



Supplier Quality Manual

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1: Introduction	
Anovion Quality Policy	Anovion supports the electrified future by providing safe, reliable, competitive, and cutting-edge battery materials. We strive for continuous improvement in technology, quality, service, and product safety.
Introduction	<p>This Supplier Requirements Manual has been developed to communicate the operating principles, general expectations, requirements, and procedures of Anovion with suppliers and business partners.</p> <p>Acceptance of any and/or all purchase orders constitutes acceptance and commitment on behalf of the recipient to comply with this manual’s content. This manual is provided as a supplement to, and does not replace or alter, any purchase agreement/general purchase conditions or requirements included in applicable engineering drawings, specifications and other contractual documents.</p> <p>This manual describes the minimum requirements and expectations for which the Supplier has responsibility. Further requirements may be applicable and communicated as needed.</p>

2: Expectations	
Social Responsibility	Anovion selects business partners who comply with all local and internationally acceptable fair and safe labor practices. Anovion will cease all business activities with suppliers failing to comply with local and internationally acceptable fair and safe labor practices.
Environmental Responsibility	Anovion selects business partners who comply with all local and international environmental standards. Anovion seeks to reduce, improve, and eliminate emissions and waste in the overall supply chain. Anovion will cease all business activities with suppliers failing to comply with environmental laws.
“Zero Defect” Policy	In order to supply safe, reliable, and state-of-the-art battery material products, it is necessary that all functions within Anovion and our tier suppliers operate with a “Zero Defect” policy. We strive for a fundamental quality management system that ensures customer satisfaction in quality, cost, and delivery and encourages continuous improvement. Emphasis

	should be on defect prevention, the reduction of variation, and elimination of waste (including emissions) in all areas in the supply chain.
Customer Focus	It is expected that the entire Supplier organization will give their full support to the relationship that exists between our organizations and will demonstrate flexibility and creativity in supporting Anovion to meet all market and customer requirements.
Continual Cost Improvement	Anovion strives to maintain competitiveness through continuous improvement in processes and costs. The Supplier is expected to review its products and processes on an ongoing basis for cost improvement opportunities along the entire value stream.

3: Supplier Management System Requirements	
Quality System Certification	<p>Direct material suppliers shall demonstrate conformity to ISO 9001 by maintaining a third-party certification issued by a certification body bearing the accreditation mark of a recognized IAF MLA member, (International Accreditation Forum “IAF” Multilateral Recognition Arrangements “MLA”) and where the accreditation body’s main scope includes management system certification to ISO/IEC 17021.</p> <p>Suppliers are strongly encouraged to implement an IATF 16949 Automotive Quality Management System.</p> <p>Non-certified suppliers directed by our customers may be exempted from certification requirements if approved in writing by Anovion and, if applicable, by our customer.</p>
Environmental Management System	<p>Suppliers are expected to adopt a responsible environmental management system which satisfies all applicable legal requirements and includes processes/procedures to reduce overall impact. When required by Anovion and/or our customers, suppliers must be certified to ISO 14001 Environmental Management standard.</p> <p>Upon request, Anovion shall be provided a copy of the certification body audit report and/or a copy of the corrective actions approved by the certification body.</p> <p>The Supplier is responsible for sending copies of its quality certification(s) to the Anovion Quality Assurance Team within 2 weeks of receipt. Failure to</p>

	<p>send the updated certification in time may cause the Supplier to be placed on “blocked” status and may result in immediate order stop.</p> <p>Loss of certification for any reason requires immediate notification to the Anovion Quality Assurance Team.</p>
Internal Laboratory Certification	<p>The laboratory shall specify and implement, as a minimum, requirements for:</p> <ul style="list-style-type: none"> • Adequacy of the laboratory procedures • Competency of laboratory personnel • Testing procedures of products <p>The laboratory shall have the capability to perform these services correctly, traceable to the relevant process standard; when no national or international standard(s) is available, the organization shall define and implement a methodology to verify measurement system capability. The laboratory must comply with any customer specific requirements.</p>
External Laboratory Certification	<p>All external laboratories shall be accredited to ISO/IEC 17025 or national equivalent and include the relevant inspection, test, or calibration service in the scope of the accreditation (certificate). The certificate of calibration or test report shall include the mark of a national accreditation body or show documented evidence that the external laboratory is acceptable to the customer.</p> <p>Where required by our customers, Supplier shall use a directed laboratory for required testing.</p>

4: Supplier Qualification Process	
Supplier Qualification Process	<p>Anovion’s supply base shall consist of organizations supportive of our business needs. Disciplined methods are utilized through which suppliers are evaluated, selected, developed and monitored.</p> <p>New direct material suppliers are required to complete and submit a Supplier Questionnaire and will be evaluated based upon the potential risk assessment performed by Anovion.</p> <p>Anovion reserves the right to verify the products and manufacturing processes at the Supplier’s premises and throughout their supply chain using different classifications of audits. This requirement is not limited to the supplier selection process and may be implemented at any time.</p>

5: Confidentiality Agreement	
Confidentially Agreement	<p>Anovion considers discussions between suppliers and prospective suppliers as private matters between two parties. Anovion keeps these discussions confidential and expects our suppliers and potential suppliers to abide by the same principle. This requirement must be passed down throughout their supply chain.</p> <p>Interactions involving our customers and suppliers should only take place with Anovion authorized representation and only as it relates to Anovion business matters. As appropriate, a Non-Disclosure Agreement will be initiated.</p> <p>Use of “Anovion” name or trademarks is strictly forbidden in advertising, brochures or presentations without written authorization.</p>

6: Communication	
Communication	<p>The Supplier is required to identify, maintain and communicate a primary contact person and proxy (i.e., program manager) who serves as a coordinator within the Supplier organization and supports Anovion in resolving questions and concerns.</p> <p>Changes in the Supplier’s management structure and operational viability must be communicated in a timely manner. This notification must be submitted in writing to the Anovion sourcing manager.</p>

7: Request for Quote (RFQ)	
RFQ	<p>When receiving a request for quotation, the Supplier is responsible for reviewing all elements of the quote, including design records, technical specifications, capacity requirements, delivery schedules, all applicable Anovion/Customer specifications, and requirements. The RFQ review process must be documented in the Supplier’s quality management system.</p>
Review of Design Records	<p>Prior to the acceptance of a contract, the Supplier must provide a capacity assessment to confirm that the Supplier has the necessary capacity to produce the quoted Anovion demand.</p>

	<p>After award of business and/or technical kick-off, the Supplier will be responsible for reviewing all documentation provided. It is the responsibility of the Supplier to notify Anovion if they have not received sufficient specifications noted in the design records. It is the responsibility of the Supplier to notify Anovion if any technical standards (OEM, ASTM, SAE, etc.) are unattainable for any reason and provide corresponding alternate standards for approval.</p> <p>The reviews shall be conducted by a cross-functional team with qualified associates who are capable of understanding and communicating the requirements. The Supplier is expected to use the exact technical standards that are noted in the design records.</p>
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8: Customer-Specific Requirements	
<p>General CSR</p>	<p>Customer-specific requirements (CSR) include Anovion and our end customer CSRs. It is the responsibility of the Supplier to evaluate all supplier manuals and customer specific requirements.</p>
<p>Maintaining Knowledge Base</p>	<p>Suppliers are required to ensure a competent workforce at all times and at all levels of the organization. The supplier shall maintain a knowledge base proxy and succession plan that will ensure the knowledge base is maintained in the event that key associates leave the company, or demand warrants increased supplier capabilities. The contingency plan must be reviewed on a regular basis as part of the management review process or as conditions warrant.</p> <p>The knowledge base must include, but is not limited to:</p> <ul style="list-style-type: none"> • Advance Product Quality Planning and Control Plan (APQP) • Potential Failure Mode and Effects Analysis (FMEA) • Production Part Approval Process (PPAP) • Measurement Systems Analysis (MSA) • Statistical Process Control (SPC) • Engineering Management • Quality Management • Materials Management • Corrective Action • Internal Audits • Finance • Logistics and Supply Chain • Information Technology (IT) • Human Resources

	<p>If Anovion determines through objective evidence that the Supplier is lacking in these or other core areas, Anovion may require the supplier to acquire the necessary training/capabilities.</p>
<p>Disaster Recovery and Business Continuity Plan</p>	<p>The supplier shall prepare contingency plans for continuity of supply in the event of any of the following: fluctuation in business (up or down); key equipment failures; interruption from externally provided products, processes, and services; natural disasters; fire; utility interruptions; labor shortages; or infrastructure disruptions.</p> <p>These contingency plans shall:</p> <ul style="list-style-type: none"> • Include, as a supplement to the contingency plans, a notification process to the customer and other interested parties for the extent and duration of any situation impacting customer operations. • Periodically test the contingency plans for effectiveness (e.g., simulations as appropriate) and maintain records of the test for a minimum five years. • Conduct contingency plan reviews (minimum annually) using a multidisciplinary team including top management, update as required, and maintain records of reviews for a minimum five years. • Document the contingency plans and retain documented information describing any revision(s), including the person(s) who authorized the change(s). <p>The contingency plans shall include provisions to validate that the manufactured product continues to meet Anovion and/or our customer specifications after the re-start of production following an emergency in which production was stopped and the regular shutdown processes were not followed.</p> <p>Any change to the Supplier’s business that may affect their ability to supply product to meet Anovion’s requirements must be communicated.</p> <p>Supplier must notify Anovion of labor contract expiration dates no later than six months prior to the expiration. Supplier must have a documented risk mitigation plan in the event of labor disruption/logistics disruptions.</p>
<p>Continuous Quality Improvement (CQI) Requirements</p>	<p>Suppliers that use the following processes to produce the products supplied to Anovion shall submit yearly Continuous Quality Improvement (CQI) assessments related to special processes:</p> <ul style="list-style-type: none"> • CQI-1 Special Process: Acheson Furnace/Graphitization • CQI-2 Special Process: ALD Coating • CQI-3 Special Process: Jet Milling

	<p>The goal of these assessments is to provide an environment of continual improvement, defect prevention, and reduction of variation and waste in the supply chain. Suppliers shall have competent resources to evaluate applicable CQI assessments prior to submitting the assessments to Anovion.</p> <p>All areas of concern must be corrected prior to submittal or have a detailed plan to bring the assessment into compliance to requirements within a reasonable timeframe. Results of the assessments must become part of the supplier’s management review process. Supplier must pass down these requirements to all tier suppliers in their production stream.</p> <p>Anovion reserves the right to audit or complete its own on-site CQI assessments at the Supplier or sub-tier locations. Suppliers who outsource these processes shall ensure that their sub-suppliers complete and submit their own CQI audits.</p>
<p>Advanced Verification Process</p>	<p>In order to prevent nonconforming material or product from entering the production stream, the Supplier may be required to submit an advanced verification document, e.g., Certificate of Analysis (CoA), prior to the product leaving the Supplier’s control/facility.</p> <p>The contents of this document may include:</p> <ul style="list-style-type: none"> • Evidence of pass-through verification • Evidence of conformance to critical characteristic requirements • Evidence of safety critical evaluation and conformance • Containment evaluation evidence <p>The Supplier must have a similar process requirement defined in their quality management system for all tier suppliers.</p> <p>The Supplier shall document their process to ensure that purchased products, processes, and services conform to the current applicable statutory and regulatory requirements in the country of receipt, the country of shipment, and the customer-identified country of destination.</p> <p>The supplier shall note these requirements in applicable APQP, FMEA and Control plans. Records of compliance and effective traceability shall be maintained.</p>
<p>Review of Statutory and Regulatory Requirements</p>	<p>The Supplier is responsible for complying with and satisfying all federal, state, local and international requirements on all materials used in product manufacture. Where applicable, the supplier will furnish one copy of the MSDS (Material Safety Data Sheet) for hazardous materials directly to Anovion.</p>

<p>Material Safety Data Sheet</p>	<p>A material safety data sheet in accordance with Globally Harmonized System (GHS) guideline must be sent and approved by the receiving Anovion plant before delivery of any chemicals used in production processes is allowed. The GHS is an international approach to hazardous communication, providing agreed criteria for classification of chemical hazards, and a standardized approach to label elements and safety data sheets. For more information go to https://www.osha.gov/dsg/hazcom/ghsguideoct05.pdf</p> <p>Anovion participates in the International Material Data System (IMDS). Accordingly, suppliers should be prepared to create MSDS sheets within IMDS for their materials and components. IMDS must be submitted and approved prior to PPAP submittal, when required.</p>
<p>End of Life Vehicle (ELV)</p>	<p>For products used in the European markets, the use of lead, mercury, cadmium, and hexavalent chromium are prohibited for use in products supplied to Anovion. Certain exemptions are published in The End of Life Vehicle Directive, 2000/53/EC, Annex II. When requested, the suppliers must complete and submit a Declaration of Compliance (ELV).</p> <p>Suppliers are required to stay current with any changes to the ELV Directive and make necessary changes as warranted.</p>

<p>9: Advanced Product Quality Planning (APQP)</p>	
<p>Project Management</p>	<p>Each Supplier shall define an associate as a point of contact who shall be responsible for the organization and communication of Anovion project goals and objectives within their organization. Project management shall utilize the principles outlined in the latest AIAG Advance Product Quality Process (APQP) manual.</p>
<p>Design FMEA (DFMEA)</p>	<p>Design-responsible suppliers must create and maintain the DFMEA as a living document throughout the product lifecycle. The DFMEA must be in accordance with the AIAG FMEA manual. Design-responsible suppliers must develop and submit a Design FMEA with the supplier PPAP when requested.</p>
<p>Design Validation Planning and Reporting (DVP&R)</p>	<p>When required, the Supplier must develop and implement a product test plan. Inputs for the test plan should include DFMEA, engineering specifications, and other Anovion or supplier engineering requirements. The proposed DVP&R plan must be reviewed and approved prior to the start of testing, and results must be reported once tests are completed.</p>

<p>Process Failure Mode and Effects Analysis (PFMEA)</p>	<p>Anovion requires suppliers to maintain and supply a PFMEA for products and services in the supply chain. The PFMEA will describe the risks to the production process and/or parts produced, and identify actions taken to mitigate risks, such as process controls. PFMEA inputs must include warranty issues, customer concerns and lessons learned, and address past concerns/ corrective actions. Refer to the AIAG FMEA manual for additional guidance.</p>
<p>Pass-through Characteristic (PTC)</p>	<p>Pass-through Characteristics are product characteristics which are not controlled or functionally tested downstream in the supply chain, are ultimately supplied to a Anovion customer (e.g., it will "pass through"), and may have a significant impact on customer satisfaction and/or warranty. A PTC may or may not be a Special Characteristic.</p> <p>Anovion defines the pass-through characteristics using the definitions below:</p> <ul style="list-style-type: none"> • Pass-through Characteristics (complete pass-through) = PFMEA Detection 10. A characteristic that will not be detected at any point prior to being delivered to Anovion’s plant. • Weak Detection (WD) (may pass through) = PFMEA Detection 6-9. A characteristic that does not have robust detection and might not be detected at any point prior to being delivered. • Potential PTC – A characteristic which has no detection within the manufacturing supplier (PFMEA Detection of 10) and has not yet been reviewed to check if it passes through the supply chain. • Potential WD – a characteristic which does not have robust detection within the manufacturing supplier (PFMEA Detection of 6-9) and has not yet been reviewed to see if it passes through subsequent tiers of the supply chain. <p>Characteristics must have a PFMEA Severity greater than 4 to be considered. The Supplier working with Anovion must ensure controls are in place for the PTC/WD. The Supplier and Anovion must reach an agreement on the proper method of control for the identified PTC. PTC symbol “P” must be noted on PFMEA and Control Plan.</p> <p>The appropriate symbol (CC, SC, <>, etc.) must be included on all related documents (including control plans, FMEAs, work instructions, process control documents) for the operations which produce special characteristics.</p> <p>Suppliers must ensure their associates understand the significance of special characteristics, what the special characteristic(s) in their operation means, the part function, and the impact of failure.</p>

<p>Special Characteristics</p>	<p>If Anovion has not defined special characteristics for Supplier part(s), it is the Supplier’s responsibility to identify any critical/significant characteristics needed as a result of the Supplier’s DFMEA and PFMEA activity. The Supplier must maintain capability data for all customer- or supplier-designated special characteristics and make capability information available.</p>
<p>Measurement System Analytics (MSA)</p>	<p>Measurement systems used for evaluation or qualification of Anovion product must be calibrated or verified, or both, prior to use and at specified intervals, against measurement standards traceable to international or national measurement standards. Variability must be acceptable in accordance with the AIAG Measurement System Analysis (MSA) manual. These requirements extend to outsourced processes and external labs.</p>
<p>Pre-launch Control Plan</p>	<p>Suppliers are expected to use pre-launch control plans to increase the level of quality controls applied during ramp up and early production stages of new part launches. A prelaunch control plan is defined by increased frequency and levels of inspection, and increased controls during the early stages of production. The purpose is to protect Anovion and our customers from problems until process controls can be refined and start-up problems can be identified and resolved. The level of controls within the control plan should be adjusted once the production process has been stabilized and process control can be assured.</p>
<p>Production Control Plans</p>	<p>Suppliers are expected to maintain a control plan that identifies important part and process characteristics defined during APQP activity. The control plan must reflect ongoing changes to the PFMEA, such as those resulting from corrective action and process improvement.</p> <p>Process changes may require PPAP re-submission. The control plan and PFMEA must be updated as control methods and measurement systems are changed and improved and be audited periodically as part of the supplier’s internal audit process to assure continued effectiveness. Unless otherwise exempted, suppliers are expected to use the control plan format in the AIAG APQP manual.</p>

<p>10: Production Part Approval Process (PPAP)</p>	
<p>PPAP</p>	<p>Anovion requires suppliers and their tier suppliers to follow AIAG PPAP requirements when submitting PPAPs. The default level 3 PPAP with all requested documentation and samples shall be submitted to Anovion on or before the agreed due date.</p>

<p>Statutory and Regulatory Compliance in APQP Process</p>	<p>Statutory and regulatory requirements are to be identified and addressed during the APQP process to ensure compliance to stated requirements. These requirements must be communicated throughout the product realization processes, including sub-tier suppliers.</p>
<p>Product/Process Safety</p>	<p>Supplier will ensure that sufficient training is provided to all personnel involved in the product safety and manufacturing process.</p>
<p>Sample Production Run (SPR)</p>	<p>A Sample Production Run (SPR) is required for all new part introductions and is the basis for the Production Part Approval Process. This sample run, or Run@Rate, must be conducted using production tooling and equipment, environment (including production operators), facility, and cycle time.</p> <p>The SPR requires that an adequate quantity of parts be produced to allow:</p> <ul style="list-style-type: none"> • Overall process stabilization • Accurate calculation of manufacturing cycle time • Determination of production throughput time • Capacity assessments • Completion of capability studies <p>Suppliers should ensure enough volume/parts are produced during the SPR to ensure that the process is fully tested. Samples used for the PPAP must be taken from the parts produced during the run.</p>
<p>Capacity Review</p>	<p>Capacity Assessments support Anovion to understand its suppliers' processes and secure capacity. It identifies bottleneck processes at supplier operations that could impact supply and allows them to be addressed so that customer demands can be met.</p> <p>The supplier must:</p> <ul style="list-style-type: none"> • Perform and submit a capacity self-assessment when asked. • Define and complete an action plan to close any performance gaps. • Manage its tooling, equipment, and facilities such that: <ul style="list-style-type: none"> ○ Average production weekly capacity requirements are to be met by operating on a 5-day work week. ○ The remaining time during the week is reserved for completing the required tooling, equipment and facility maintenance. <p>Anovion reserves the right to perform a Capacity Audit on Supplier's premises and processes.</p>

<p>Designated Critical Characteristics</p>	<p>Designated critical characteristics shall be subject to continuous ongoing Statistical Process Control in accordance with the latest addition of the AIAG SPC Manual. The supplier must employ competent associates knowledgeable in measurement systems analysis and statistical methodologies.</p>
<p>Safe Launch</p>	<p>When required, Anovion may require the Supplier to implement a safe launch plan.</p>
<p>Interim Approval</p>	<p>The Supplier can apply for an Interim Approval if unable to conform to all specified requirements. The Supplier should apply for this as soon as they see that they cannot present a complete PPAP on the agreed date. The Interim Approval request should specify which requirement the Supplier cannot fulfill and an action plan to meet requirements in a defined time period. An interim approval may be granted for a set product volume or time period.</p> <p>Anovion reserves the right to inspect samples for conformance and will return a signed Warrant indicating whether it is approved to produce parts for production purposes. Shipping of production material is only allowed with an approved PSW (Part Submission Warrant) or a signed Interim Approval by Anovion.</p>

<p>11: Change Management</p>	
<p>Change Management</p>	<p>Changes to established PPAP-approved product, process, or site at the supplier location or that of their tier supplier(s) require written advanced notification to Anovion. This notification shall occur a minimum of 12 weeks prior to change unless unforeseen circumstances drive the need for an emergency approval. Reference section 3 of the AIAG PPAP manual for more detail on when notification is required.</p>
<p>Unauthorized Changes</p>	<p>Suppliers must complete and submit a Supplier Product/Process Change Request and secure written approval from Anovion prior to initiating change. Supplier must provide traceability of changeover, date of first shipment and Anovion-approved labeling of changeover lots.</p> <p>Suppliers must never ship deviated product/process before obtaining written Anovion approval. Anovion may approve, reject, or apply conditions of approval on the change request (e.g., level 3 PPAP required after change is implemented).</p> <p>In cases where a Supplier has implemented an unauthorized change and Anovion and/or our customers have been negatively impacted, the Supplier will be</p>

	<p>responsible for compensating Anovion for all associated costs and must submit a corrective action.</p> <p>Anovion will not give approval to any deviation which may negatively impact safety and/or regulatory requirements.</p>
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12: Record Requirements

Records	<p>The Supplier shall ensure that the records comply with all applicable governmental, Anovion, and our customer requirements. A minimum retention of records shall be 20 years unless authorized. Supplier must understand and document all record retention requirements.</p>
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13: Equipment and Tooling Maintenance

Equipment Maintenance	<p>Production equipment must be maintained in a way that ensures safety and minimizes unplanned downtime, process variation, and potential quality and/or delivery disruption to Anovion.</p> <p>Supplier Maintenance System will include the following:</p> <ul style="list-style-type: none"> • Trained/qualified personnel are available to perform maintenance per defined requirements • Maintenance records are stored or archived and available to Anovion upon request • Equipment manufacturers’ recommendations are considered when developing maintenance tasks and schedules • Prolonged downtime is planned • Spare parts are stored in a manner that protects integrity • Spare parts are readily available for critical manufacturing equipment such that there is no disruption • Predictive maintenance methods are utilized
Tool, Fixture and Consumables Management	<p>Tooling, fixtures, and consumables included on quotation must include expense breakdown. Tool, fixture, or consumable life, replacement timing, and cost must be clearly defined on the quotation where known.</p>

	<p>The Supplier is responsible for maintaining and repairing all Supplier-caused damages at no cost. Any maintenance that alters/affects Anovion product requires submittal and approval by Anovion.</p> <p>The Supplier shall keep detailed maintenance records for the tooling, fixtures, and consumables and monitor life and performance. The Supplier will make these records available upon request.</p> <p>The Supplier shall ensure that sufficient material will be in Supplier’s inventory and available to support Anovion production prior to and during the time period that the tooling, fixtures, and consumables are being refurbished or replaced.</p>
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14: Sub-tier Management

Qualifying and Managing Sub-tier Suppliers	<p>Suppliers shall have a defined onboarding process of their suppliers, including a cross-functional supplier approval process that is documented in the Supplier’s Quality Management System. This process must include a cross-functional and effective risk assessment of any new supplier.</p> <p>The supplier must have ongoing risk assessment of key suppliers and address negative trends and conditions as needed to ensure supply of product to Anovion and our customers.</p> <p>Supplier shall conduct regular Quality Management System audits of their key suppliers at defined frequency to continuously improve and develop their suppliers and to meet the Quality objectives of the complete supply chain. The Supplier will ensure their supply chain has prepared contingency plans to satisfy Anovion requirements in the event of an emergency such as, but not limited to, utility interruptions, labor shortages, key equipment failure and field returns.</p> <p>Tier one suppliers must effectively communicate all requirements noted in this manual to their tier suppliers and have systems set up to ensure that all their tier suppliers maintain compliance to the requirements at all times.</p>
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15: Supply Chain Requirements

Communication	<p>Anovion and its Suppliers must strive for a stable, efficient, and lean supply chain which ensures customer satisfaction. In order to achieve this, Anovion and</p>
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	<p>Supplier must work together to achieve stability while ensuring flexibility. Delivering the correct product at the exact time, in the exact quantity, in expected quality is of utmost importance to the entire supply chain.</p>
<p>Forecast and Firm Orders</p>	<p>To support Supplier planning, Anovion will provide Supplier with a non-binding 12-month forecast. Anovion will place firm orders for 4 weeks, unless otherwise agreed or required.</p> <p>Supplier must communicate, at minimum, the following in written or electronic form:</p> <ul style="list-style-type: none"> • Order acknowledgement • Any expected delivery deviations to order placed • Receipt and shipment of Anovion returnable packaging • Advanced shipment notification
<p>Packaging</p>	<p>Suppliers are responsible for packaging the material in a manner that protects the product during storage and transportation and allows product to be handled safely. Suppliers must follow the packaging and label requirements defined by Anovion and any customer specific requirements, if applicable. Materials with defined shelf life must be clearly marked with expiration date and lot information shared with Anovion for each delivery.</p>
<p>Inventory Management and Lot Traceability</p>	<p>The supplier shall ensure and maintain documented procedures for the control, verification, storage, and maintenance of returnable packaging or other Anovion-owned property, where applicable.</p> <p>Incidences of premium freight assigned to the supplier for quality or delivery issues may be reported on the supplier’s scorecard and may be charged back to the supplier. The target is to have no incidences of premium freight.</p> <p>The supplier shall ensure deliveries to Anovion are shipped using First-In-First-Out (FIFO) inventory management principles. Deviations to FIFO may require Anovion approval in advance.</p> <p>Supplier shall have an effective lot definition and traceability procedure based on risk analysis and compliance to government, Anovion and our customer specific requirements or product specific requirements. Delivered product should be traceable back to:</p> <ul style="list-style-type: none"> • The finished product • The raw material • The production history of the processes applied to the product • Rework operation, if applicable

	<ul style="list-style-type: none"> • Product and process special characteristics • All test records as defined in the control plan • All suppliers in the supply chain
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16: Containment and Supplier Rejection Process

Supplier Rejection Process	<p>If non-conforming product or material is delivered to Anovion, Supplier must proactively inform Anovion, or Anovion will notify the Supplier of the nonconformance. Supplier is required to complete a thorough analysis on defective product and returns from Anovion and/or its customers.</p>
Containment and 8D Process	<p>The Supplier must immediately address the issue with the appropriate containment, root cause, and corrective action in the timeframe specified and submit a corrective action using the 8 Disciplines of Problem Solving (8D) methodology. Anovion may supply a format or approve an alternate format prior to submission.</p> <p>The expected timeframe of the 8D process is as follows, unless otherwise agreed:</p> <p>D1-3: within 24 hours provide notice of the suspect issue to Anovion, including the definition of the problem. Immediately begin data-driven containment activity including sorting throughout the supply chain. Results of containment activities shall be made available upon request by Anovion.</p> <p>D4-D5: within 7 days after notification (or as dictated by Anovion), a thorough root cause analysis must be completed for both occurrence & non- detection and permanent corrective action defined.</p> <p>D6-D7: within 30 Days (or as dictated by Anovion) implement and validate permanent corrective actions. Effectiveness of permanent corrective action should be verified and recurrence prevented.</p> <p>Closure: Anovion management or designee shall review the submittal, determine if the corrective action is effective in addressing the nonconformance, and decide if problem resolution is acceptable.</p> <p>Any charges assessed against Anovion by their customers due to supplier issues will be communicated and passed on to the supplier for reimbursement. The supplier will be responsible for all costs, including, but not limited to, freight costs that are related to the field failure.</p>

	<p>Upon request, the Supplier shall provide immediate replacement product at the Anovion facilities to ensure no stoppage of production. The Supplier is responsible to provide a detailed report of containment and disposition activity upon request.</p> <p>If quality issues or risks occur repeatedly, Anovion may require Controlled Shipping Levels (CSL) from Supplier.</p>
<p>Controlled Shipping Levels (CSL)</p>	<p>Controlled Shipping Level 1 (CS1) requires that the Supplier put in place a redundant inspection process at the supplying location to inspect and sort for a specific and specified nonconformance to protect Anovion and or our customer from the receipt of nonconforming parts/material. The redundant inspection shall be executed by Supplier, and must be in addition to the normal production process controls. Exit from level 1 requires written approval from Anovion. All product and/or containers are to be labeled and identified as CS1.</p> <p>If the CS1 criteria is not executed properly and Anovion continues to receive nonconforming material, Anovion may require Controlled Shipping Level 2 (CS2).</p> <p>CS2 includes the same processes as CS1, with an additional inspection process executed by a third party representing Anovion’s interests specific to the containment activity. The third party is selected by the Supplier, approved by Anovion, and organized and paid for by the Supplier. Exit from level 2 requires written approval from Anovion. All product and or containers are to be labeled and identified as CS2.</p> <p>If the Supplier requests the defective parts to be returned, they must arrange and pay for transportation to their location.</p>
<p>Other Failures</p>	<p>Other non-product failures may result in a corrective action being assigned to the supplier. These may include, but are not limited to, failure to submit yearly NAFTA certifications, PPAPs, CQI, or annual testing on time.</p>

<p>17: Supplier Rejection: Financial Responsibilities</p>	
<p>Cost Recovery</p>	<p>Supplier is responsible for the quality, on-time delivery, and reliability of the product they supply. Product must meet the drawings, specifications, and/or customer-specific requirements of Anovion and end customers.</p>

	<p>The Supplier accepts financial responsibility for the consequences of non-conforming product and/or services including, but not limited to, costs incurred for containment, sorting, premium freight, rework, value add processing, and replacement of defective material, resulting overtime, and productivity loss incurred by Anovion or customers.</p>
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18: Supplier Key Performance Indicators (KPIs)

Supplier Monitoring	<p>Supplier performance will be continuously monitored and communicated at a defined frequency using score cards listing Key Performance Indicators (KPIs). This data will be used for sourcing decisions. If the Supplier’s performance does not meet the expectations, the Supplier could be placed in a supplier development program, placed on new business hold, or removed from the supply base.</p>
Delivery Performance	<p>Delivery performance is measured as a percentage of on-time delivery using purchase order lines. Anovion requires Suppliers to target >95% on-time delivery performance (OTD) in all processes. There is no tolerance for early or late orders unless agreed in advance with Anovion.</p>
Quality PPM	<p>Quality performance is measured in the volume or number of supplier parts per million (PPM) rejected by Anovion due to supplier quality issues. PPM data is used by Anovion to assess the performance of the supply chain relevant to quality. Anovion requires our suppliers to target less than 60 PPM performance.</p>
Responsiveness	<p>Anovion will measure each supplier’s responsiveness for items including timely completion of corrective actions, quote responses, and PPAP submission.</p>

19: Low Performing Suppliers

Anovion Evaluation	<p>Anovion monitors supplier performance and capabilities on a regular basis. When any of the monitored parameters indicate a negative performance trend or significant abnormality, the supplier is considered for placement into a supplier improvement program.</p>
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	<p>Areas evaluated may include, as applicable:</p> <ul style="list-style-type: none"> • Product launch capabilities/performance • Issues related to critical and special characteristics • Responsiveness • Non-compliance with statutory and regulatory requirements • Safety related concerns • Quality performance • Delivery performance • Warranty performance and premium freight • Supplier’s financial health • Compliance with customer-specific requirements • Other areas deemed applicable
<p>Low Performing Supplier (LPS) Notification</p>	<p>Suppliers may be notified of the potential inclusion in any supplier improvement program by a Low Performing Supplier warning letter sent to the Supplier’s management representative. There are three stages: LPS1 (initial stage), LPS2 (mid-level stage), and LPS3 (advanced stage).</p> <p>Each time the supplier is elevated to a higher stage, the actions required will include those of all previous stages, plus the additional actions required by the new stage.</p> <p>At the LPS stage, the supplier will receive notification in the form of a warning letter. The supplier shall take necessary action to address the concerns noted in the notification and report the action taken to the initiator of the LPS1.</p> <p>Considerations may include, but are not limited to:</p> <ul style="list-style-type: none"> • Safe Launch Plan, as applicable • Control Plan(s) audit • Update LPAs • CS1 containment, as defined by Anovion • Safety audits, as defined by Anovion • MSA reviews • Supplier notification of NBH to the supplier’s certification body • Weekly review with Anovion representatives (at our Anovion plant as warranted) <p>If the actions are deemed timely and effective, Anovion will issue a closure statement. If the actions are not deemed timely or effective, Anovion may escalate the LPS1 to an LPS2 level.</p> <p>LPS2 suppliers are placed on New Business Hold (NBH) status. Upon receipt of the LPS2 notification the supplier’s management team must take an active leadership position in defining and addressing the root causes of the concerns. The action</p>

	<p>items shall be monitored and reported to the Anovion SQ representative on a weekly basis.</p> <p>If the actions are deemed timely and effective, Anovion will issue a closure statement. If the actions are not deemed timely or effective, Anovion may escalate to an LPS3 level.</p> <p>The supplier is kept on New Business Hold during this phase. With LPS3, the supplier’s executive management team is required to compile and report on actions taken to address the concerns. This team will be required to present the actions and/or planned actions in person to a Anovion Executive management team at an agreed-upon date.</p> <p>In the event that the improvements are not realized, Anovion may elect to develop an exit strategy with the supplier. The supplier is required to support the exit strategy.</p>
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20: Supplier Scorecard							
Scope	Anovion provides regular feedback to critical suppliers in the form of a Supplier Scorecard. The Scorecard is intended to encourage excellence in terms of quality (PPM and), delivery performance and responsiveness to Anovion requests.						
Grading	Category	% of total score	A	B	C	D	F
	On-Time Delivery	45%	>95%	90%-94%	85%-89%		<85%
	Quality PPM	45%	<60	61-200	201-500	>1000	>5000
	Responsiveness	10%	Excellent	Acceptable	Poor		