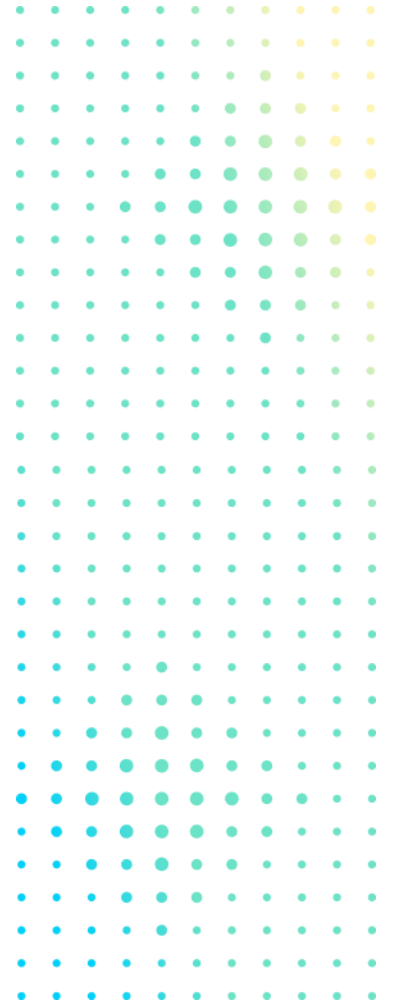


# Clean Supply Chain

## *Introduction*

Sandor Molnar

SQAD & MTD – 7/7/2022



## *Agenda*

# Introduction to Clean Supply Chain

- Who we are
- Functions of ours
- The four stages of Supplier Lifecycle Management

*Clean Supply Chain*

# Who we are?



~70

Colleagues in our Organization  
(Villach –AT)

360

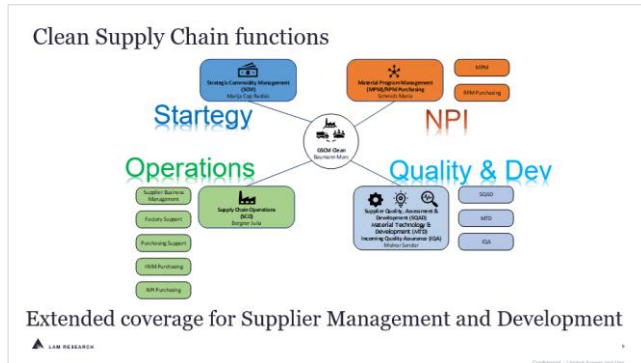
Suppliers for Clean BU

2000+

Suppliers Global



# The key functions of ours..



..more than just "Classic" Supply Chain



# *Supplier Lifecycle Management*

## *The four stages..*

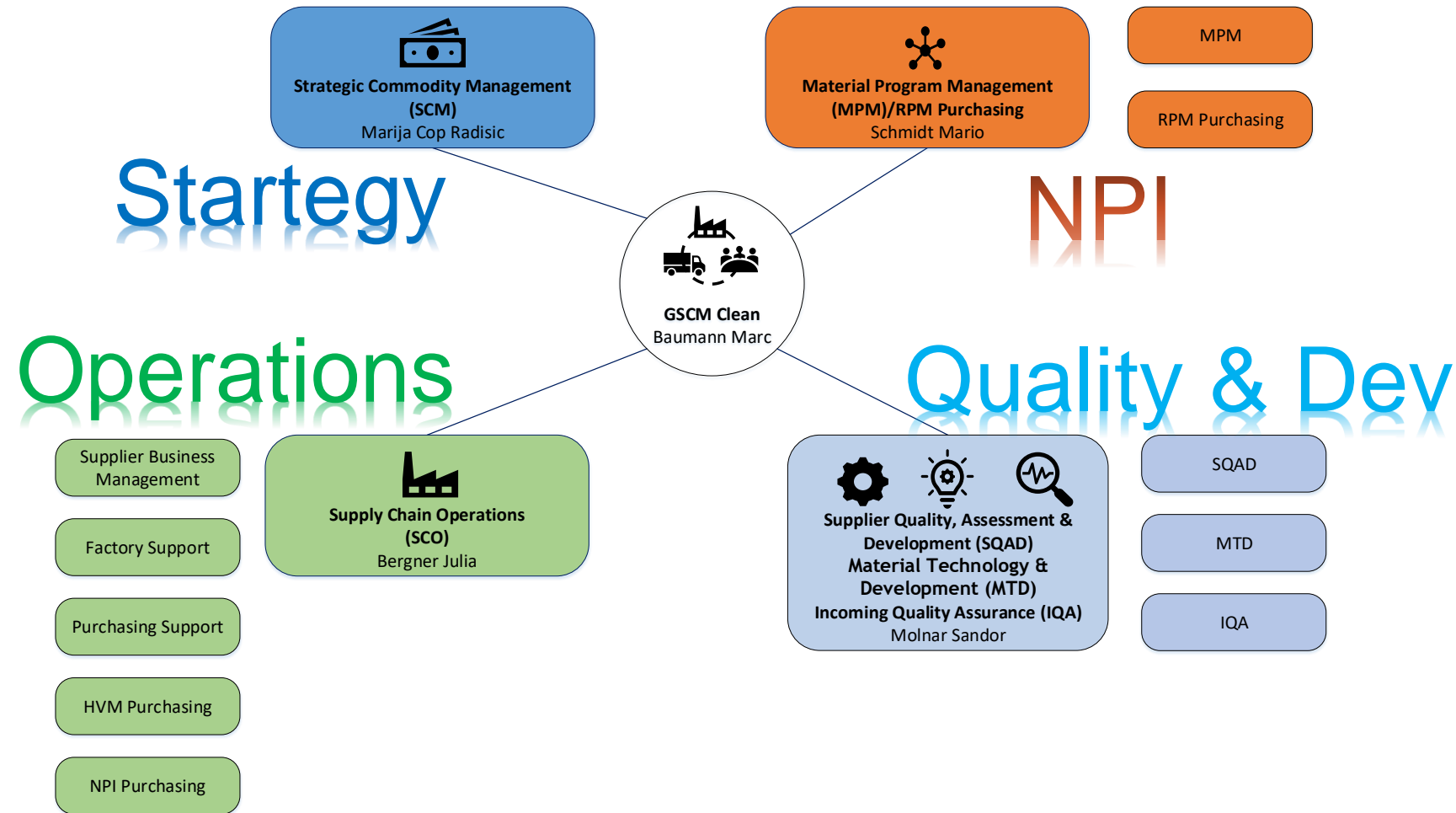


# Q&A



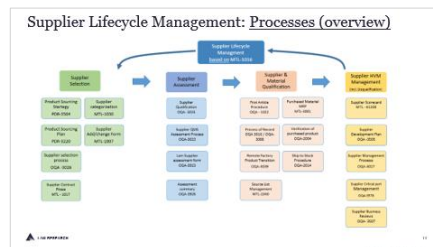


# Clean Supply Chain functions



Extended coverage for Supplier Management and Development

# Lam Supply Chain Management - (MTL-1016)



**Supplier Categorization Summary (MTL-1030)**

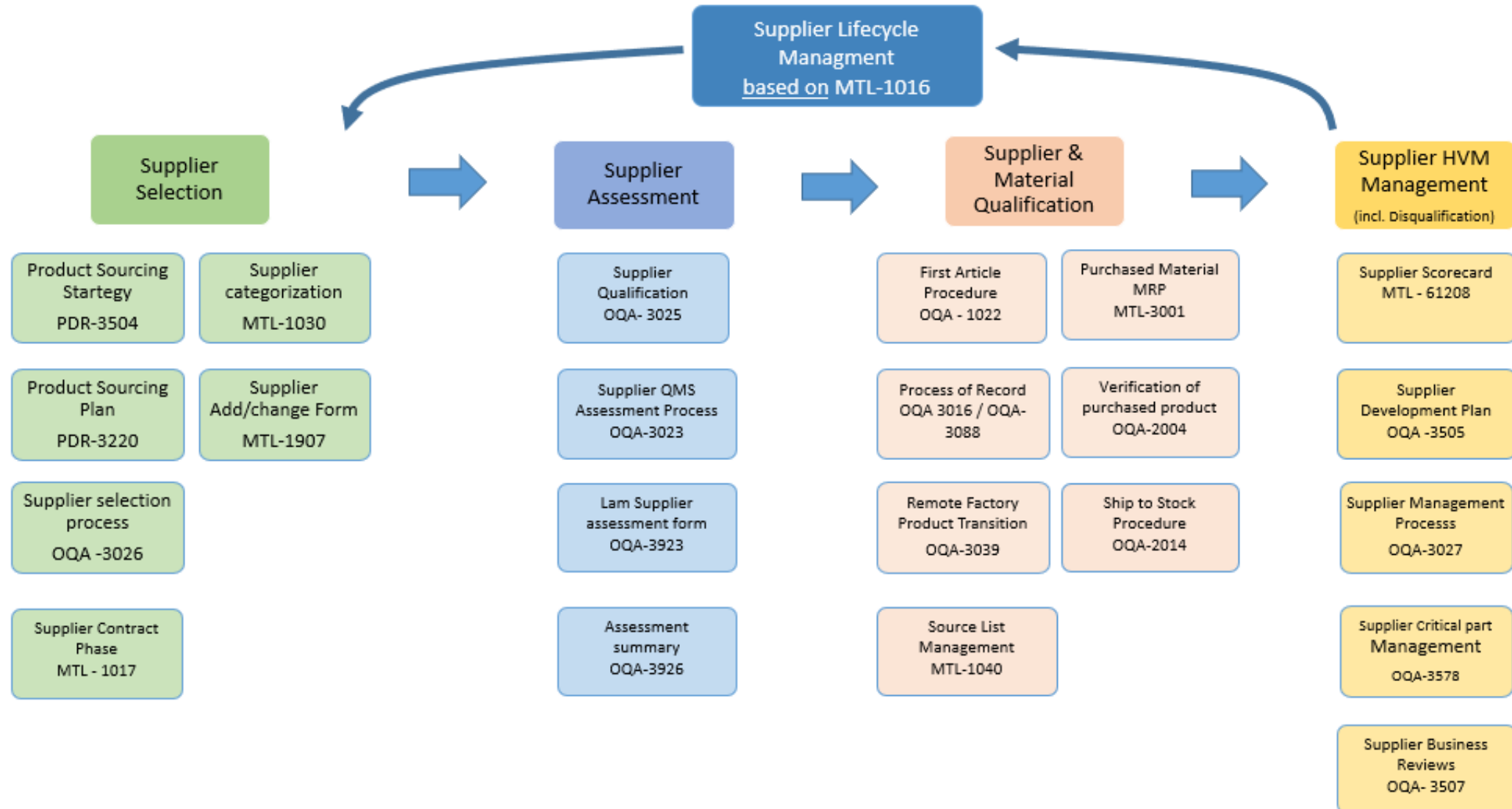
| Category             | Description  |
|----------------------|--|
| Internal             | For use internally to Lam  |
| Considered           | Under consideration to become Product Group Select or Preferred  |
| Product Group Select | Suppliers that provide a unique requirement (geographic, cost or technical)  |
| Preferred            | Meet technology requirements with proven operational performance. Candidates for leading edge products, actively managed through Scorecard and Requirements of Preferred with aligned technology roadmap and executive interface |
| Preferred Plus       | Requirements of Preferred Plus with differentiated level of strategic engagement   |
| Strategic            | Requirements of Preferred Plus with differentiated level of strategic engagement   |
| Suspended            | Temporary category with defined deliverables to resolve performance issues   |
| Passive Exit         | Unsatisfactory performance, but required to support initial base due to part criticality or customer impact  |
| Active Exit          | Unsatisfactory non-recoverable performance, with a defined timeline for exiting  |
| Disqualified         | Assigned at completion of Active Exit, are blocked in SAP, can no longer receive orders  |

**Supplier Scorecard - Example**

The scorecard displays the following information:

- Supplier Name:** [Supplier Name]
- Scorecard Period:** [Scorecard Period]
- Scorecard Metrics:** [Scorecard Metrics]
- Scorecard Results:** [Scorecard Results]

# Supplier Lifecycle Management: Processes (overview)



# Supplier Categorization Summary (MTL-1030)

|                      |  |
|----------------------|--|
| Internal             | For use internally to Lam  |
| Considered           | Under consideration to become Product Group Select or Preferred  |
| Product Group Select | Suppliers that provide a unique requirement (geographic, cost or technical)  |
| Preferred            | Meet technology requirements with proven operational performance. Candidates for leading edge products, actively managed through scorecard |
| Preferred Plus       | Requirements of Preferred with aligned technology roadmap and executive interface  |
| Strategic            | Requirements of Preferred Plus with differentiated level of strategic engagement   |
| Suspended            | Temporary category with defined deliverables to resolve performance issues   |
| Passive Exit         | Unacceptable performance, but required to support install base due to part criticality or customer impact                                  |
| Active Exit          | Unacceptable non-recoverable performance, with a defined timeline for exiting  |
| Disqualified         | Assigned at completion of Active Exit, are blocked in SAP, can no longer receive purchase orders   |

# Supplier Scorecard – Example

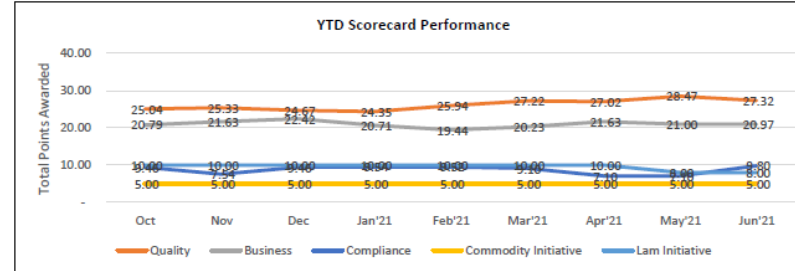


## Supplier Scorecard

Scorecard Version: 2.0    Published: Jun 4, 2021 at 12:01am PT

## Supplier Overview

|                 |    |
|-----------------|----|
| Scorecard Level | L2 |
| Supplier Family |    |



## Scoring by Category

| Category             | Max Points Possible | Total Points Awarded | % Awarded |
|----------------------|---------------------|----------------------|-----------|
| Quality              | 30                  | 27.32                | 91.07%    |
| Business             | 30                  | 20.97                | 69.89%    |
| Compliance           | 10                  | 9.80                 | 98.00%    |
| Commodity Initiative | 10                  | 5.00                 | 50.00%    |
| Lam Initiative       | 20                  | 8.00                 | 40.00%    |
| Overall Score        | 100                 | 71.09                | 71.09%    |

| Grading Scale |
|---------------|
| >=85%         |
| <85% or >=70% |
| <70%          |

| Element ID            | Element           | Description                        | Element Goal   | Element Current Value | Max Points Possible* | Points Awarded | % Awarded |
|-----------------------|-------------------|------------------------------------|--|-----------------------|----------------------|----------------|-----------|
|                       | Supplier 8D       | Supplier Corrective Action Request | 10   | 8.80                  | 10                   | 8.80           |           |
|                       | Defects           | Total Defects (13-week Avg)        | 5  | 4.77                  | 5                    | 4.77           |           |
|                       | FA CT             | Failure Analysis Days > 14 days    | 10   | 9.93                  | 10                   | 9.93           |           |
|                       | Assessment        | QMS, SHAARP, RRA Score             | 5  | 3.82                  | 5                    | 3.82           |           |
|                       |                   | Total                              |  |                       | 30                   | 27.32          | 91.07%    |
|                       | OTD (13 Week)     | Receipt date = Promise Date        | >98%   | 94.71                 | 8                    | 6.40           | 80.00%    |
|                       | OTD (4 Weeks)     | Receipt date = Promise Date        | >98%   | 92.32                 | 6                    | 4.60           | 76.67%    |
|                       | OTD (RPM)*        | Receipt date = Eng Need Date (END) | >=87%  | 57.00                 | 0                    | -0.03          |           |
|                       | Min Stock (Cons)* | 90% > than min bin                 | >98%   | 79.73                 | 0                    | 0.03           |           |
|                       | RPM               | RPM Effectiveness                  |  |                       | 0                    | 0.00           |           |
|                       | Cost Reduction    | Annualized % cost reduction        | >=4%   |                       | 4                    | 0.63           | 15.83%    |
|                       | BCP               | Business Continuity Plan           | Level 4  |                       | 4                    | 1.63           | 40.83%    |
|                       | Technology        | Technology Roadmap Alignment       |  |                       | 3                    | 3.00           | 100.00%   |
|                       | Capacity          | Capacity Flexibility               |  |                       | 3                    | 2.00           | 66.67%    |
|                       | Diversity*        | Meets Diversity Criteria           |  |                       | 0                    | 0.00           | n/a       |
|                       | CSR               | Meets CSR Criteria                 |  |                       | 0                    | 1.00           | n/a       |
|                       | Fair Value        | Meets Fair Value Thresholds        |  |                       | 2                    | 2.00           | 100.00%   |
|                       | Responsiveness    | Production PO & RFQ Ack <=48 hours | >=95%  | 88.93%                | 0                    | -0.47          | n/a       |
|                       | TMS               | Transport Management System        | >=90%  | 87.94%                | 1                    | 0.17           |           |
|                       |                   | Total                              |  |                       | 30                   | 20.97          | 69.89%    |
| Compliance            | 3a                | Training                           | Lam Training Requirements Met  |                       | 2                    | 2              | 100.00%   |
|                       | 3b                | RPA                                | Reoccurrence Prevention Alert  |                       | 1                    | 1              | 100.00%   |
|                       | 3c                | Obsolescence                       | >90 Day Notification (Last Time Buy Date)  |                       | 2                    | 2              | 100.00%   |
|                       | 3d                | Change Control                     | >90 Day Notification (Need By Date)  |                       | 2                    | 2.00           | 100.00%   |
|                       | 3e                | Contracts                          | MTL-1030 Contracts Compliance  |                       | 3                    | 2.80           | 93.33%    |
|                       |                   | Total                              |  |                       | 10                   | 9.80           | 98.00%    |
| Commodity Initiatives | 4a                | CellFusion                         | -Transparent & connected factories   |                       | 3                    | 1              | 33.33%    |
|                       | 4b                | Industry 4.0                       | -Virtual & Smart factory / Automation  |                       | 2                    | 1              | 50.00%    |
|                       | 4c                | Lean DFT Six Sigma                 | - Same look and feel / -Optimize & scalable  |                       | 3                    | 2              | 66.67%    |
|                       | 4d                | Knowledge & Capability             | -Subject matter experts / Self Sufficiency   |                       | 2                    | 1              | 50.00%    |
|                       | 4e                | n/a                                | n/a  |                       | 0                    | 0              | n/a       |
|                       |                   | Total                              |  |                       | 10                   | 5              | 50.00%    |
| Lam Initiatives       | 5a                | Subtier management                 | -Technical & Performance mgmt / -Change control, process control                     |                       | 2                    | 2              | 100.00%   |
|                       | 5b                | Ramp Readiness                     | Capacity/Burst Capacity including proof of sub-tier ability to support material; ISA |                       | 5                    | 1.5            | 30.00%    |
|                       | 5c                | Responsiveness                     | Demonstrate responsiveness to requests from Lam team (RFQ, E&O/ECR, Cut in D         |                       | 5                    | 2.5            | 50.00%    |
|                       | 5d                | Procurement and Warehouse          | Supplier has robust process in place to react to PPPC messages in a timely manner    |                       | 4                    | 1              | 25.00%    |
|                       | 5e                | Quotations Accuracy                | Timely quotes and maintenance in SAP / Quote Accuracy / CMT (Cost Management         |                       | 4                    | 1              | 25.00%    |
|                       |                   | Total                              |  |                       | 20                   | 8              | 40.00%    |

Scorecard is being reviewed monthly with Supplier

Supplier presents current performance and CIP