

Logisnext Manufacturing Europe SA (LNSP) Supplier Manual

(Rev 4)



1 Introduction - Purpose of the LNSP Supplier Manual

LNSP is committed to providing our customers with “best in class” customer service. Translated this means meeting customer requirements for:

- Product quality
- Service
- On time delivery.

It also means anticipating our customer’s future needs and expectations for new products and services with innovative designs and systems.

We are committed to accomplishing these objectives through strong leadership, a highly capable and empowered workforce, and partnering with best-in-class Suppliers.

LNSP recognizes the important role our Suppliers play in the extension of our vision and the value we offer to our customers. We rely on our Suppliers to provide material, products, services and a commitment to relationship. The following cornerstones are defined to support the relationship between the Supplier and LNSP.

- MPA, LNSP Master Purchase Agreement which is the basic framework of the business relation.
- LNSP Supplier Manual

This Supplier Manual is written for LNSP’s current and potential suppliers. The purpose is to describe and define the concepts, documents and procedures that LNSP’s suppliers are required to manage in their business relation with LNSP. In order to shorten lead-time, develop new products, reduce cost and improve quality.

2 LNSP’s Business Requirements

2.1 Master Purchase Agreement (MPA)

It is our goal to have a frame agreement with all of our suppliers (LNSP Master Purchase Agreement). The Master Purchase Agreement shall be mutually agreed before development work and serial deliveries begin.

2.2 Quality Development

Quality is top priority to LNSP. Quality shall be developed from the beginning starting with reviewing specifications and drawings to assure that parts are feasible to produce with high quality.

The supplier should have a Quality Management System certified according to ISO 9001.

With the initial sample procedure the supplier assure that the serial production process gives the expected result of the produced part.

The supplier quality performance during serial deliveries is monitored by number of parts rejected, measured in PPM's. Each supplier will have a quality goal based upon the quality performance from previous years and LNSP own target for suppliers quality.

2.3 Environment

The supplier should have an Environmental Management System certificate, preferably ISO14001.

The Supplier shall have the knowledge and ability to fulfil the European regulation REACH and must submit information regarding SVHC-substances contained in parts supplied to LNSP.

The supplier supplying and manipulating fluorinated gases and/or equipment related to those mentioned gases, should fulfil all legal requirements included in Real Decreto 115/2017, 17th February.

2.4 Delivery & On Time Parts

The delivery time is of essence. Packaging, transport booking and delivery must follow the plans and call-offs from LNSP. Any deviation must immediately be communicated to LNSP and the supplier must take prompt actions to limit any delay.

2.5 Cost efficiency

LNSP needs to secure competitive costs in all areas. The parts cost is the largest portion of the cost of a truck. Therefore the cost of the parts will always be highly focused. The supplier's input is to give proposals in quotes to improve costs before the part is released for production and to continuously reduce cost in processes and material throughout the lifetime of the part to secure that market cost always is maintained.

The maximum allowed quantity of goods for LNSP should be equal to the 2 months volume unless other written agreement is made.

2.6 Drawings and Specification

During the development and preparation of manuals and/or catalogues, there is a need to exchange information regarding specification, drawings, 3D and other documents. When making any change that affects the functions such as structure, dimensions, material, appearance, etc. supplier shall promptly inform LNSP of such proposed changes to obtain its approval. Then implement the change after obtaining LNSP approval.

When required, supplier will need to submit drawing for its approval prior to starting the production, including detail specifications and/or spare parts.

When needed, LNSP will require 3D models from the supplier to carry out geometry studies on the truck, or manuals preparation.

The confidentiality level shall be agreed in the MPA.

2.7 Change procedure of Parts

The supplier has to send a change request to LNSP in case of any change of the part, process or sub-suppliers which might have an impact of the functionality of the part.

3 Quality Requirements for Direct Material Suppliers to LNSP

3.1 Evaluation of new suppliers

Before a supplier can supply parts for production purposes the supplier is required to be approved by LNSP as a supplier of serial material. The supplier is required to complete a Check sheet for Forklift quality system audit, which is the standard procedure inside Logisnext Group for evaluate new suppliers. This procedure is being led by Purchasing and LNSP will audit supplier manufacturing site (see Logisnext Group procedure for details).

3.2 Part Submission Warrant Process

Before a new or changed part can be used in production the part needs to be approved according to LNSP's Part Submission Warrant, which consists of the following steps:

1. Part Submission Warrant Order from LNSP
2. Part Submission Warrant, requested documentation and parts from Supplier
3. Part Submission Warrant Approval from LNSP

The purpose of the Part Submission Warrant Process is to determine if all engineering design records and specifications have been interpreted as intended by the supplier and that the manufacturing process has the capability to produce parts which consistently meet these requirements.

The Part Submission Warrant Process applies to all suppliers of production parts to LNSP.

No series delivery of new parts may be dispatched until PSW tests have been carried out and an approval in writing has been obtained from the Quality Department at LNSP. This also applies for changed parts or processes.

In some cases the initial samples may be delivered together with the first serial delivery. If this applies it will be clearly stated in the PSW order.

The Initial Sample parts shall be produced under serial production conditions. This means, production at the serial production site, using the production tooling, production fixtures and gauges, production process, production materials and production operators.

The supplier shall notify the Purchase Department of any planned changes to the design, manufacturing process or production site. Examples are indicated in the table on next page.

Upon notification and approval from the Purchase Department, and after change Implementation, Part Submission Warrant is required unless otherwise specified.

Examples of changes requiring notification	Clarifications
1. Use of other construction or material than was used in previously approved part.	Use of alternative material that is equal with the previous approved material.
2. Production from new or modified tools, dies, molds, fixtures etc. This also includes arrangements or upgrades to increase the capacity, performance etc.	This requirement only applies on tools, fixtures etc. where the unique form or function has a major influence on the final product. It is not meant to describe standard tools or standard equipment.
3. Production from tooling or equipment transferred to a different plant site	Production from another site but same supplier.
4. New sub supplier for essential parts	This requirement applies to unique parts for LNSP. It does not apply to standard parts such as screws and nuts.
5. Product produced after the tooling has been inactive for twelve months or more	This requirement does not apply to service parts.

3.3 Initial Sample Requirements

3.3.1 Part Submission Warrant (PSW)

Upon completion of all Initial Sample requirements the supplier shall complete the Part Submission Warrant, PSW. Separate PSW shall be completed for each part number if not agreed with the Quality Department.

The supplier shall verify that all measurements and test results show conformance with the specifications and requirements and that all required documentation is available and submitted as appropriate. A responsible official from the supplier shall sign and confirm that the parts meet all specified requirements. The PSW shall be signed and scanned. The signed PSW is submitted electronically together with the other required documentation.

Note – In some cases physical parts may not be required. In this case the PSW form is still used to confirm that the new article specifications have been acknowledged and incorporated in the suppliers manufacturing system.

Depending upon the reason for Part Submission Warrant LNSP might also require submission of the following documents:

3.3.2 Process Flow Chart

The supplier shall have a process flow diagram that clearly describes the production process steps and sequences. For similar parts a generic Process Flow Chart is accepted if the parts are produced in the same or a similar process.

3.3.3 Process Failure Mode and Effects Analysis (Process FMEA)

The supplier shall develop a Process FMEA or any similar risk evaluation summary to prevent failures in the chosen process. The Process FMEA shall be based on and include all process steps described in the Process Flow Chart.

For similar parts a generic Process FMEA is accepted if the parts are produced in same or similar process.

3.3.4 Production Control Plan

The supplier shall have a Control Plan that defines all methods used for process control. The Control Plan must be based on the outcome from the Process FMEA. The Control plan shall specify how the control of the production process is planned and will be a base for work and control instructions. For similar parts a generic Control Plan is accepted if the parts are produced in the same or a similar process.

3.3.5 Dimensional and Appearance Reports

The supplier shall provide evidence that dimensional verifications have been completed and results indicate compliance with specified requirements. The supplier shall have dimensional results for each unique manufacturing process. The supplier shall record all actual dimensional results and characteristics. The result must be documented as a dimensional result, stating OK/NOK is not sufficient.

Similar comments will be applied to Appearance Report if required.

3.3.6 Material and Product Validation Test Reports

The supplier shall test all parts to show alignment with the specifications. The supplier shall also make clear how the test was performed. E.g. test method, applied standards, test lab used etc.

3.3.7 Material Certificate

The supplier shall provide a material certificate for materials specified on drawing/specification. The material certificate shall show compliance with the specified material standard. See also EN 10204-2.1

3.3.8 Others

Process Capability Study, Gauge Specification and Approval and Engineering Drawings could be as well required.

3.4 Handling of non-conforming parts

- In case of non-conforming parts LNSP will issue a Rejected Note (RN).
- The answer to a Rejected Note shall be tracked and reported using the 8D-process; LNSP has an 8D-template for problem resolution, but supplier can use his own one. Only request is that corrective actions should cover occurrence causes and non-detection ones.
- It is mandatory to send an answer with short term actions (containment actions) within 2 working days.

- An answer with permanent actions will be sent after root causes analysis; this task should be finished within 15 working days (recommended lead time).
- It is LNSP policy to return non-conforming parts or material to the supplier with a request of crediting the full value of parts or material. LNSP will return non-conforming parts or material at suppliers expense.
- In case non-conforming parts from supplier would demand sorting activities, re-works, or additional labor costs to support LNSP production avoiding major production disruptions, LNSP will charge those costs to supplier unless otherwise agreed. Labor rate to be charged is 50€/hour.

3.5 Warranty conditions

Supplier must provide same warranty conditions as of LNSP trucks, this means 2 years or 2,000 hours, whatever occurs first.

4 Purchasing procedure and order types

4.1 MRP-Purchase Order

The MRP Purchase Order is the document indicating the agreed supply commitment between LNSP and its suppliers. Each part will be ordered on a weekly basis according the conditions agreed between both LNSP and Supplier. MRP-Purchase Order will show the following data:

- LNSP's part number and description
- Drawing Revision number.
- Unloading Dock
- Firm order time
- Requested arrival date at LNSP.
- Forecast for coming firm orders.

MRP-Purchase Order will not show pending Purchase orders, this means that every week only new orders will be shown. Call offs of Open Purchase Orders are usually sent via EDI or email (as pdf or txt file).

Unloading Dock: Parts will be individually packaged according LVPM (see item 9.1) and grouped by dock category as follows:

- Dock K → Parts for welding.
- Dock F → Parts for painting.
- Dock C → Parts for assembling.

4.2 Single Purchase Order

LNSP may also send Single Purchase Orders for urgent requirements. These orders are usually sent via e-mail.

4.3 Request for Quotation (RFQ)

When asking for price quotations concerning parts, LNSP uses a Request for Quotation (RFQ) form. The reason for sending out a RFQ is as follows:

- Implementing a new part
- Changes in circumstances of existing parts
- Benchmarking activities

Consequently, the supplier may receive RFQ:s for existing parts and new parts.

At the RFQ sheet all information necessary to quote the parts can be found. There is also a section (“Comments”) where the supplier shall document the feasibility review remarks and design change proposals in order to improve cost and quality.

Cost break down for parts and tools is also required. It is vital that these are completed to get a better knowledge about cost and cost drivers.

4.4 Feasibility review

The supplier has to make a systematic analysis of drawings, technical regulations, standards and other purchasing documents, to monitor and assure the manufacturability for each characteristic, and to give alternative designs when suitable or necessary to guarantee the quality of the part.

4.5 Prototypes

Prototype parts are parts used for prototype builds, design validations or engineering evaluations. Therefore it is essential that prototypes are within specification.

In order to support the evaluation process it is important that all supplied prototypes are submitted with documentation according to LNSP’s requirements. Documents to be always included are:

- Measurement protocol
- Material specification

Apart of those, in cases LNSP requires additional documentation, test results, Must be provided by supplier.

5 Invoice

Invoice address:

Logisnext Manufacturing Europe, S.A.
C/ Soto Grande s/n
31110 Noain (Navarra)
Spain
VAT: A31504111

Generic invoice requirements

- On an invoice with several rows, all rows must have the same structure. (part number, order and row number, price, quantity, delivery note etc. must have the same position on every invoice row.)
- Word: Invoice
- Invoice number
- Supplier name, address and VAT number
- LNSP name, address and VAT number
- Invoice date
- Invoice total amount
- LNSP part number on each row
- LNSP order number on each invoice row.
- Delivery note number
- Quantity one each row
- Price per unit
- Total price on each row (quantity * unit price)
- VAT amount for Spanish suppliers

Invoice specification

Invoices must at all times include:

- Expiration date
- Invoice currency

For non-spanish suppliers shall IBAN and SWIFT address be specified

6 Forecasts & Material call offs

LNSP works with a Fiscal Year of April-March. The yearly purchase volume is communicated to LNSP's suppliers by the buyer at the time of Business Plan preparation in March. The material call offs and forecasts are presented by MRP-Purchase Orders. Forecasts and delivery plans shall be transferred to tier 2 suppliers to secure that every step in the supply chain has correct information regarding planned production volumes.

6.1 Purchase Orders

Call offs for material to specific production units is presented by Purchase Orders. The Purchase Orders are sent by LNSP's Material Planning Department to the suppliers as soon as the requirement is known. The requested delivery date correlates to the production date and LNSP expects delivery to be performed accordingly. The supplier must immediately at all times inform responsible material planner at LNSP if delay or other problems occur.

6.2 Order confirmation

LNSP do not expect order confirmations on delivery plan orders. A delivery plan order is to be recognized as fixed and LNSP expect the supplier to delivery accordingly until further notice.

7 EDI

The purpose of using EDI is to secure the information flow and to achieve efficiency in LNSP's and its supplier's order administration.

It is LNSP's intention to communicate order information to all suppliers via EDI. Integrated EDI requires a set up at the supplier, including server, EDI converter etc. The specifications of the EDI messages are provided by LNSP. The supplier's advantage is a direct flow of information to / from its business system, with less manual order administration.

8 Deliveries to LNSP

8.1 Delivery terms

The standard delivery term for production goods to LNSP is DDP (Delivery Duty Paid). Transportation must be booked and arranged by supplier unless otherwise agreed.

8.2 Deliveries

Delivery must take place, i.e. the goods must be delivered or collected by the forwarding company, on the day specified by LNSP. All parts must be delivered to LNSP's address.

If there is a risk of delay, the responsible material planner must be promptly notified. Such notification does not mean that the supplier is exempted from compensation LNSP may claim in the event of delivery delays and possible disruptions to production.

8.2.1 Delivery performance

All LNSP suppliers are evaluated against their On Time Parts (OTP) performance. The measurement is calculated with the actual receiving date compared to the delivery date on the order/call-off.

8.2.2 Premium freight deliveries

Premium freight deliveries to LNSP must be booked according to instructions by the responsible material planner. If an emergency delivery is due to a delay or other circumstance caused by the supplier, the supplier books this transport at their own expense. In both cases, the supplier must notify LNSP of the relevant consignment note number for the delivery and planned delivery time.

9 Packaging

Goods that are supplied to LNSP must, as far as possible, be fully protected during transport and storage by packing material such as pallet collars, lids, plastic film, etc. Foam and cardboard shall be used to protect parts from scratches and other damages during transport and storage.

9.1 Goods labelling

All load carriers must be marked with a load carrier label on the short side, unless otherwise agreed. For boxes, a label must be placed on both sides for easier identification. Any labelling of goods for LNSP must be evident and visible for smooth handling.

The label must contain the following information:

- LNSP part number and name
- LNSP Order number

9.2 Delivery note

All shipments to LNSP must be delivered together with a delivery note.


The delivery note must contain LNSP part number, order number and row number and shall be fixed to the goods in a plastic case.

9.3 Packaging material

LVPM (Local Vendor Packaging Management) document will be used to define the delivery method of parts.

LNSP will provide the LVPM document and supplier will ship the parts accordingly, in case of any discrepancy, supplier shall inform the LNSP Purchasing Department for discussing about the proper packing information.

This is an example:

Logisnext		MÉTODO DE EMBALAJE PACKAGING METHOD LVPM		
DATOS DEL PROVEEDOR / SUPPLIER DATA				
Código Cliente	8512	Nombre Cliente	LOGISNEXT	
Código de Empresa	R13404-05	Fecha Zona	18/12/2013	
DATOS DE LAS PIEZAS / PARTS DATA				
PART NUMBER	PART NAME	Por Paquete (Qty)	LSP	Cant LSP (Paquete Qty)
851012424-00	SUPT ASSY OCHAN	1.00	2	2.00
851012424-00	SUPT ASSY OCHAN	1.00	2	2.00
851012424-00	SUPT ASSY OCHAN	1.00	2	2.00
851012424-00	SUPT ASSY OCHAN	1.00	2	2.00
851012424-00	SUPT ASSY OCHAN	1.00	2	2.00
851012424-00	SUPT ASSY OCHAN	1.00	2	2.00
851012424-00	SUPPORT	1.00	2	2.00
851012424-00	SUPPORT	1.00	2	2.00
DATOS DEL EMBALAJE / PACKAGING DATA				
INDIVIDUAL PACKING		SHIPPING PACKING		
Material Dimensiones L x W x H (mm)		Image (Dimensiones in mm)		
Material (kg)		Image (Dimensiones in mm)		
Piezas (Dimensiones in mm)		Image (Dimensiones in mm)		
		NOTA: SIP Se suministrarán la cantidad de piezas indicadas en el pedido. Supply the quantity of the order.		
CONTAINER: C395L LA FIBRA ES ORIENTATIVA. EL CONTENEDOR SERÁ CERRADO CON SEPARADORES PARA CADA DÍA DE LA SEMANA		Descripción:		

10 Supply of Spare Parts

LNSP's spare parts policy sets out that the availability of spare parts of serial standard is guaranteed for at least 10 years after one of LNSP's products has ceased serial production.

Spare parts will be negotiated and purchased by MLE Parts Europe organization.