



ANDERSON POWER GLOBAL SUPPLIER MANUAL

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1.0 Introduction

Anderson Power strives to be the preferred OEM provider of the safest and most reliable high power density interconnect solutions. For more information about Anderson Power, visit our [website](#).

1.1 Supplier Manual Goals & Scope

The purpose of this manual is to communicate Anderson Power's requirements and expectations to suppliers of components, subcomponents, tooling, and capital equipment. Anderson Power relies on our supply base to successfully deliver on our brand promise. We will only be successful if our suppliers can consistently produce outstanding products, equipment, and services. Our business processes in product development, quality management and supply chain need to be aligned with our suppliers to work together efficiently and effectively.

This manual details the commercial, quality, environmental and logistics requirements for suppliers to Anderson Power. Compliance with this manual is mandatory to ensure that our supplier partners have the systems, processes, and procedures in place to meet necessary requirements of Anderson Power and Anderson Power's end customers.

This manual will be updated as necessary to include new and changing requirements based on Anderson Power's needs, our customer's needs, and regulatory requirements.

1.2 General Requirements to Suppliers

Anderson Power expects our suppliers to operate ethically and abide by all applicable laws and regulations, while also demonstrating their commitment to quality and the environment. Suppliers are expected to meet the requirements of the plants they supply. Anderson Power Quality Management System requirements are outlined in this manual. Supplemental requirements may be communicated to the suppliers by Anderson Power Supply Chain during the business quotation and award process.

Anderson Power expects our suppliers to be certified or demonstrate compliance with the industry certifications shown in the following table. We encourage all our suppliers to provide Anderson Power Supply Chain with an up-to-date copy of all the certificates.

ISO 9001	ISO 14001	ISO 45001
<ul style="list-style-type: none">• Compliance to latest IEC/ISO version required, unless otherwise specified, for all suppliers and their manufacturing sites.• TS 16949 compliance will reduce need for regular audits by Anderson Power.	<ul style="list-style-type: none">• Aspire to have all supplying sites to have ISO 14001 environmental management systems according to the latest edition or equivalent.	<ul style="list-style-type: none">• Aspire to have all supplying sites to have ISO 45001 safety management systems according to the latest edition or equivalent.

1.3 Supplier Code of Conduct

Anderson Power has a long history of financial stability, dating back to our founding in 1877. Our business efforts are forged with an eye toward the future and are grounded in the principles of running an accountable and responsible business. To help us fulfill our responsibility, Anderson Power has taken additional steps in establishing worldwide methods for employees and suppliers to report any matters they believe may not be in line with Company values or legally acceptable standards. These include the following:

- Business Conflicts of Interest
- Improper use of Confidential Information
- Bribery
- Actual or Threatened Illegal Acts or Criminal Violations
- Environmental, Health or Safety Concerns
- Human Rights Violations- Forced Labor or Child Labor

For more information, see our [Supplier Code of Conduct](#).

1.4 Purchasing Policy

Anderson Power is committed to the fair and equitable treatment of our suppliers, providing qualified suppliers the opportunity to grow their business. Supplier confidentiality is maintained by all Anderson Power employees to maintain high ethical standards and to support the creation of lasting supplier relationships.

In return, suppliers are expected to:

- Maintain the confidentiality of information provided by Anderson Power.
- Conduct business ethically, without attempt to influence through gifts, entertainment or favors that would create a conflict of interest.
- Advise Anderson Power of product and process technology alternatives that would improve the purchase value.
- Partner with Anderson Power to produce sustainable products using environmentally sustainable materials and processes.

1.5 Sustainability

At Anderson Power, we strive to do the best for our environment, our communities, and our employees. Anderson Power has integrated sustainability throughout the company: in our strategy, organization, culture, in manufacturing, and in our products. We expect our suppliers will adopt key sustainability progress and practices as described below in sections 1.6-1.8.

1.6 Environmental Health & Safety Policy

Anderson Power endorses a Corporate Environmental Health & Safety (EHS) Policy for all Anderson Power sites. Please visit the [Anderson Power Environmental Health and Safety Policy](#) page for more information. Anderson Power expects the same health and safety policy in the suppliers we do business with. The Supplier is obligated to comply with all legal regulations regarding environmental protection and occupational safety. The implementation of an Environmental Management System per DIN EN ISO 14001 is encouraged.

1.6.1 International Environmental Compliance Standards

All components that will become part of an Anderson Power product shall comply with international environmental standards, such as RoHS, REACH, and any other Anderson Power or Anderson Power customer product content standard communicated in writing to Suppliers. Suppliers are required to provide Anderson Power or a 3rd party acting on behalf of Anderson Power with supporting documents evidencing such compliance upon request.

1.6.2 Conflict Minerals Notice

Anderson Power is dedicated to sourcing materials from suppliers that uphold the same values expressed in our code of ethics, which includes the respect of human rights which is a foundation of the Conflict Minerals Act. Anderson Power fully expects suppliers to cooperate with us and to provide information to support these efforts. Any Anderson Power supplier that does not provide us or a 3rd party acting on behalf of Anderson Power complete and accurate information in an acceptable format for the applicable reporting period or that provides material from sources known to fund armed groups in the Democratic Republic of Congo region will be required to implement corrective action measures. Suppliers that do not reasonably comply with Anderson Power's Conflict Mineral Policy will be reviewed by Anderson Power's supply chain management to assess whether Anderson Power will conduct business with those suppliers in the future.

For additional detail on Anderson Power Conflict Minerals Supply Base declaration requirements, please see the following link: [Anderson Power Conflict Minerals](#).

1.7 Trade Compliance Policy

Anderson Power recognizes that failure to meet trade compliance requirements can have a severe consequence for Anderson Power, including damage to the company's brand image, monetary penalties, and suspension of the company's exporting or importing privileges with a resulting negative impact to our suppliers and customers. Thus, we are committed to the implementation, maintenance and continuous improvement of a robust global trade compliance program which integrates compliance activities into our Anderson Power and Anderson Power Supplier Management business processes.

1.8 Communication

The supplier must nominate an individual responsible for interaction between Anderson Power and the supplier regarding daily operations that may affect Anderson Power. The supplier must submit that contact data to Anderson Power's Supply Chain Department.

2.0 Doing Business with Anderson Power

Anderson Power seeks long-term relationships with supplier partners who share our goal of creating a sustainable high value supply chain to support our customers and the end user market. This value focus includes purchasing the right technology components and materials, delivered on-time and with high quality. We seek collaborative relationships with our suppliers with a joint goal of continuous improvement.

As a manufacturer of Power Connectors and Cables, Anderson Power purchases the following categories of materials and components:

- Plastic Resin
- Plastic Components
- Electrical Contacts
- Hardware
- Accessories
- Cable and Wire

2.0.1 Business Fit Review & Supplier Self-Assessment

Following your supplier registration submission, the Anderson Power Supply Chain Global Supply Chain Manager will review the information provided and respond with feedback on the next steps, which may include completing a [Supplier Self-Assessment](#). This self-assessment is designed to provide additional information to allow Anderson Power Supply Chain and Anderson Power Supplier Quality to better understand your businesses capabilities and to assess the fit with Anderson Power's needs.

2.0.2 Additional On-Boarding Requirements

- Non-Disclosure Agreement
If recommended to proceed, the Anderson Power Buyer will provide a Non-Disclosure Agreement for you to sign and return to allow for the open exchange of Anderson Power confidential information associated with new business Requests for Quotations (RFQ's).
- Financial Health Review
In some instances, relating to significant business awards or concerns over the supplier's financial health, Anderson Power may initiate a supplier financial health review. As a supplier to Anderson Power, you will be expected to support these financial reviews with Anderson Power by providing the requested company financial data or metrics to support the assessment of your company's underlying financial health.

2.0.3 Anderson Power Approved Supplier Assessment

Following the supplier submission of the Supplier Self-Assessment, Anderson Power Supply Chain and Quality will review these documents and contact you regarding any questions and/or the next steps in the process to becoming an Approved Supplier. Anderson may also send a request for quote (RFQ) to assess commercial competitiveness. If requested, the supplier's quotation must be submitted to move on to the next phase of becoming an Approved Supplier.

2.0.4 Supplier On-Site Review

In many cases, Anderson Power Supply Chain and Quality will request an On-Site Audit at your facility to confirm the self-assessment information and obtain a better understanding if your business aligns with Anderson Power's needs and expectations. The audit results with potential findings will be reviewed with you. To become an Approved Supplier, all major findings shall be closed with demonstrated implementation of corrective actions. Follow-up visit(s) may be required by Anderson Power Supply Chain and Quality to validate and review the implementation steps for the major findings.

2.0.5 Approved Supplier List (ASL) Recognition

Suppliers who successfully complete the Self-Assessment & Audit Process will be recognized as an Approved Supplier to Anderson Power and may be eligible for new business awards. Anderson Power Supply Chain may include Approved Suppliers in quote opportunities for new programs that are within the supplier's product and manufacturing capabilities.

Anderson Power Approved Suppliers awarded production business will be reviewed on an ongoing basis for quality and delivery performance, technical capability, quality/environment system certifications, commercial support performance and financial health. For more details about Anderson Power's Supplier Scorecard Process, see Section 9.0 in this manual.

3.0 Supplier Strategy

We at Anderson Power have a vision of a supply chain that is seamlessly integrated with our production facilities, warehouses, and ultimately customers. We expect our communication to evolve to a level where you, as a supplier, are as aware as quickly as we are:

- Of the changes in our customers' demands that include your products
- Of the changes in our designs and drawings for your parts
- Of the quality issues we encounter in our purchased parts and end products

We want to stand side by side with our suppliers to maintain the momentum that drove the Anderson Power division to the marketplace stature it enjoys today, as well as to continue the spirit of innovation that has always been a part of the Anderson Power culture.



Anderson Power recognizes that we have a long way to go to achieve this vision; investments of effort and energy will be required from both Anderson Power and our suppliers. To ensure that the resources required to accomplish this goal are properly focused, Anderson Power has launched a supplier program called Strategic Suppliers.

3.1 Strategic Suppliers

Anderson Power defines Strategic Suppliers as the suppliers with whom we spend the most money. As the program develops, we will continue to assess Strategic Suppliers and determine whether they:

- Perform at a level high enough to drive Anderson Power's on-time delivery to customers
- Ensure an optimal balance of cost competitiveness and quality for the lighting marketplace
- Have the right technological roadmap for Anderson Power's future technology needs

With the help of our colleagues in Anderson Power's Quality, Engineering, Marketing, and Production teams, Anderson Power will be reviewing our largest suppliers' recent performance and technological roadmaps to ensure that we invest our effort and energy in the right suppliers.

3.1.1 Responsibilities of Strategic Suppliers

To ensure that Anderson Power performs to the level that our customers demand, we need our Strategic Suppliers to work with us to change our processes. Simply working harder or faster will not suffice for the level of improvement we are striving to attain. The following are actions Anderson Power is looking to collaborate on with our Strategic Suppliers:

- Perform and score at the highest level on our supplier assessment scale (see Section 9.5.1)
- Reduce lead times for steady part numbers to two weeks or less through a combination of:
 - Changes in the planning process (both Anderson Power's and the supplier)
 - Changes in how and where inventory is held
- Continuous collaboration on cost reduction programs, including re-design efforts for Anderson Power
- Sustained quality improvements driven by:
 - Direct feedback on quality issues
 - Solutions that get to the root cause of an issue
 - A mature assessment of your production capabilities with regards to Anderson Power's technical requirements, including your feedback to Anderson Power regarding the feasibility of our specifications
- Transparency of technology roadmaps and future plans for both our companies
- A process to support more rapid product launches including faster prototyping

3.1.2 Responsibilities of Anderson Power to Our Strategic Suppliers

Anderson Power's responsibility, is to ensure that our Strategic Suppliers enjoy:

- The preponderance of Anderson Power's spend with suppliers in their technology
- Access to new product development and design discussions
- Promptly pay per agreed to payment terms

3.2 Approved Suppliers

Most of Anderson Power's suppliers will be classified as Approved Suppliers, meaning that they do business with Anderson Power and supply our requirements in the current business situation.

3.2.1 Responsibilities of Approved Suppliers

Anderson Power's Approved Suppliers will be managed in a disciplined fashion to ensure that we can fulfill our customers' immediate needs, including:

- Fulfill the requirements defined in the supplier manual
- Successfully pass the supplier audit and appropriately respond with corrective actions to any audit deficiencies

3.2.2 Responsibilities of Anderson Power to Our Approved Suppliers

An Approved Supplier can win new business at Anderson Power and interact with our Marketing and Engineering teams on new product development plans. Anderson Power's commitment is to share with Approved Suppliers what it would take to ultimately become a Strategic Supplier and work together to develop our business relationship and increase spend, when progress and commitment is demonstrated.

3.3 Probationary Suppliers

Probationary Suppliers are either new and untested suppliers, or those that are performing at an unacceptable level of performance.

3.3.1 Responsibilities of Probationary Suppliers & Anderson Power

Anderson Power commits to working with Probationary Suppliers to ensure performance levels that allow us to mutually fulfill our customers' demands, including providing:

- The time and opportunity for new suppliers to learn Anderson Power's business practices and adopt to our way of doing business
- Clear guidance on deficiencies found in supplier audits
- Support for delivery or quality performance corrective actions, as well as an honest assessment of Anderson Power's own contributions to performance deficiencies

For new suppliers, if performance is acceptable in the first year, the supplier will be categorized as an Approved Supplier. For suppliers deemed probationary due to performance issues, a corrective action process will be established. The supplier will not be awarded new business, except in rare instances, until performance improves.

4.0 Commercial Policies and Procedures

As a supplier to Anderson Power, you can expect to be treated with respect and transparency into our business needs so that our supply chain can be successful. In parallel, we expect transparency from our suppliers in terms of technology, cost, quality, and financial and operational stability.



4.1 Terms & Conditions

Anderson Power's Terms and Conditions serve as the foundation of our supplier business agreements. In specific regions, local laws dictate unique terms which are included in the regional Terms & Conditions documents. Anderson Power's Terms and Conditions can be found by clicking the following link, [Anderson Power Purchase Order Terms and Conditions](#).

In some circumstances, local exceptions to the standard Terms and Conditions may be agreed upon by a member of the Anderson Power Supply Chain Management team. Any exceptions must be documented and signed by both Anderson Power and the supplier's management representative to maintain an ethical and transparent relationship.

4.1.1 Supplier Warranty Responsibility

As a supplier to Anderson Power, you must warranty your products such that they will be free from defects and that they comply with the specifications and requirements defined on the product drawings, specifications and the control plan. Suppliers are expected to participate in problem resolution reviews with Anderson Power if there is a failure of an Anderson Power product which includes the supplier's component. If the failure is determined to be attributable in whole or in part to the supplier's product, the supplier will take responsibility for their appropriate share of warranty costs, rework costs, sorting costs, shipping costs, and other costs incurred to resolve the issue at Anderson Power and Anderson Power's customer sites.

4.2 Purchasing Process

As an Approved Supplier to Anderson Power, you may be considered for product sourcing opportunities within your product or material supply capabilities. In some instances, Anderson Power Supply Chain and Engineering may omit an approved supplier from a quote opportunity due to specific design or technical requirements that are outside of the supplier's capabilities or based on supplier manufacturing capacity considerations. Anderson Power Supply Chain will make every effort to communicate the rationale for sourcing decisions to our suppliers.

Anderson Power Supply Chain is the only official channel for submitting quotations and commercial agreements. Suppliers should be attentive to include the appropriate Anderson Power Supply Chain representative in all commercial communications.

4.2.1 Anderson Power Request for Quote (RFQ)

Suppliers should expect to receive Request for Quotation (RFQ) from Anderson Power Supply Chain with all necessary information to allow the supplier to develop and provide an accurate price quotation response. In the event a supplier has questions or requests clarifications on RFQ details, the supplier should contact Anderson Power Supply Chain for clarification. Anderson Power expects that the information provided in the RFQ will be treated by the supplier as proprietary and confidential.

4.2.2 Supplier Quote Submission & Analysis of Quotation

After submission, Anderson Power will analyze the quotation. Each supplier quotation must clearly contain the following:

- Company name
- Manufacturing address
- Date of quote
- Item number
- Item description
- Item price in USD
 - Cost breakdown: material costs, labor costs, indirect labor, manufacturing overhead, SG&A, profits
- Contact person, email, and phone
- Quote expiration date if applicable

Quotations must be in English as well as native language.

Any exceptions to the requirements of the RFQ shall be outlined in the supplier quotation.

4.2.3 Supplier Technical Feasibility Commitment & Review

If applicable, Anderson Power may also perform an audit is intended to be an interactive review with the supplier and Anderson Power technical personnel to ensure that the supplier manufacturing and quality engineers clearly understand Anderson Power requirements and that supplier capability and capacity is validated. Corrective action plans may be required from the supplier to support a sourcing decision and tooling release. The supplier audit discussion also serves as a key communication step for the supplier to highlight risks or feasibility improvement opportunities to Anderson Power to increase the likelihood of a successful program. The supplier audit will typically be conducted at the supplier's manufacturing facility to maximize the supplier's organization involvement and Anderson Power's understanding of the supplier's capability.

4.2.4 Supplier New Product Sourcing Award

After the analysis of the RFQ responses from the Approved Suppliers and performing the supplier audit, Anderson Power will make a supplier selection based on the criteria listed below:

- Supplier Financial Health
- Product Evaluation
- Quality Performance History
- Price
- Lead Time & Logistics Costs
- Manufacturing Capability & Capacity
- Quality Systems including the supplier's vendor management processes

All suppliers involved in an RFQ will be notified in a timely manner upon completion of the sourcing process and will be given feedback on the sourcing rationale and improvement opportunities. The chosen supplier(s) will be notified and rewarded new business.

4.3 Equipment, Tooling & Gaging Requirements & Expectations

Anderson Power has established the following requirements and expectations related to Capital Equipment, Tooling and Gaging RFQ's:

- The Supplier has the sole responsibility for completing the design, build and tryout of all tooling/equipment being quoted per the specifications that are provided. Design approvals or sign-offs by Anderson Power representatives do not alleviate the supplier of this responsibility.
- It is an Anderson Power policy that no work be started by the Supplier without a Anderson Power Purchase Order or a letter of intent originating from Anderson Power Supply Chain.
- The Supplier guarantees completion of tools/equipment by the completion date shown on the quote unless previously agreed to in writing by Anderson Power Supply Chain. A penalty fee may be charged to the supplier for late completion.
- Engineering change costs must be agreed to by the responsible Anderson Power engineer and/or Program Manager assigned to the program and approved by Anderson Power Supply Chain. No engineering changes should be started without a purchase order or amended purchase order specifically addressing the change. All requests for cost changes or delivery delays must be submitted to Anderson Power Supply Chain with sufficient detail to support the request. The Supplier should make every effort to maintain the committed program timing while negotiating change cost approval.

- All machines must meet or exceed the requirements shown on the Equipment Specification Sheet which must be agreed upon prior to the release of the Anderson Power equipment purchase order. The equipment specification should include the committed cycle time for the equipment.
- All dies and fixtures must meet or exceed the referenced Anderson Power design and/or specifications which must be included in the purchase order for the tooling or fixturing.

For capital equipment quotes, any work holding fixtures/tooling must be shown as line item detail on the supplier quote. Work holding fixtures/tooling is anything that touches the part.

5.0 Quality

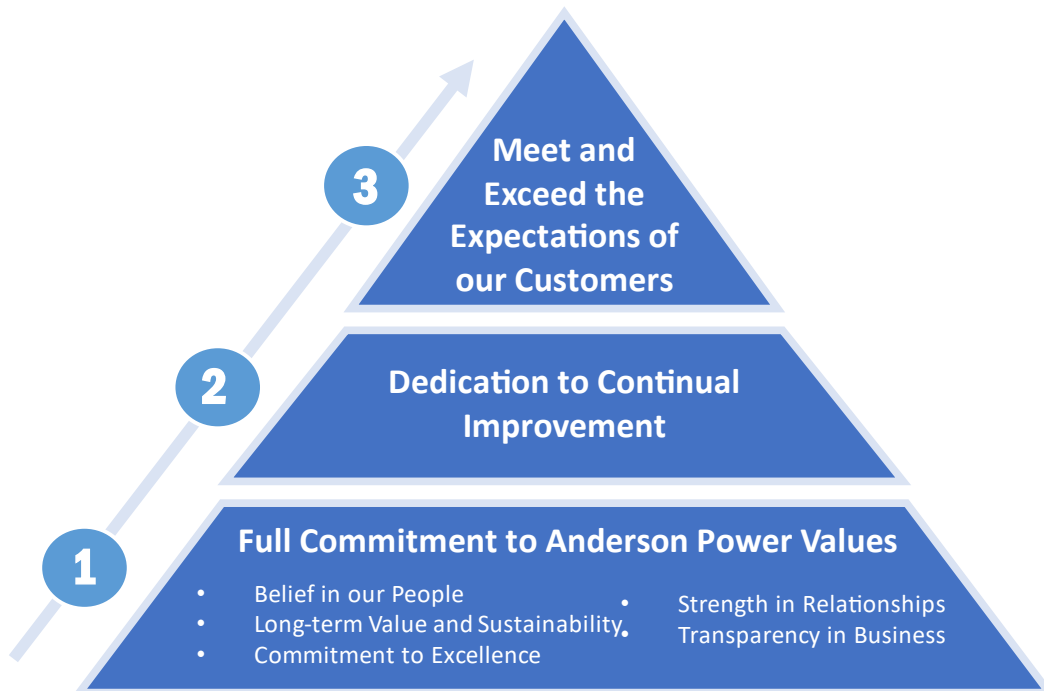
Anderson Power's quality policy, "Your Best Connection", is simple: we have an obligation to our customers to meet and exceed their expectations and provide an overall positive experience. We accomplish this by delivering a safe, reliable, quality product by acting in full commitment to our core values at Anderson Power. We listen to our customers and are dedicated to continuous improvement while also pursuing market leadership through being a global company that delivers innovation and value.

5.1 Leadership & Management Responsibility

We expect our suppliers to achieve a high level of quality in all the products that they provide to Anderson Power. This means that the supplier's entire management team is committed to the implementation of quality management processes that support a quality culture – every person, every process, every day. Supplier management at the highest levels shall demonstrate involvement and support for process efficiency, customer focus, quality policy, planning, defining responsibility, authority and communication, and management review. The supplier shall determine and provide the necessary resources to maintain and continually improve the system of quality management and customer satisfaction. All suppliers must also adhere to the requirements of the applicable standards and the requirements stated in this manual.

5.2 Anderson Power Quality Policy

The key to our success lies in our ability to satisfy our end customers with quality products. We require supply chain partners with an aligned commitment to delivering an overall positive experience to our customers by providing exceptional quality, service, innovation, and value. Therefore, our quality policy has three main objectives:



Anderson Power ensures that the quality policy

- Includes a commitment to comply with requirements and continually improve the effectiveness of the quality management systems.
- Provides a framework for establishing and reviewing quality objectives.
- Is reviewed for continuing suitability.
- Achieves the appropriate results.

5.3 Supplier Quality Management Requirements



5.3.1 Certification Compliance

Anderson Power strives to partner with suppliers of production materials who comply with or who have proof of certification to ISO 9001 or ISO/IATF 16949 by an accredited registrar.

5.3.2 Quality Records Management

Suppliers must retain all quality systems records consistent with the duration of their product warranty, unless otherwise specified. This includes records of process control and traceability which are vital to any required failure analysis.

5.3.3 Material Traceability

The supplier's quality system should ensure that products are traceable to raw materials or components used in the manufacturing process, production operation, date of manufacture and revision level. As applicable, the supplier is required to establish a lot traceability system that tracks raw material lot batch numbers to the finished product lot/batch numbers including traceability to inspection records. If specified by Anderson Power, the product must have identification to address traceability via lot numbers, date codes or other means as applicable.

5.3.4 Employee Training

The supplier must ensure that every person at all levels of the company, who could affect product quality, receives adequate and professional ongoing training. This includes direct and indirect staff.

The supplier is encouraged to:

- Evaluate the effectiveness of these trainings
- Implement a system that ensures staff retraining at a frequency determined by the supplier

5.4 Nonconforming Products

This section provides suppliers with the expectations if Anderson Power receives a nonconforming product. Anderson Power realizes that quality issues may arise from time to time. The supplier's immediate reaction to quality concerns and nonconforming material is critical to containing the defect at the supplier or Anderson Power's facility. Doing so prevents the defect from impacting Anderson Power's downstream customer. The graphic below shows the process Anderson Power expects suppliers to follow in the case of a nonconforming product.



5.4.1 Discrepant Material Report (DMR) Communicated Electronically

Suppliers will be notified by Anderson Power Plant Quality Assurance or Purchasing when nonconforming material is found. Nonconforming material may be identified during

receiving inspection, manufacturing, product assembly, reliability testing, warranty analysis, or through customer notification. A DMR will be communicated electronically to the supplier outlining the defect and supporting rationale for the DMR claim. Anderson Power Supply Chain will contact the supplier to obtain a Return Material Authorization (RMA) to authorize the return of the defective material to the supplier or to establish a supplier funded rework plan, and to initiate a commercial debit from the supplier.

5.4.2 Within 48 Hours of SCAR: Containment of Issue

The containment of the issue should include a plan to provide certified material and/or rework or certify the identified defective material to allow Anderson Power to continue production. The supplier will be responsible for administrative costs as well as any costs associated with sorting material incurred by Anderson Power which allows Anderson Power to maintain production until certified material is provided by the supplier. Replacement material, certified by the supplier, must be initiated immediately by the supplier. Anderson Power expects immediate support from the supplier to contain any issue, and approval of the RMA within 24 hours of the request.

5.4.3 Within 48 Hours of DMR: Submission & Implementation of Containment Action

Upon notification of the problem, suppliers are required to submit and implement a containment action within 48 hours. For repeat quality concerns, safety issues, or problems which have an impact on Anderson Power production, Anderson Power Quality Assurance will issue a Supplier Corrective Action Request (SCAR) to the supplier. The SCAR process follows the industry standard 8 Discipline (8D) problem solving methodology.

5.4.4 Within 10 Days: Supplier Corrective Action Request (SCAR) Response Expectations

Anderson Power expects that suppliers identify root cause with corrective action within 10 calendar days using the Anderson Power SCAR report format. Early action is critical, and Anderson Power expects suppliers of non-conforming product will take extraordinary efforts to ensure effective containment and corrective actions at the supplier's facility to prevent defective product from reaching Anderson Power's customers.

5.5 Cost Prevention

Anderson Power is focused on preventing events that are costly to our suppliers and is specifically focused on preventing and avoiding COPQ in the stages of full mass production. To prevent costs, Anderson Power may request monthly quality reports as well as conduct supplier assessments during the stage of full mass production. Anderson Power also requires that suppliers follow the DFMEA approach, or some equivalent, to identify and minimize any risks. These assessments will focus mostly on quality and manufacturing aspects of a specific site, line, process, or group of parts.

5.6 Risk Avoidance

Anderson Power encourages its suppliers to take additional actions to avoid risk. Below are different risks and the actions that should be generated to mitigate them:

Strategic Risk	Compliance Risk	Operations Risk	Human-Related Risk
<ul style="list-style-type: none"> • Market analysis • Customer surveys • New product development • Acquisitions • Intellectual property protection - patents 	<ul style="list-style-type: none"> • Trade compliance program • Ethics program • Retention policy 	<ul style="list-style-type: none"> • Quality programs • Engineering gate validation process • Supplier risk mitigation program • Perfect execution program 	<ul style="list-style-type: none"> • Organization review • Performance evaluation process (PEP) • Talent management program • Training programs • Employee opinion survey

6.0 Support of the New Product Development Process

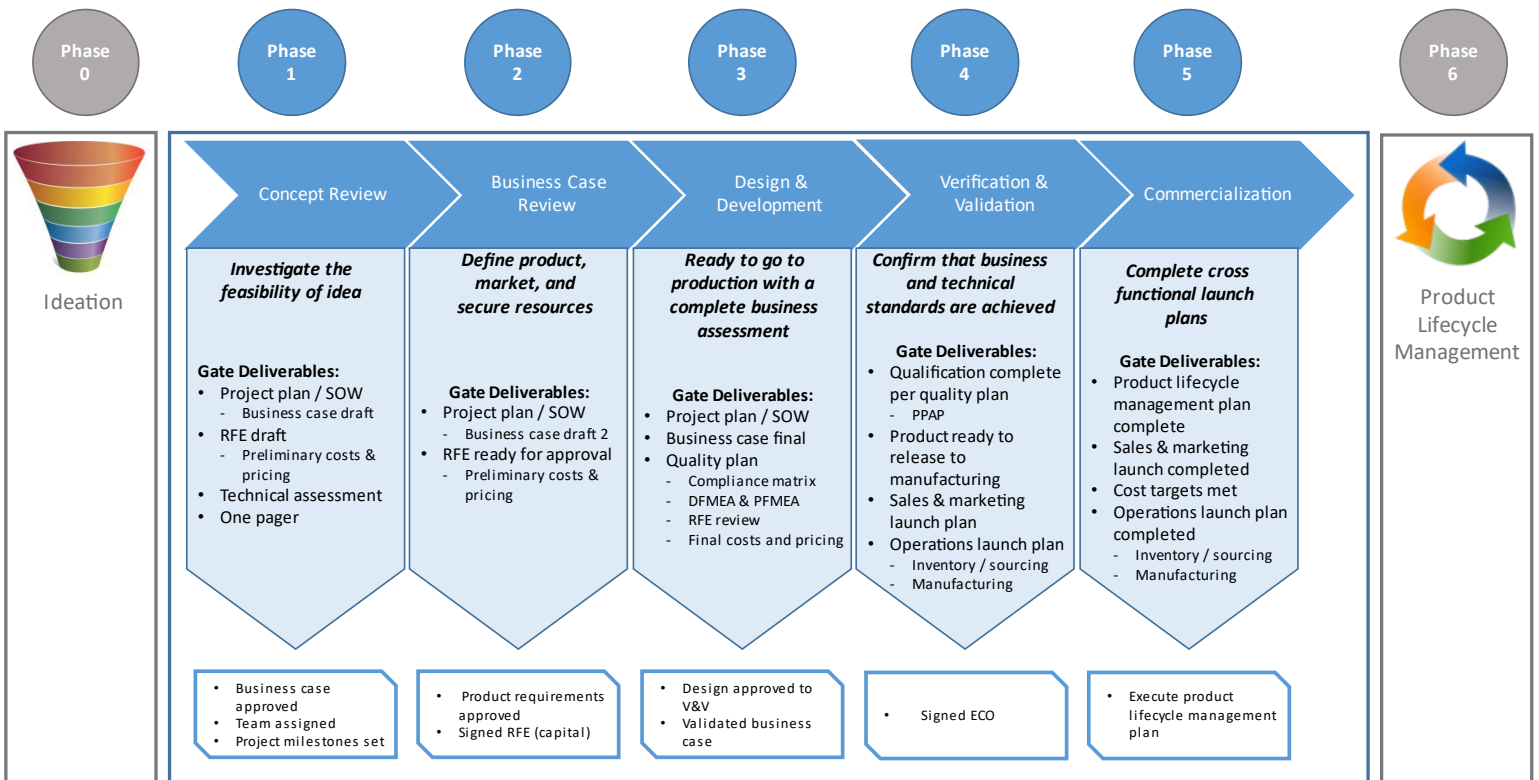
6.1 General New Product Development (NPD) Requirements

All customer requirements are reviewed to assure that all requirements are adequately defined, agreed to and documented. The review will also include determination that APP has the capability to meet all contractual requirements.

Anderson Power Products shall ensure that purchased products conform to specified requirements. The type and extent of control applied to the supplier and purchased material shall be dependent upon the effect of the purchased product on subsequent product processes or the final product. The Procurement Team has the overall responsibility for Supplier Relationship Management and is supported by Quality.

6.2 NPD Process

The sections below outline the objectives, key deliverables, and requirements that must be accomplished within each stage of the NPD Process. All deliverables must be completed to advance to the next gate.



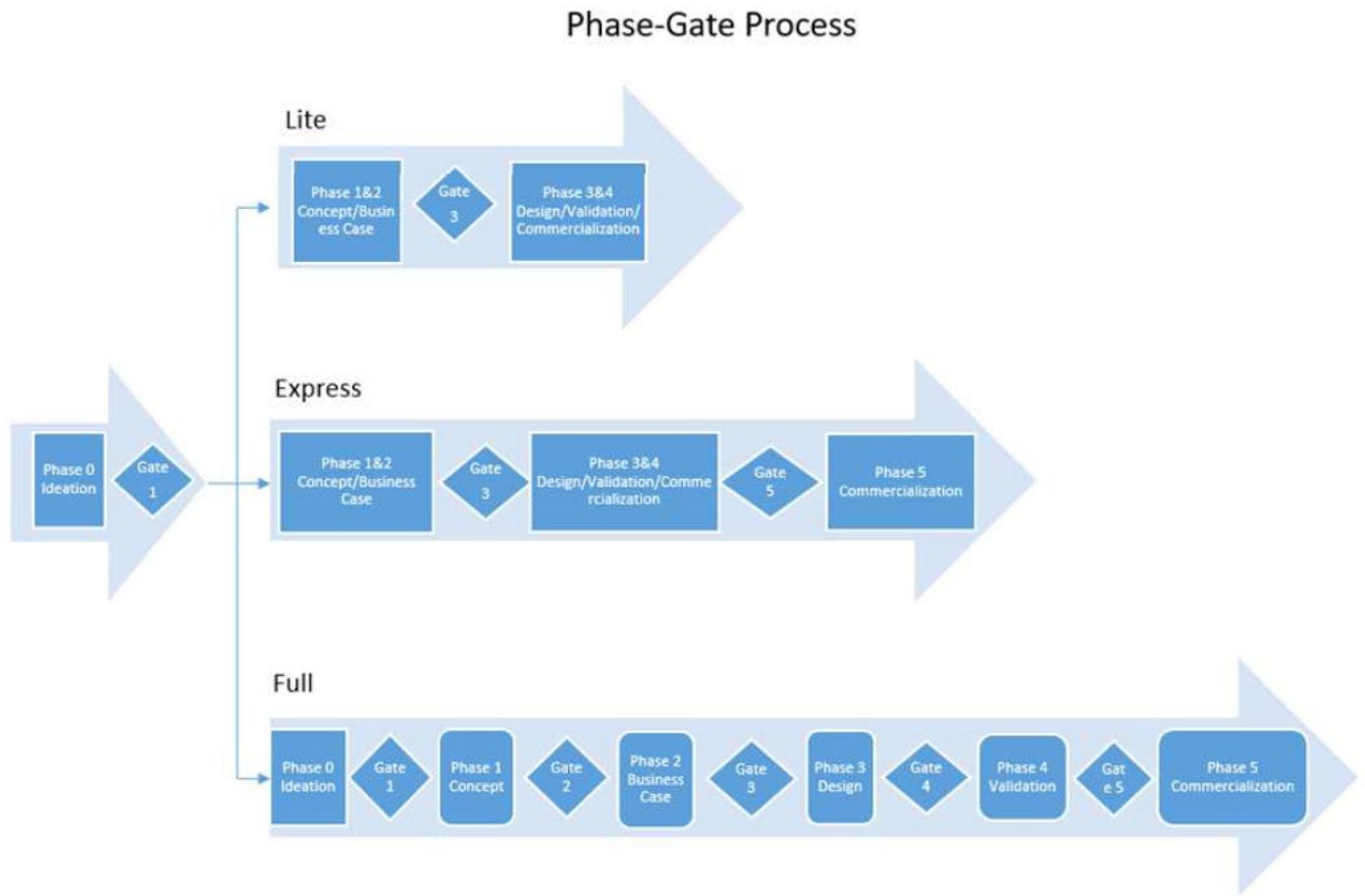
6.2.1 Concept Review

Objectives:

- Investigate the feasibility of a proposed idea
- Assign project team
- Set project milestones

Gate Deliverables:

- Project Plan/Statement of Work
- Defined project level as Lite, Express, or Full (see Figure below)
- RFE Draft
- Technical Assessment
- Approved business case



6.2.2 Business Case Review

Objectives:

- Define product
- Define market
- Secure resources

Gate Deliverables:

- Business Case – 2nd draft
- RFE ready for approval
- Signed RFE
- Customer approval on product requirements

6.2.3 Design & Development

- Objectives:
- Become ready to go to production
 - Complete Business Assessment
- Gate Deliverables:
- Final Business Case validated
 - Quality Plan
 - Design approved to Verification & Validation

6.2.4 Verification & Validation

- Objectives:
- Confirm business standards achieved
 - Confirm technical standards achieved
 - Complete qualification
- Gate Deliverables:
- Product ready to release to manufacturing
 - Sales & marketing launch plan
 - Operations launch plan
 - Supplier-submitted ISIRs
 - Safety agency approvals
 - Signed ECO

6.2.5 Commercialization

- Objectives:
- Complete sales & marketing launch plan
 - Complete operations launch plan
 - Complete and Execute product lifecycle management plan
- Gate Deliverables:
- Product approved for market
 - Release Bill of Materials for purchase & sales
 - Cost targets met

6.2.6 Product Lifecycle Management

- Objectives:
- Customer Satisfaction
- Gate Deliverables:
- Monitor product and supplier performance
 - Complete Supplier Corrective Action Requests (SCARs), as requested
 - Continuous supplier improvements instituted; lead-time, cost, and quality improvements addressed.

6.3 Initial Sample Inspection Report (ISIR)

Anderson Power requires that all suppliers complete ISIRs for product part approval by Anderson Power.

The primary objectives for the ISIR are:

- Ensure parts meet dimensional specifications
- Ensure parts meet functional requirements

To demonstrate that these objectives are consistently met, the supplier shall submit the requested documents. Anderson Power Quality in cooperation with Purchasing, Logistic and Engineering staff (where appropriate) will review and approve the ISIR submission.

7.0 Trade Compliance & Packaging

7.1 Trade Compliance Requirements

Anderson Power requires all suppliers to abide by the following requirements:

- Comply with all trade regulations
- Retain all information necessary to demonstrate such compliance
- Promptly make information and records available to Anderson Power when requested

7.1.1 Import/Export & Security Regulation Compliance

Listed below is a summary of U.S. laws and regulations. Depending on the country of import and export, additional laws and regulations may apply. Suppliers should contact their counsel or Anderson Power Buyer if they have questions about what additional laws and regulations may apply to individual transactions.

U.S. Import Regulations

U.S. Customs and Border Protection (CBP) regulates the importation of items into the U.S. These regulations include requirements for classification, valuation, and country of origin marking of the imported merchandise. In addition, duty preference programs, including North American Free Trade Agreement (NAFTA) and Generalized System of Preferences (GSP), must only be utilized if the requirements of the program are met. Upon request, Suppliers must provide applicable duty preference certificates at no cost to Anderson Power. Suppliers are responsible for any applicable anti-dumping or countervailing duties that must be paid to Customs. The Customs Code of Federal Regulations (CFR) are located at www.ecfr.gov (reference: 19 C.F.R. §§1-192). Customs enforces the rules of other U.S. governmental agencies at the border. Suppliers must ensure that they comply with any applicable laws enforced at the border.

U.S. Export Control Regulations

The U.S. government regulates what items can be exported and to where and to whom they can be exported. Certain items require export licenses under the Export Administration Regulations (EAR), located at 15 C.F.R. §§ 730-774, or the International Traffic in Arms Regulations (ITAR), located at 22 C.F.R. §§ 120-130. In addition, through various sanctions the U.S. government prohibits doing business with certain prohibited governments, entities, and individuals. The Office of Foreign Assets Control Regulations (OFAC Regulations), located at 31 C.F.R. Parts 500-598, implement these sanctions.

China Import Regulations

The following guidelines apply to shipment of product into China:

- All documentation must be provided in English.
- Commercial Invoices and Packing lists must be stamped or signed.
- If wooden packaging material is being used, a Fumigation Certificate issued by an authorized Inspection Company is required or show IPPC remarks on the package. If this isn't provided, the delivery will be held by China Customs and CIQ and could result in large penalties. These penalties will be charged back to the supplier.
- If non-solid wood (including plywood material) is being used, a No SolidWood Packaging declaration must be issued with Company stamp and signed.
- The shipping label must show Country of Origin. If this data is missing, the default is to impose the highest tariff among all import countries.
- Important: The Net Weight and Gross Weight mentioned in the packing list must be 100% correct, verified against the Physical Packaged Material.

Supplier's non-compliance to these instructions may result in Customs clearance delays and additional costs such as: penalties, fines and extra taxes during the customs clearance process. These costs will be the responsibility of the supplier.

7.2 Labeling Requirements

New suppliers to Anderson Power must provide label samples to Anderson Power Supply Chain and be approved prior to production shipments.

8.0 Delivery & Logistics

8.1 Material Planning & Delivery Schedule Guidelines

To help suppliers in planning and ordering material, Anderson Power may send supplier blanket release purchase orders. Blanket release agreements will be provided once with all general information in a Blanket Order format. Afterwards the delivery schedules will be released at regular intervals. New Schedule transmissions are considered accepted by the supplier if the supplier does not send written non-acceptance statement within 48 hours of receipt.

8.2 Transportation

The selected transportation modes should be appropriate depending on the type of product being moved as well as compliant with national and international transportation and safety regulations.

Documentation for each shipment is the responsibility of the supplier and must be complete, timely and legible. The supplier is to provide all necessary customs and other legal documents as required by each country.

Each shipment must be secured during transportation in a manner that ensures shipments arrive intact and in good condition. Anderson Power reserves the right to refuse loads if the shipment is deemed unsafe to offload or store.

8.3 First In First Out (FIFO)

To ensure that no obsolete material is shipped to Anderson Power, suppliers must perform first in/first out (FIFO) inventory management practices. This requirement is subject to audit by Anderson Power.

8.4 Forecast Expectations

Anderson Power will provide part forecasts on a regular basis. Suppliers are expected to review forecasts to determine whether any capacity or material constraints are violated.

Any violations that cannot be resolved must be communicated to Anderson Power in a proactive and timely manner. Forecast information provided is for planning purposes and does not constitute a commitment by Anderson Power to purchase any products nor is it intended to represent binding orders, unless otherwise agreed to in writing.

8.5 Expedited Shipments

Occasionally it becomes necessary for expedited shipments. If Anderson Power is responsible for the expedited freight charges, Supplier shall follow Anderson Power shipping instructions. If the Supplier is responsible for the actions causing expedited freight, the supplier shall be held accountable for all expedited/premium freight costs. Suppliers must also be fully aware and capable of getting shipments lawfully expedited through Customs, or any other governmental agency.

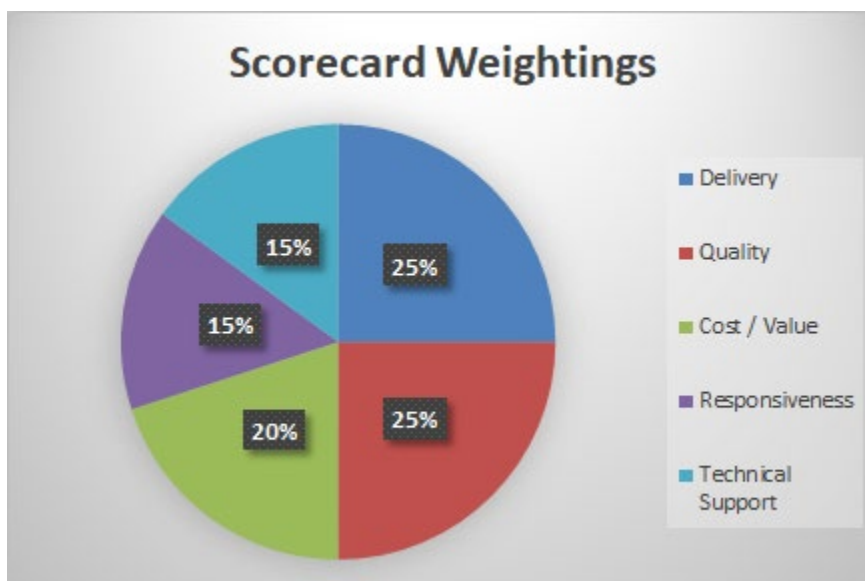
9.0 Supplier Performance Assessment & Development

9.1 Introduction

To track and communicate supplier performance, Anderson Power has established a supplier performance rating system. This rating system is an ongoing, integrated method for collecting, analyzing, and communicating key suppliers' performance data to the supply base to encourage continuous improvement.

9.2 Supplier Scorecard

The objective of this assessment is to have our key suppliers performing at an overall score of 90 - 100 pts. Anderson Power's goal is for suppliers to achieve zero incoming nonconformance's. This scorecard is used to communicate performance expectations and measure supplier performance. The graphic below summarizes the five criteria of a supplier scorecard as well as the weightings of each.



9.2.1 Anderson Power Supplier Score Card Process

Anderson Power will issue monthly score card assessments to selected Strategic suppliers that represent a significant amount of spend or risk for Anderson Power. There are clearly defined objective criteria that guides the determination of the score given for each category. The ratings range from 1 (lowest) to 5 (highest) any score of 2 or below requires a written response by the Supplier.

9.2.2 Expectations of Anderson Power Supplier Performance

Anderson Power expects our Strategic Suppliers to Meet Expectations 75-89 points at a minimum and regularly Exceed Expectations 90-100 points. Below is the Anderson Power Supplier Score Card Template.

Supplier Name:		Supplier Scorecard			
		Month:			
		Commodity:			
Supplier Rating	Exceeds 90 - 100	Meets 75 - 89	Does Not Meet Less than 75	Scorecard Rating	EXCEEDS EXPECTATIONS
Scoring Section	% Impact on Scorecard	Metric	Rating*	Section Score	Comments
Delivery	25%	% On-Time Delivery	5	25	
Quality	25%	% of Material Accepted	5	25	
Cost / Value	20%	Supplier recommended cost reduction opportunities / implementations, requested cost increases	5	20	
Responsiveness	15%	Timely initial responses to email & responses to committed timeframe	5	15	
Technical Support	15%	Timely responses to data requests, effective SCAR actions, evaluation of issues	5	15	
*A supplier response is required for any rating of 2 or below in any category				Scorecard Total:	100

9.3 Impact of Deterioration in Supplier Performance

If a supplier's performance reduces to a level that is undesirable to Anderson Power, the supplier will be reviewed until improvements are demonstrated. If the supplier does not address the problems, Anderson Power may choose to resource the business from the Supplier and terminate the supplier from the Approved Supplier List.

9.4 Change Management

Anderson Power requires suppliers to inform us of all supplier related changes and in many cases, get prior approval from Anderson Power to proceed with a change. Changes include, but are not limited to:

- Company leadership changes
- Changes in key quality and manufacturing personnel
- Manufacturing plant location changes and major acquisitions (Required)
- Divestures or legal disputes that could impact the performance of the company
- Manufacturing process changes (Required)
- Adding an additional duplicate or optional production line
- Material changes and/or material source changes (Required)
- Design changes (part, process, packaging, etc.) (Required)
- Engineering/testing/material specification changes (Required)

As a supplier of Anderson Power, you are required to notify us 90 days prior to any required anticipated changes. The request must be made in writing to your Anderson Power Supply Chain contact. Unapproved changes made by the supplier are subject to chargebacks on costs incurred related to the change.

Any product or process changes, including those associated with a cost reduction, must be approved by Anderson Power Supply Chain and Quality prior to implementation. Uncommunicated changes which result in quality, reliability or customer satisfaction degradation may result in the supplier's removal from Anderson Power's Approved Supplier List and resourcing of business.

9.5 Continuous Improvement & Supplier Development

Anderson Power is committed to continually improve its performance and that of its supply base. To support these activities, we expect our Suppliers to follow guidelines to guarantee constant growth and success. The following section outlines the expectations that Anderson Power has for our Suppliers to achieve world-class quality with a relentless drive for continuous improvement.

9.5.1 Continuous Improvement Expectations

Suppliers must be cost competitive on a global basis and are expected to achieve substantial year-over-year annual cost reductions as well as demonstrate improvements in product lead time quality and on time delivery. Suppliers shall strive to make their operations more efficient and share those savings with Anderson Power. Cost reduction goals may be communicated as part of new business sourcing awards and include multi-year cost reduction commitments and/or through annual discussions with your Anderson Power Supply Chain representative. Suppliers are encouraged to identify and propose cost reduction ideas on current business which would be credited toward their cost reduction objectives. Proposed ideas may relate to any aspect of the supply chain, including design and material changes, packaging improvements, logistics improvements, lean manufacturing, etc. Suppliers should work proactively with their Anderson Power Supply Chain representative to understand the required cost reduction and lead time improvement objectives. The supplier's management should take a lead role in continuous improvement by embracing the concept and by adopting continuous improvement as a key element of their business.

9.5.2 Supplier Development Expectations

Supplier Development activities within the supply base allow Anderson Power and our suppliers to drive continuous improvement efforts. After review of scorecard and/or audit results, it is expected that the supplier will provide an improvement plan with detailed actions to support improving site level score. Supplier development initiatives should focus on the following:

Process Control

- Improving quality systems
- Improving product quality
- Improving supplier delivery
- Reducing costs
- Improving Supply Chain effectiveness
- Reducing lead time
- Improving productivity
- Increasing capacity and training

Anderson Power strives to help Suppliers grow and evolve. As our Suppliers develop, greater responsibility and reward will be granted to those who consistently show outstanding performance in all aspects of doing business with Anderson Power.

10.0 Environmental, Health & Safety

Anderson Power markets and sells products all over the world and many of our products must comply with various directives and legislation related to controlling, reducing or eliminating hazardous substances or conditions. Due to the ever-expanding global marketplace, these standards are consistently being updated and it is expected that Anderson Power's suppliers comply with the latest version of these environmental, health and safety requirements.

10.1 RoHS Overview

This section describes the Anderson Power requirements of how suppliers must comply with RoHS.

In 2003, the European Union adopted Directive 2002/65/EC. RoHS prohibits or restricts the use of certain heavy metals and flame retardants in electrical and electronic products placed on the market. In 2013 an updated version, Directive 2011/65/EU (commonly referred to as RoHS 2), was released. RoHS 2 contains more stringent requirements and includes clearer demands per the supplier's obligation to provide reliable information of meeting the requirements. Annex II of Directive 2011/65/EU lists the 6 restricted substances and defines the maximum concentration values allowed for each substance.

Additionally, Directive 2015/863 was added in 2015 amending Annex II to Directive 2011/65/EU by adding 4 additional substances, increasing the restricted substances total from six to ten. Beginning on July 22, 2019, all products manufactured by Anderson Power have been required to comply with the substance list defined in Directive 2015/863.

10.1.2 RoHS Requirements

The supplier is responsible for ensuring that the use of RoHS forbidden substances over the maximum concentrations allowed are not present in any parts they are supplying, even if the supplied item is not classified as an electronic component. The product Anderson Power uses the component in, is classified as an electronic product and must comply with RoHS.

Suppliers will be contacted by Anderson Power, or a 3rd party confirmed to be acting on behalf of Anderson Power requesting information on their parts' conformity to RoHS. Suppliers must provide any requested information verifying that they are in compliance with the latest version of RoHS. If a part includes substances over the restricted value, the part will be stopped for use immediately. If there is any doubt

about the reliability in the information, or the [RoHS Declaration of Conformity](#) is incorrectly filled out, Anderson Power can request to analyze the material.

10.2 REACH Overview

This section describes the Anderson Power requirements of how suppliers must comply with REACH. The purpose of the REACH directive (Registration, Evaluation, Authorization, and restriction of Chemicals), is to protect human health and the environment from harmful substances. The supplier is responsible for informing Anderson Power if, or when, it comes to their knowledge that any SVHC (Substances of Very High Concern) is present in their product to Anderson Power.

A list of SVHC's can be found at: <https://echa.europa.eu/substances-restricted-under-REACH>

10.2.1 REACH Requirements

The supplier's minimum requirement is to report all items that contain any SVHC listed on the REACH candidate list. Substances listed on the candidate list shall be reported with the weight percentage for each homogeneous material.

Anderson Power or a 3rd party confirmed to be working on behalf of Anderson Power may request information from the supplier requesting declarations of any substances from the candidate list present within their parts. The supplier shall comply with these requests as soon as possible, within reason.

If the supplier has substances listed on the candidate list or Anderson Power has any doubts about the reliability in the information, Anderson Power can request to analyze the material and the supplier may be subject to a non-compliance fee.

If documentation for older parts is missing, Anderson Power can request documentation for an already approved part. It is necessary for Anderson Power to get as much information as possible so that Anderson Power's end products fully comply with REACH.

10.3 Environmental, Health & Safety

Anderson Power expects that its suppliers will consider their workforce, the community, the environment, and the use of natural resources in their daily business. The supplier's management shall be committed to assisting Anderson Power in executing its [Anderson Power Environmental Health and Safety Policy](#) and understanding that our EHS responsibilities include assuring the supply chain is meeting the expectations of the EHS Policy.

10.3.1 Environmental Requirements

Anderson Power recommends suppliers maintain an Environmental Management System according to ISO 14001 and continually improve their environmental performance. It is the responsibility of each supplier to provide Anderson Power Supply Chain with an up-to-date copy of the supplier's certification.

In addition, suppliers should adhere to the environment, health, and safety guidelines outlined in [Supplier Code of Conduct](#).

10.3.2 Health & Safety Requirements

Anderson Power recommends suppliers maintain a Health & Safety Management System according to the ISO 45001 framework and strive to continually improve their Health & Safety performance. Minimally, the supplier must conduct business according to the applicable national legal requirements for Health & Safety.

Suppliers should ensure that occupational health and safety standards are recognized and upheld. To do so, they should abide by the following guidelines:

- Apply appropriate safety measures for equipment and instruments used in their company.
- Evaluate their own safety risks and ensure safety in the workplace with appropriate design, technique, and control methods.
- Evaluate the workplace, related to biological and chemical harms, noise, and air quality, which are harmful to health, and provide appropriate measures to mitigate harms.
- Evaluate occupational injuries and illnesses in the workplace and provide appropriate measures to mitigate such risks.
- Prepare the emergency response measures for possible disasters and accidents to protect human lives and publicize the plan.
- Define physically demanding activities and control appropriately to prevent injury and illness.
- Keep all company facilities safe and hygienic.

10.4 Prohibition of Substances

All legally required substance prohibitions, restrictions and threshold values shall be met. This refers to legal requirements of the country where the supplier is located, and the country where the receiving Anderson Power plant is located.

11.0 Definitions

Acronym	Definition
ASL	Approved Supplier List
COPQ	Cost Of Poor Quality
DFMEA	Design Failure Mode and Effects Analysis
ECO	Engineering Change Order
EHS	Environmental, Health, & Safety
DMR	Discrepant Material Report
FIFO	First In First Out
FMEA	Failure Mode Effects Analysis
ISO	International Standardization for Organization
NOV	Notice of Violations
NPD	New Product Development
ODM	Original Design Manufacturer
OEM	Original Equipment Manufacturer
OHSAS	Occupational Health & Safety Advisory Services
PFMEA	Process Failure Mode and Effects Analysis
PPAP	Production Part Approval Process
PPM	Part Per Million
PTR	Production Trial Run
REACH	Registration, Evaluation, Authorization and Restriction of chemicals
RFP	Request for Proposal
RFQ	Request for Quotation
RMA	Return Material Authorization
RoHS	Restriction of Hazardous Substances in Electrical & Electronic Equipment
RPN	Risk Priority Number
SCAR	Supplier Corrective Action Plan
SQE	Senior Quality Engineer
STFC	Supplier Technical Feasibility Commitment
SVHC	Substances of Very High Concern
T&C	Terms & Conditions
VoC	Voice of the Customer

12.0 Revision Log

Last Date Revised	Version	Section #	Section Title	Description of Revision
November 2022	1	ALL	ALL	Initial Release – 1 st Edition

Name: Michael Menapace
Title: Global Strategic Supply Chain Manager
Signature: 
Date: 1/20/23

Name: Urs Nager
Title: Senior Quality, Product Safety & Regulatory Compliance Manager
Signature: 
Date: 1/20/23