Environmental Responsibility

Suppliers with an environmental control system in place, will be positively considered to award business. Certification ISO14001 is desirable.

### 5.7. Social Responsibility

LT only does business with suppliers that show a clear commitment to respect human dignity, health and safety.

### 5.8. Legal Responsibility

LT only does business with suppliers that fully respect the laws and regulations of the countries where their business is conducted.

### 5.9. Quality Audits

LT, its customers or a second party organization delegated by LT is entitled upon request to perform management system, process and/or product audits at the supplier premises or its sub-supplier premises.

### 5.10. Design records and product definition

Supplier shall be able to understand design records and to keep them up to date in its system to assure that product supplied to LT is fully compliant with valid design revision.

If that international accepted standards are part of the design, the Supplier must be able to access to those standards, to understand them and to accomplish what they prescribe.

Product valid part # and revision are indicated on LT's purchase order and/or supply agreement.

### 5.11. Product approval

Product specific approval requirements, if they exist, will be indicated on the purchase order and/or on the supply agreement of concerned product.

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## 5.12. Product realization

It involves all activities necessary to obtain, inspect, test and deliver the product.

Following elements shall be in place for the product realization:

### 5.12.1. General risk analysis and mitigation actions

This analysis shall identify with the widest possible scope those causes that may lead to quality issues, process performance issues, supply disruptions, etc.

Among these causes can be mentioned but not limited to following:

- Unique source of supply
- Sources located in unstable regions
- Use of black box technologies
- Unique equipment to obtain product
- Lack of spare parts
- Protected technologies
- Frequent environmental situations
- Failure or disruption of base resource like electricity, water, gas, etc.
- Lack of manpower

Supplier shall implement a plan to monitor and mitigate highest risks as well as a contingency plan if the situations occur.

### 5.12.2. Inspections deployment

Inspections shall be performed on time at the step of the process where the characteristic or parameter monitored is obtained or applied.

If this is not the case, a proper internal methodology shall be in place to contain the product until inspections are performed and results prove to be acceptable.

### 5.12.3. Inspection results

Results shall be recorded, and records kept for at least three (3) years, unless otherwise specified.

Results to be available for LT upon request.

### 5.12.4. Capacity Analysis

A capacity analysis to be completed to validate that full volume ordered or forecasted is reachable.

### 5.12.5. Production, inspection and testing equipment

In this category shall be considered all elements needed for the product realization.



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Equipment shall be in fully operational condition during the entire duration of the product supply to LT. Minimal base condition is the one existing at the time of submission of product for approval.

To assure that operational condition is maintained the supplier shall implement Total Maintenance Program.

**5.12.6. Traceability and inventory control**

Product traceability system shall effectively record product realization information including but not limited to raw material, component, production equipment utilized and tooling, process parameters, inspection results and internal non-conformities arisen during product realization.

A traceability indicator shall be available on the product identification / labeling when received at LT. Such traceability indicator shall be conceived to identify product with common characteristics, to allow LT to identify all suspected product to perform initial containment without supplier’s assistance.

Supplier shall provide LT with a description of its traceability indicator and its meaning to allow LT to perform initial containment without supplier` s assistance.

Supplier shall ensure that product supplied was obtained applying FIFO.

**5.13. Management of Nonconforming Product**

**5.13.1. Notification**

LT notifies supplier the finding of a Nonconforming product. This notification will include traceability indicator as informed by supplier and the Nonconformity code number of LT’s division.

In case that the traceability indicator is not available, LT to provide as much information as possible to narrow the search and containment window.

Supplier has to refer to LT`s code number in all further communications.

It is the obligation of the supplier to keep LT updated with the contacts to send notifications and to re-direct Notification immediately in the case that contacts are not in function.

**5.13.2. Containment**

Supplier to provide to LT accurate containment instructions within forty-eight (48) hours of the notification.

Containment instruction shall include but not limited to:

- Clear description of lot or batch of the product to isolate
- Other products that could be affected
- Plan to replace isolated products to avoid production disruption at LT
- In case that a re-inspection or re-work is needed to re-categorize the product as conforming, the supplier shall request LT’s authorization (see Rework below) and allocate the necessary resources to perform needed actions. Containment must remain in place until effectiveness of Corrective Actions is verified.

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**5.13.3. Corrective Action**

Unless otherwise indicated by LT, a Corrective Action shall be carried out each time that a Nonconforming product is found by LT.

Supplier shall submit a final corrective actions to LT within fifteen (15) working days of the notification, unless otherwise agreed with LT.

For those corrective actions that couldn't be completed and their effectiveness verified within fifteen (15) working days, the supplier shall indicate to LT the expected date to be completed and verified and proactively notify progress to LT.

**5.14. Rework**

Rework operations are only allowed with the explicit authorization of LT.

To request rework authorization the supplier shall to describe in detail the intended action and measures to verify fully compliance of results. Until rework authorized no action can be initiated.

**5.15. Change Management**

Supplier shall have in place a system to control and manage changes in terms of design and design revision, process design and process design revision.

Such system shall allow to identify clean points when changes occur as well as to connect traceability indicator with changes.

**5.16. Preventive actions - Risk mitigation**

Supplier shall have a policy to methodically identify weaknesses and to lunch preventive actions to minimize potential occurrence.

**5.17. Continuous Improvement**

Supplier shall have an improvement plan with indicators and targets.

**5.18. Suppliers Performance Monitoring**

Carried out monthly for selected suppliers based on following parameters:

Product Quality, Delivery Efficiency and Pricing.

- Product Quality: KPI [%] = Quantity delivered non-conforming / Quantity delivered total | 12 month rolling

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- Delivery Efficiency: KPI [%] = Purchase order lines delivered out of ±7d / Purchase Order lines delivered | 12 month rolling
- Pricing: To be determined

## 5.19. LT owned or provided elements

### 5.19.1. Elements to become part of Product

To be managed by supplier in the same way that all other elements from sub-contractor that become part of Product

This includes, but is not limited to:

- Issue orders that state quantities and due dates
- Perform incoming inspection
- Inform in case of non-conforming product detected
- Assure preservation and proper handling and FIFO
- Inform scrap rate
- Maintain change control management.

### 5.19.2. Elements of any other category (Not to be part of the Product)

It is responsibility of the supplier:

- To identify it in accordance with LT prescribed method.
- To keep it in good condition and to handle it inside of its systems as any other element of same category
- To inform LT in case of malfunction or loss of performance.

Under no circumstances the malfunction or loss of performance of an element owned or provided by LT, shall limit the supplier's obligation to provide 100% defect-free products and 100% disturbance-free business activity.

## 5.20. Product specific requirements

Requirements these are specific for a sort or family of products due to its nature, obtention process, region of origin, utilization, disposal, etc.

Following requirements applies:

- i) All products: recommended to be REACH compliant
- ii) All products: Provide to LT Conflicting Material Report
- iii) Electric and electronic product: shall be compliant RoHS as per Directive 2011/65/EU and its modification Directives 2017/2102 and 2015/863

## 5.21. Quality requirements

Requirements these are for each individual product model.

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For the same product model different “Quality requirements” may apply depending origin of the components, manufacturing site, manufacturing/inspection/testing line or method, recurrence or nonconformities, etc.

Quality requirements, if they exist, will be indicated on the purchase order and/or supply agreement of the product.

## 6 Records

Document Code	Document Title
5350P-R02	Suppliers self-assessment

## 7 References

Document Code	Document Title
ISO 9001:2015	Quality management systems
ISO 17025:2017	General requirements for the competences for testing and calibration laboratories