

MICROPOWER GROUP

SUPPLIER MANUAL

MICROPOWER GROUP™
POWERFUL SOLUTIONS PARTNER

Supplier manual

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Introduction

Micropower is committed to be the first choice for customers in the industry on systems for chargers and Li-Ion batteries. We are also committed to being a longterm, honest, and fair, respected partner in the business and societies we act in. The DNA of Micropower is to be long-term in everything we do – quality, delivery, cost, relationships, product development and a sustainable partner to rely on.

This should also reflect the choices Micropower do in the supply chain, reliable partners who have a strong obligation and responsibility in the values that is important for Micropower. The supplier manual is a way of explaining the Micropower way of working and what you as a supplier and business partner could expect in a business relation and vice versa. We encourage you to adopt the same principles, practices, and mindset.

The content of the supplier manual may change over time, latest version will always be on our website <https://Micropower Group-group.se> be sure to visit regularly.



Making electrification of the industry a reality.

CUSTOMER FOCUS

Our customers are our most important asset. That's why we should always focus on our customers and their needs.
- That goes for all of us.

ELIMINATE WASTE

Together we create value for our customers. By working efficiently and keeping things simple, we can eliminate waste in our processes. This is for the benefit of our customers and ourselves.

QUALITY

Our customers have high expectations of us. That's why we should always focus on quality in everything we do.
- From product development and design to communication and service.

WE

We can only reach our goals through teamwork and cooperation. By always doing that "little extra" for each other we create a great workplace.

Cooperation

Micropower have high expectations on their suppliers and want to achieve a long term and successful partnership, work together proactively to always make the best choice to be competitive on the market.

For us as partners to reach our common goals and targets, we need to maintain an open dialogue regarding requirements of end customers, purchasing materials, production methods, production capacity, construction, delivery times and costs.

Micropower expect the supplier to perform continuous development and improvements of their products, Supply Chain and processes, this to secure that the supplier always continues to deliver price worthy products and services with the highest possible quality. The cooperation shall strive to improve cost at all times, cost improvements will be shared between the parties.



Sustainability

In our vision to become world leader on industrial systems and products for batteries and battery charging, we need all supplier's full commitment to support us on this sustainability journey. Micropower has initiated a result-oriented work and defined focus areas and targets within social, economic, and environmental sustainability. Suppliers are expected to align with Micropower's commitments as well as our Supplier Code of Conduct by developing and implementing their own sustainability program.

The overall environmental goal for Micropower is to be CO₂ neutral 2045. Our suppliers are an important and an essential part of our total climate impact and to be able to reach our goals we need to work together.

You as a supplier will be required to implement CO₂ reduction programs and supply CO₂ data on component level to Micropower. All suppliers need to comply with local regulations covering social compliance and environmental impact.



Basic requirements

To become a supplier to Micropower comes with certain obligations. The supplier is one of the most important keys for Micropower to have satisfied customer. Suppliers have direct impact of or products and therefore being a part of keeping high quality with cost awareness through all processes. Before you become a supplier there are certain steps and processes that needs to be followed and passed before entering the supplier base of Micropower. This is a way of keeping high end supplier base and ensure that we keep quality towards our products that are released to the market and high quality in the business relations between two parties.

The table below defines the targets of performance targets and management systems. All suppliers are expected to have a Zero-Defect approach to quality and work with continuous improvement towards the Zero- Defect goal.

Targets	
Measurements	Targets
Field quality (Warranty, Fault frequency, External campaign/recall)	Zero Field Issues
Zero km quality (Incoming inspection, Production disruptions, Product audit)	Zero PPM
OTD (On Time Delivery)	100%
PPAP delivery on time	100%
Problem solving response time	D3 within 48h, D8 within 30 working days
CO2	Component level

Expectations		
Area	Measurement	Expectation
Quality system	ISO 9001	Mandatory
Environmental system	ISO 14001	Mandatory
Work environmental system	ISO 45001	Compliance to
Cyber security	ISO 27001	Compliance to
Energy	ISO 50001	Compliance to
Software (Applicable to supplier delivering software)	ASPICE CL 3	Compliance to
Supplier Code of Conduct	Signed Code of conduct	Mandatory
SAQ Supplier self-assessment questionnaire	Approved SAQ	Mandatory
Audit	On site	Approved 90-100% With remarks 60-89% Not approved 0-59%
Supplier Balance Scorecard	QBR	A < 90% B 80-89% C 70-79% D 60-69% E > 59%
Material compliance declaration (MCD)	Received MCD	Mandatory

Sourcing

The supplier has an important role to participate and to contribute with their expertise within their focus area. Continues work with improvements that strengthen the quality and cost for our products is required. The strive should always be to uphold the proactive activities with focus to ensure that internal processes and workflow are improved.

As a supplier it's also important to ensure that your subcontractors are aware of Micropower need of high delivery performance, high quality and keep cost-effective products to our end customers. To have full control of the supply chain is vital and together with our Suppliers Micropower works to secure both short- and long-term capacity as we all as we encourage suppliers to be open to keep buffer stock to secure fluctuations and to shorten lead times for all our purchase orders.

Micropower General Terms and Conditions of Purchasing is the baseline for all purchases within Micropower and applies for everything that Micropower purchases.

Non-Disclosure agreement (NDA)

Before passing the first step of becoming supplier to Micropower, a signed NDA between the parties should be upheld. Micropower realizes that maintaining an effective supplier/customer relationship require sharing information, communications, data, or technology that is sensitive or confidential. The supplier shall treat all information and data related to the business relationship with Micropower in strict confidence and report any intentional or nonintentional breach of confidentiality to Micropower.

Supplier Self-assessment questionnaire (SAQ)

Next process step, supplier need to fill in the SAQ. This questionnaire includes basic business-related information regarding quality, environ-

mental, human rights, working conditions, CSR and more.

Process follows with internal review from responsible decision team, then feedback to the supplier if approved or not approved for next step.

Supplier code of conduct (SCoC)

SCoC is a document to keep committed high standards of business ethics and sustainability. Micropowers SCoC is based on the UN Global Compact's ten principles and expresses the expectations that we hold for our suppliers. We encourage our suppliers to establish their own codes of conduct based on similar standards and to flow down these standards to all persons and entities supplying goods or services to Micropower. Micropower SCoC is needed to be signed to enter business.



Request for information (RFI) Request for quotation (RFQ)

RFI will be sent out when Micropower sees the need for extra information. This document should be filled in according to instructions in the document.

RFQ should always be based on Micropower requirements of terms and response is expected to be in the format provided by Micropower RFQ model.

It is required that the supplier do a technical review and response to ensure the product is optimised for your production process, choice of material and other designed optimization benefits. Micropower will provide a technical meeting, when necessary.

Micropower require an open book calculation from our supplier where it clearly shows what is material and what is added value.

Audit

Supplier audits may be performed under any of the following circumstances:

- New supplier evaluation
- Change of supplier
- Moved production to a new location
- Deviation in quality and/or delivery performance

The audit template will be sent in advanced to the suppliers for a self-assessment before an on-site audit.

Micropower follow a strategic audit plan that includes a full first audit and then a plan for follow up audit every third year. If there are deviations during the audit there will be a follow up action plan to close all open issues. Micropower reserves the right to perform

process audits whenever it is deemed necessary. Suppliers will be informed in advance.

Framework agreement

The agreement process will be the final step where all commercial business-related questions will be agreed and defined. The Micropower template agreement will be used for this.

Quarterly business review, (QBR)

QBR are a business-related meeting where both parties come together with common understanding to strengthen the long-term relation. Meetings are held on a quarterly basis where both parties will update relevant company news and business relevant concerns. New and ongoing business and project that could be of interest, overview of measured KPI, capacity situation, supplier balance scorecard and other business-related issues will be discussed.

Supplier balance scorecard

To partner with our suppliers and strengthen our common business on a high level we need to identify the improvements and to ensure that the value-added make us strong together.

Performance Score		
A	4,01<5,00	90%
B	3,01<4,00	80%
C	2,01<3,00	70%
D	1,01<2,00	60%
E	>1,00	59%

The Supplier balance scorecard is a tool that keeps track of the supply chain's weak points and strengthens them over time. The tool will measure the supplier over time and keep track of the business relation, both measurable facts and soft based facts as value & support will make the result and a performance

scoring. The supplier receives a defined performance scoring A-E. Depending on the result, an action plan will be created together.

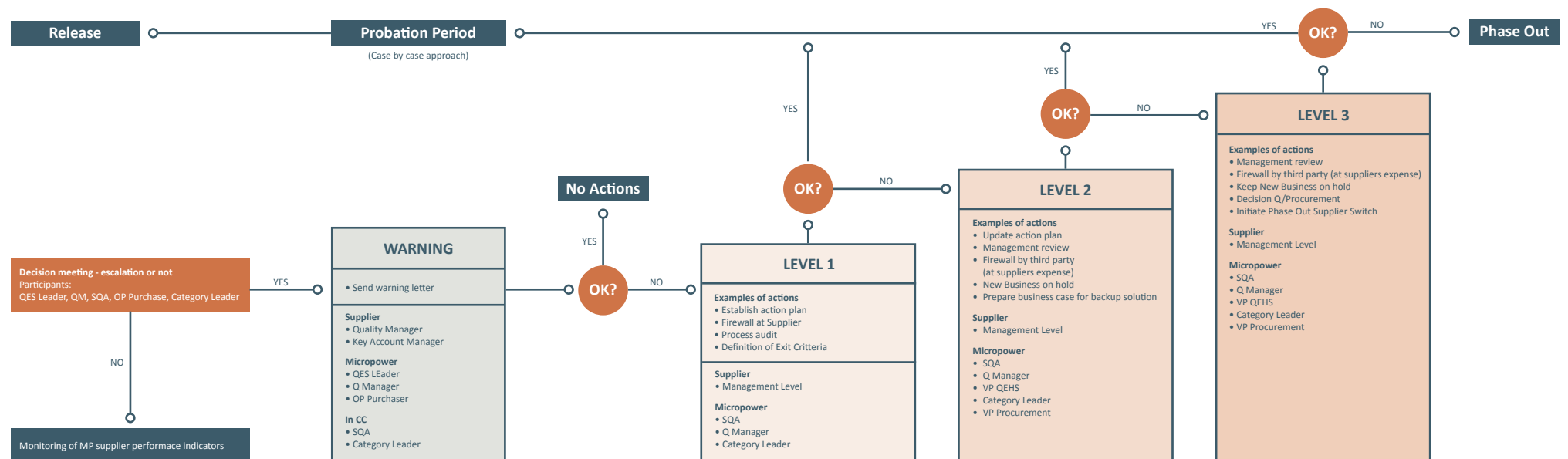
Escalation process

When delivery performance and/or number of claims indicate negative performance trend or significant deviation, the supplier may be considered for an escalation process. Supplier improvement activities are initiated and monitored. Each stage in the escalation process have defined criteria for entry and exit and identified actions to be completed during the stage. Exit criteria are based on improved performance results and implementation of process improvements. Each time the supplier is elevated to a higher stage, the actions required will be those of all previous stages, plus the additional actions required by the new stage. At any time that the exit criterion is met for a specific stage the supplier is moved to the "Monitoring" status.

Contingency plan

The supplier shall analyze the risks involved in the supply chain and take appropriate precautions to minimize the risks. This shall result in contingency plans to be used in the event of an emergency. Situations such as, but not limited to, change in financial risk, capacity according forecast, fire, tool interruption, labor shortage, key equipment failure, pandemics, climate changes, data security shall be considered. The documentation should be available for review by Micropower, if required.

ESCALATION PROCESS



Supply chain

Micropower and the Supplier should work close together to optimize the Supply Chain, End-to-End, E2E. The target is to set an agile and lean logistic supply chain and minimize waste with a close cooperation. It is important to optimize the steps in the process, such as transport, packing, marking, documentations, goods receiving, internal handling, all the way to the operator to reduce as much waste as possible.

Order

The purchase orders will be sent from Micropower upon the agreed lead time. Lead times will be set individually, from Order to delivery, including transportation time. The MOQ should be optimized according to the lean logistics approach. We urge the suppliers to prepare an EDI or via Supplier WEB setup to optimize the supply chain.

Order confirmation

The order confirmation should be sent to a specific confirmation mail within two working days, from received purchase order.

Packaging

The confirmation should contain:
Purchase order number
Micropower article number
Description
Quantity
Arrival day at Micropower
Piece price

Packing instructions should be agreed between the parties and must be verified and validated by Micropower before use. The optimization and the logistic flow are important to prevent extra cost, quality deviations, reduced transport cost and unnecessary impact on the environment. The basic principle is that we should try to use recyclable, stackable and collapsible packing material to minimize waste. Packing of the material should preferably be in a way, so that we avoid any kind of extra handling and re-packing of goods when it arrives at Micropower.

For electronic devices the packaging should always fulfil ESD guidelines.

Goods marking

All goods should be clearly marked with the packing label at the end left corner of the goods.



The label should contain below information, including barcodes, for each package/pallet:

The confirmation should contain:
Purchase order number
Micropower article number
Description
Quantity
Arrival day at Micropower
Piece price

Delivery note

The goods shall always contain a delivery note when arriving to Micropower. The delivery note should contain below information, including barcodes:

Purchase order number
Micropower article number
Quantity per pallet
Partial- or full delivery pallet
Delivery date

Transport

The common target should be to optimizing the transportation in a way to minimize cost and reduce CO2 emission. Booking of transport should be done according to provided instructions from Micropower. When needed, express freight should be organized by the supplier and always agreed upon with responsible purchaser at Micropower before actions is taken. Late deliveries, caused by the Supplier, should always be paid by the Supplier.

On time delivery

Micropower measure on time delivery, OTD,

target is 100%. With deviations from 95%, the supplier could be a target for the escalation process to get back on track. There must be a responsible appointed person from the supplier to handle all feedback and actions back to Micropower according to the routines.

Micropower delivery day is always specified on the purchase order.

Invoice

An invoice can only be sent by the Supplier after delivery. Each invoice shall be in the agreed terms & conditions and sent to the address provided by Micropower. Invoices should be sent to the invoice mail on purchase order.

Invoice shall contain:
Micropower reference name
Micropower purchase order number
Micropower article number
Supplier item number
Piece price and currency
Total amount
Quantity
Partial- or full delivery
Customs tariff number
Country of original
Delivery date

Forecast

Supplier receives forecast volume to help the supplier to predict future capacity for supplier production and their subcontractors. Follow up will be during the QBR.

PPAP

The Production Part Approval Process, PPAP, demonstrates that the manufacturing process used to produce parts for Micropower is fully developed, thoroughly tested, and capable of serial production of parts conforming to the technical specifications.

Micropower requires its suppliers to follow the AIAG PPAP Manual, latest edition, that includes but is not limited to:

- Introduction of new components
- Changes to an existing part
- Drawing or specification changes
- Corrections to a prior discrepancy
- Supplier process change
- Material changes or substitutions
- Changes of sub-tier suppliers
- Production from tooling and equipment transferred to a different plant site.

If there are uncertainties whether new approval is required or not, the responsible Category Leader in Micropower, should be contacted.

PPAP samples must be delivered in a box labelled “PPAP Samples” and the samples marked with the identification number (1,2,3,4 and 5) and cavity when applicable.

All PPAP documents shall be in English.

All PPAP must be approved by Micropower before start of serial production and serial deliveries.



Production and change management

All proposed changes to the product, production process, material or suppliers must be submitted to Micropower for approval using the ECR (Engineering Change Request).

Depending on the scope a new PPAP could be required.

After approved PPAP no change may be made to the supplier's product or process without signed PSW from Micropower.

Suppliers are fully responsible for the quality of their products, including their sub-suppliers. Both are responsible for providing products that meet all Micropowers requirements, specifications and drawings as identified on the purchase order and that the products are free from defects. A zero-defect approach is expected from all suppliers.

If required, Suppliers to Micropower should have identification/traceability system. Each lot/batch/part of material should be clearly identified on the product, box, pallet or racks.

The traceability system must comply with First in – First out, FIFO.



Non-conforming material

Parts/material that do not conform to the drawings and/or specifications shall not be delivered to Micropower. Only in exceptional cases can a deviation be approved. It is the supplier's responsibility to submit a deviation request to Micropower and get it approved by Micropower before delivery.

If a deviation from drawings and/or specifications of part/material is detected at Micropower or at Micropower customer, the supplier will be contacted by the quality department (or other authorized personnel within Micropower organization) and asked to immediately correct the current discrepancy. If the circumstances require the supplier must ship replacement parts and/or have staff in place for sorting in a time frame set by Micropower.

A claim report will be sent to the Supplier which shall remedy the error within 48 hours (D3) and in the event Micropower request an 8D-report this shall responded within latest 30 working days (D8).

Additional costs associated with the handling and actions within Micropower such as rework, sorting, adjusting, cost for transportation etc. may be charged to the supplier including potential costs from Micropower customer.

Any rework or repairs related to deviated material must be conducted in a controlled manner that assures that the reworked or repaired product meets specifications. All reworked or repaired material must be clearly marked by the supplier.



Warranty

Micropower warranty conditions is to be found in “Micropower General Terms and Conditions of Procurement”.

Substance management

To reduce environmental impact of chemical substances, present in our products, we strive to identify the chemical substances utilized in the components and materials of our products.

We require all suppliers to deliver articles/products that comply with and provide compliance statements regarding RoHS, REACH, California Proposition 65, POPs, TSCA, F-gases, Substances that deplete the ozone layer and PFAS.

Deviations from requirements shall be reported to Micropower including information concerning registrations in the SCIP database.

Responsible sourcing of minerals is an important part of our supplier sustainability activities.

Suppliers shall report on conflict minerals and cobalt according to the framework provided by the Responsible Minerals Initiative (RMI).

Compliance on reporting will be requested every 12 months or if required.

Supplier shall have a policy and process in place to ensure Responsible sourcing.





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