

CONTROL AND MONITORING OF THE EXTERNAL PROVIDERS' PERFORMANCE

The performance evaluation of existing external providers occurs at least once a year and it's based on their past year performance.

- **Performance criteria for External providers' evaluation**

External providers are evaluated in accordance with the following applicable performance criteria:

	Performance criteria	KPIs
Quality	Conformity	Products and Services conform to requirements and specifications implied in the order.
Logistics	Delivery	Adherence to delivery date.
	Quantity	Adherence to the quantity ordered.
Technical support / assistance	Service and Communication	Response times for resolving issues and handling complaints. Expected level of knowledge. Solutions presented for troubleshooting of issues related to the service/product requested.

Performance evaluation occurs using the following formula:

$$\text{Performance evaluation} = \left(1 - \frac{\sum_{i=1}^n \text{score of supply } i}{\text{Total supplies}} \right) \times 100$$

i = supply with nonconformity detected.

- **External providers' classification**

After evaluation, external providers are classified as follows:

External providers' classification		
Classification	Evaluation result	Description
A	91 - 100	Good
B	70 - 90	Reasonable
C	< 70	Not approved

External providers without occurrences are scored with an A.

External providers without supplies maintain their prior evaluation results.

LG-PR-004_03