

		<b>SUPPLIER QUALITY AND PURCHASING REQUIREMENT</b>	
<b>DOCUMENT NO:</b> WI-7002-01		<b>REV NO:</b> 05	<b>REV DATE:</b> 02 February 2015
<b>PREPARED BY:</b> Michelle de Klerk		<b>APPROVED BY:</b> Isayan Iyer	

## 1.0 PURPOSE

The purpose of this document is to communicate Lumotech's quality and supply requirements to its production related suppliers and service providers.

## 2.0 SCOPE

This applies to all companies supplying products and/or services used in the production of saleable goods produced by Lumotech.

## 3.0 GENERAL

### **QUALITY MANAGEMENT SYSTEM**

Lumotech will give preference to suppliers who are in compliance with an internationally recognized quality management system. Unless otherwise agreed in writing, a supplier must have as a minimum ISO 9001 certification and ISO14001 (where applicable). Compliance with IATF 16949 will be the objective for those suppliers who participate in our automotive original equipment or export business.

- 1) Please provide Lumotech with valid copies (in PDF format) of your current ISO 9001 or ISO/TS 16949 certificate(s) (email to [purchasing@lumotech.co.za](mailto:purchasing@lumotech.co.za)).
- 2) The supplier undertakes to provide such documentary evidence of certification as may be requested by Lumotech.
- 3) Staff changes or contact details changes must be communicated immediately by completing document "FR-7001-01 Supplier Record" and sending a copy to your relevant Lumotech contact person.

For existing suppliers who are not ISO 9001 accredited (as a minimum), please provide Lumotech with your implementation plan, including timelines.

### **PART SUBMISSION REQUIREMENTS**

Upon starting new business, the supplier shall submit PPAP Level 3 documentation according to QS-9000 (PSW, dimensional report, material certificate, capability study, capacity study, material flow diagram, FMEA, control plan, IMDS submission, MSDS). The Planning and Purchasing department will advise the supplier of any additional requirements.

- 1) Supplier undertakes to furnish Lumotech with details of proposed packaging specification as part of the quotation, and also to ensure that such packaging complies with any domestic and/or export regulations as may be applicable.
- 2) Supplier undertakes to resubmit PPAP Level 3 for each product supplied every three (3) years.
- 3) As per IATF and ISO14001 (where applicable) the supplier shall notify Lumotech prior to implementing product or process changes. This notification should be provided as the supplier begins planning the process change in order to allow Lumotech time to evaluate the risk to operations and customers. Unless otherwise agreed in writing a new PPAP shall be submitted where:

#### **New Part Implementation**

- A new part or product not previously supplied
- Correction of a discrepancy on a previously submitted part

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**Existing Part Change**

- Product modified by an engineering change to design records, specification or materials
- Use of another optional construction or material than was used in the previously approved part

**Process Change**

- Production from new or modified tools (except perishable tools), dies, molds, patterns, etc., including additional or replacement tooling
- Production following refurbishment or rearrangement of existing tooling or equipment
- Production following any change in the process or method of manufacture
- Following a Lumotech request to suspend shipment due to a supplier quality concern
- Production re-released after the tooling has been inactive for volume production for twelve months or more

**Location Change**

- Production from tooling and equipment transferred to a different plant location or from an additional plant location
- Change of source for subcontractor parts, materials, or services (i.e. heat treating, plating)

**CERTIFICATE OF CONFORMANCE**

- 1) A certificate of compliance (COC) must accomplish each lot per shipment and contain the following minimum information:
  - a. Title "Certificate of Conformance" visible on the document
  - b. Supplier Name
  - c. Lumotech Purchase Order number
  - d. Shipment date
  - e. Quantity Shipped
  - f. Lumotech Part number and description
  - g. Drawing number / Specification and Revision level and/or date
  - h. Lot or batch number (used for traceability)
  - i. The manufacture date
  - j. Inspection / Test report results – minimum data: Characteristic / specification / actual result  
Examples of test reports:
    1. Chemical data sheet report
    2. Physical data test report
    3. Visual / dimensional inspection data report
    4. Functional data test report
  - k. Statement that indicates the lot / batch conforms to specified requirements
  - l. Printed name and title of person certifying lot or batch
  - m. Date of certification
- 2) For rubber component suppliers only – please provide 5 rubber test sample buttons with each lot (min 6mm thick and min 30mm wide).

**MATERIAL AND PART IDENTIFICATION AND TRACEABILITY**

Supplier to define the lot or batch number used to identify, trace and control material and parts from purchasing through manufacturing, testing and delivery (email to [supplierquality@lumotech.co.za](mailto:supplierquality@lumotech.co.za)).

**DELIVERY PERFORMANCE**

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ON TIME DELIVERY: Supplier understands and accepts that 100% on time delivery is required. Unless otherwise agreed in writing the communicated due date as per agreed delivery terms MUST be adhered to for all deliveries.

**ANNUAL REQUIREMENTS (Components supplied for Ford parts)**

ANNUALLY: By the first of March each year, complete a Layout Inspection (full dimensional on parts) and full product audit of parts/material supplied to Lumotech and send to [supplierquality@lumotech.co.za](mailto:supplierquality@lumotech.co.za). Language: English.

**4.0 NON-CONFORMING PRODUCT FOUND AT LUMOTECH AND CUSTOMER**

Lumotech does not check each lot/delivery for conformance. Hence Lumotech may detect supplier non-conforming material at either Receiving Inspection and/or when rejected from the manufacturing line(s) and/or rejected by the customer. Target monthly PPM for suppliers is 20PPM.

Lumotech does not sort or rework stock on behalf of suppliers. Where a supplier cannot sort or rework stock immediately, a 3<sup>rd</sup> party subcontractor to be sourced at the supplier's cost.

Recommended 3<sup>rd</sup> party subcontractor:

Quality Solutions Africa  
Derek Marshall  
Mobile: +27 (0)83 681 8713  
Fax: +27 (0)41 373 2199  
marshall@qsafrica.co.za  
[www.qsafrica.co.za](http://www.qsafrica.co.za)

Where time constraints do not allow for a 3<sup>rd</sup> party subcontractor to be arranged, Lumotech will undertake the resort/rework of the non-conforming stock for the supplier's account.

**5.0 SUPPLIER PERFORMANCE RATING**

Supplier performance will be monitored, rated and managed according to the Supplier Rating System (SRS) policy available on the Supplier Portal. The rating system will be used to identify suppliers to be developed and will be used to select suppliers eligible for new business.

As per the SRS policy the target is to have all suppliers "A" rated to ensure they are able to fully support Lumotech in producing defect free product and achieve customer satisfaction.

**6.0 MANAGEMENT QUALITY REVIEW (MQR)**

Management Quality Review meetings are held to analyze and review current problem situations (quality, delivery or other problems). Supplier accountability and response will be the focus. A MQR may be arranged if a supplier is considered responsible for an issue that results in:

1. Product safety characteristic as defined does not meet PpK / CpK requirements
2. Production suspended due to supplier's product quality or part shortage
3. A sort or rework at Lumotech and/or Customer completed due to supplier's product quality
4. One of the poorest performing suppliers during a given period

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The purpose of an MQR is to emphasize and prioritize high-risk problems. A supplier will be notified by Lumotech when an MQR is required. The intent of the meeting is to bring additional focus to the top issues facing the organization in order to bring about the necessary improvement.

Suppliers are expected to:

1. Confirm attendance of Plant Manager, Quality Manager and Sales Manager as a minimum. Additional resources may attend if necessary.
2. Present the following:
  - a. Most recent supplier rating report.
  - b. Be prepared to explain any deficiencies in any area of supplier performance relative to the supplier rating.
  - c. Be prepared to present an 8D that addresses efforts to improve the systems which affected performance.

All relevant documentation **MUST** be completed and forwarded to the relevant Material Controller 24 hours prior to the meeting.

#### **7.0 GOVERNMENT, SAFETY AND ENVIRONMENTAL**

Where applicable, suppliers must comply with the following:

1. Supplier warrants that all materials are in compliance with relevant Government, Safety and Environmental regulations, as they apply to the country of manufacture and sale.
2. Supplier undertakes to furnish Lumotech with 16 point Material Safety Data Sheet (MSDS) together with any additional documentation as may be necessary to demonstrate compliance with regulatory requirements. The supplier must abide to any Substance of Concern (SOC) restrictions and banned substances as required by Original Equipment Manufacturers in the automotive industry.

If the product or component is not declared and found to have SOC's, it could immediately stop all exports into the EU and a large fine will be levied against the supplier at fault. Refer: [www.mdsystem.com](http://www.mdsystem.com).

3. For direct material and component suppliers the supplier undertakes to register on the International Material Data Safety (IMDS) site. Refer: [www.mdsystem.com](http://www.mdsystem.com). All materials and components supplied to Lumotech must be submitted via the IMDS website and the ID no. sent to Lumotech for each new submission.
4. Supplier warrants that all manufacturing processes are in compliance with relevant Environmental, Health Energy and Safety regulations at the place of manufacture and undertakes to furnish Lumotech with documentary evidence thereof.
5. When purchasing energy equipment, the supplier must provide products that are energy efficient, meet the energy star, energy efficiency label specifications and energy efficient technology.

**NOTE:** Lumotech encourages suppliers to have ISO 14001 accreditation or at a minimum, implement an environmental management system that has the following:

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1. Process for waste management and monitoring.
2. Identifies risks of environmental pollution (soil, water, air) and prevents these by implementing and ongoing improvement program.
3. Energy waste and efficiency management

Please provide Lumotech with valid copies (in PDF format) of your current ISO 14001 certificate (email to [purchasing@lumotech.co.za](mailto:purchasing@lumotech.co.za) ).

### **8.0 SMD AND C1 DECLARATION**

Supplier undertakes to furnish Lumotech with such certificates in respect of locally purchased materials, and components having imported value, as may be required by Lumotech and in compliance with statutory regulations.

The completed documents must be returned to Lumotech by the following dates each quarter:

Example:

- Q1 Deliveries (Jan Feb March) to be completed and submitted by 25th May
- Q2 Deliveries (April May June) to be completed and submitted by 25th August
- Q3 Deliveries (July Aug Sept) to be completed and submitted by 25th November
- Q4 Deliveries (Oct Nov Dec) to be completed and submitted by 25th Feb

C1 & SMD's are required to be duly authorised and signed by an authorised signatory of the company.

It remains the responsibility of the Supplier to verify the correctness of the submission, and all major variances (5%) must be explained.

**NOTE:** Any quotation for a material / component containing imported value must include an estimate of the imported F.O.B. value.

### **9.0 DELIVERY AND PACKAGING**

The following criteria are applicable to materials and components delivered to Lumotech.

- a) All deliveries must be accompanied by an invoice or delivery note CLEARLY showing the following:
  1. Order number related to delivery
  2. Quantity of each part delivered
  3. Item description
  4. Part number for each item
  5. The unit price per item
  6. Delivery date
  7. EUR1 Certificates / Declaration – For supplier supplying out of Europe.
- b) No carton shall weigh more than 15kg. If an item must exceed the weight limit of 15kg, the carton must be clearly marked with a warning label and the weight of the carton. Acceptance of overweight items is at the sole discretion of the Logistics Manager.

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- c) All Hazardous and Dangerous goods must be clearly marked with its classification and must be accompanied by a Material Safety Data Sheet (MSDS). The MSDS must be the latest revision level.
- d) All pallets must be securely wrapped in plastic, or strapped. Pallets cannot be higher than 1300mm including the pallet. If the pallet needs to be higher than this for a specific reason, the Supplier must contact the Logistics Manager for approval.
- e) All mixed pallets/cartons must be clearly marked. If a single product on a mixed pallet takes up more than 1/3 of the volume of the pallet, it must be delivered on its own pallet.

All hire pallet deliveries will require the driver to present a pallet transfer docket to the warehouse. If a driver is unable to do this, he/she will be given an opportunity to have such a document faxed through to Lumotech. Hired pallets will not be unloaded without a completed transfer docket.

The following applies to rented pallets:

- a) Lumotech will not engage in a pallet exchange arrangement with ANY supplier.
- b) Lumotech will not engage in special arrangements to collate and return pallets to suppliers.
- c) Hire pallets will only be received under transfer policy.
- d) Lumotech WILL NOT accept any liability for cost, loss or damages to rental pallets.

#### **10.0 RIGHT OF ACCESS**

Supplier undertakes to grant right of access to its premises at all reasonable times, to Lumotech's representative and the representative of its customer where such access is a condition of the contractual agreement between Lumotech and its customer.

#### **11.0 BBBEE (BROAD-BASED BLACK ECONOMIC EMPOWERMENT) COMPLIANCE**

Lumotech fully supports social economic development and the improvement of previously disadvantaged communities. As such it complies with and supports the Broad-Based Black Economic Empowerment Act. Lumotech applies preferential sourcing policies and as such will focus on suppliers that are BBBEE certified. Suppliers undertake to provide Lumotech with a BBBEE compliance rating certificate.

#### **12.0 COPYRIGHT / EXCLUSIVITY / CONFIDENTIALITY**

The Supplier hereby agrees that the copyright of any work which may be subject to copyright and which is produced by or for the supplier in the course of the work carried out by the supplier for Lumotech vests in Lumotech. This includes, but is not limited to, specifications, plans, drawings and or designs. The supplier shall not disclose anything about the contract to any third party. Any information disclosed or otherwise obtained in the course of a visit or as a result of the performance of such services, shall be kept in strict confidence and shall not be disclosed to others until such time as the information becomes publicly available, and such information shall not be used in any manner by the undersigned except for the supply of products and/or performance of services to Lumotech. Any breach of this can result in criminal and/or civil action being taken.

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### 13.0 REFERENCES

No	Document name	Doc No.	Section
13.1	SUPPLIER TAKE ON AND DEVELOPMENT PROCESS - Direct Materials	PR-7000	Lumotech
13.2	SUPPLIER TAKE ON AND DEVELOPMENT PROCESS - Indirect Materials	PR-7001	Lumotech
13.3	Supplier Request for Quotation Process	PR-7002	Lumotech
13.4	Corrective and Preventive Action	QM-4001	All
13.5	Return Material Authorisation Process	PR-8003	All
13.6	Return Material Authorisation Form	FR-8003-01	All
13.7	Supplier Problem Resolution Report	FR-4001-03	All

### 15.0 HISTORY

No	Effective Date	Change	Contact for queries
01	31 March 08	Initial Issue	T Raepsaet
02	17 October 08	Added section 11 on component cost breakdown requirement	A Taljaard
03	18 May 09	Changed Agreement to Requirement, Hella to Lumotech and Buyer to Lumotech	T Raepsaet
		Under Quality Mgt System: Added par re existing suppliers not ISO 9001 accredited	
		Under PPAP requirements: Par. 1 Added Level 3 and Par. 2 Added notification of changes to product or processes	
		Added COC requirements and Material and Part identification and traceability	
		Sorting and reworking stock on behalf of suppliers and recommended 3 <sup>rd</sup> party subcontractor	
		Added new heading 6.0 Supplier Performance Rating	
		Added new heading 7.0 Management Quality Review	
04	25 June 2010	Changed contact details. Added generic e-mail address for Supplier Quality and Purchasing.	T Raepsaet

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05	02 Feb 2015	General review and update.	A Taljaard
06 	28 Aug 2017	Adding additional requirement on Page 5 Point under 9, Delivery & Packaging requirement	M.de. Klerk
07 	19 March 2020	Adding Energy info, Page 5 & 6 Adding under Point 7, Point 5.	M.de. Klerk
08 	19 March 2020	Adding Point 3 to Notes, on Page 5.	M.de.Klerk