

Supplier Quality Assurance Manual



BATTERYLOOP

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Version – October 2023

1. INTRODUCTION

When a battery cannot be used in an electric vehicle it still has 70-90 % left of its capacity, which allows us to use them in our systems. Thus, by using second-use batteries we prolong their life before being recycled. Depending on the usage and cycling of the batteries, during normal circumstances we expect the batteries to still have sufficient of the capacity left after 10-15 years.

Such prolonged lifetime of electric vehicle batteries does, however, require their incorporation into an Energy Storage Systems of appropriate quality standards and assurance.

This document is intended to serve as a reference to better understand our requirements and your role as supplier in this shared responsibility during the different stages during the product life from initial sourcing to end-of-life. An overview is given below.

Stage	Requirement	Chapter
Before exchanging sensitive information between supplier and BatteryLoop	Signed Non-Disclosure Agreement	
Before Supplier Business Award	BatteryLoop General Supplier Requirements	2.)
	Signed Agreement	
During product lifetime	Meeting Quality and Delivery result expectations	3.)
	Continuous Improvement	4.)
	Process of handling non-conformances	5.)
Service and After-market	Traceability	6.)

In all of the above, key is our suppliers' commitment to a ZERODEFECT APPROACH and to demonstrate this commitment through:

- Delivering fully conforming parts or products
- On time delivery
- Following approved processes and requirements
- Pro-active risk management.

Revisions of this document will be posted on www.batteryloop.com/suppliers.

2. GENERAL SUPPLIER REQUIREMENTS

BatteryLoop is committed to build a robust and reliable business. This places five basic requirements on our supply chain; as outlined below.

ETHICAL BUSINESS PRACTICE

We expect that our suppliers adhere to the high ethics standards as we do in our own operations. Hence, the Stena Metall Group Business Partner Code of Conduct is aligned with the internal Code of Conduct, which applies to all employees of the Stena Metall Group. Adhering to this or an equivalent code of conduct is therefore the basis for conducting business with us.

FINANCIAL STABILITY

BatteryLoop is conducting a credit check on its critical and strategic suppliers in order to detect early indication of financial distress. In case of concerning results, we would address our suppliers with questions and may request complementary data. Here, it is important to have the full support and cooperation of our suppliers.

BUSINESS SIZE

We believe that a healthy partnership is not built on the domination of one and/or over-dependence on the other side. Therefore, BatteryLoop will aim not to exceed a business volume of more than 30% of the supplier's turnover. As we are preparing for a rapid business growth, we will keep measuring this parameter.

MANAGEMENT SYSTEMS

BatteryLoop encourages our suppliers to maintain management systems certified by an accredited third party:

- a Quality system, ISO 9001 certified by an accredited 3rd party
- an Environmental system, ISO 14001 certified by an accredited 3rd party
- an information security management system; ISO 27000

SUPPLIER ASSESSMENT AND AUDIT

The topics addressed in this Supplier Quality Assurance Manual are reviewed in the BatteryLoop Supplier Assessment. We would ask our suppliers to fill in the corresponding questionnaire and reserve the right to follow-up the result in an on-site audit. Although, initially, we will not set a mandatory goal, we expect a supplier to achieve a score of above 50%. Furthermore, BatteryLoop reserves the right to, together with the supplier, assess and perform audits at the sub-suppliers.

3. QUALITY AND DELIVERY RESULT EXPECTATIONS

A reliable quality and delivery performance is of utmost importance for BatteryLoop's customers. Hence, BatteryLoop sets corresponding performance expectations on his suppliers. These expectations are expressed in the tables below.

Green	OK
Yellow	Closer monitoring and possibly a visit from BatteryLoop staff
Red	Result is outside of acceptable level. BatteryLoop staff will visit and an action plan is needed to close the non-conformity.

Measurement	Target (quarterly)
Number of Claims	Green = 1
	Yellow = 2
	Red >2
Repeat Claim per Part	Green = 0
	Yellow = 1
	Red >1
Delivery Precision	Green = +0/-2 day
	Yellow = +2/ -4 days
	Red = >+3 /> -5 days

4. CONTINUOUS IMPROVEMENT

A young market needs to learn quickly from its mistakes. The lessons learned from each incident helps us to improve the processes or design, and if necessary, the underlying business systems. The goal is to eliminate the possibility of similar incidents.

Therefore, we value that our suppliers use statistical data to continually refine their process and reduce variation. Analysis quality incidents, PPM, scrap, downtime, and other readily available metrics should be grouped and ranked.

Preferably, the suppliers have improvement projects that target two or three of the largest problem areas. The supplier shall demonstrate a positive trend in reducing overall incidents and repeated incidents.

5. TREATMENT OF NON-CONFORMING PARTS

It is in the interest of both, BatteryLoop and the supplier, to identify non-conforming parts as quickly as possible and take all necessary action to protect the supply of conforming product to the plants. BatteryLoop uses the 8D methodology as structured approach to nonconformity management and would expect support from our suppliers accordingly.

When notified of a technical non-conformance, suppliers are requested to react in accordance with the following timeline:

Time from notification	Action
24 hours	First response; acknowledge receipt of the claim and contact persons
48 hours	Containment actions fully implemented; D3- "Interim containment actions" completed and sent to BatteryLoop
10 working days	D4 "Root cause analysis" done and D5 "Permanent corrective actions" defined and implemented; D4 & 5 sent to BatteryLoop.
20 working days	Effectiveness of permanent corrective action checked and recurrence prevented; D6 "Implementation plan" & D7 "Preventive Actions" sent to BatteryLoop

DEVIATION REQUESTED BY THE SUPPLIER

In the case where the supplier wishes to request a deviation to supply parts that do not fully comply with BatteryLoops requirements, the supplier must inform BatteryLoop and request approval.

The minimum information required in writing is:

- Date of request
- Supplier name, code and contact information
- Purchase order number
- Part number and part name
- Description of deviation being requested
- Number of pieces being affected, or date deviation is to expire.

6. TRACEABILITY

Traceability should be optimized to limit the size of product recalls and facilitate the expertise and analysis of root causes.

If not otherwise specified all suppliers shall have an effective lot or batch definition and traceability procedure in such a way that the delivered product can be traced back to:

- the finished part
- the subcomponents/blanks
- the raw material.

7. RECORD RETENTION

Document type	Examples	Shall be maintained for
Specification Documents	Technical specifications, drawings, process flow charts, control plans, FMEA, manufacturing instructions	A minimum retention period of ten (10) years after product phase out or end of production.
Quality performance records	Control charts, inspection and test results, product audits, functional testing	A minimum retention period of ten (10) years after product phase out or end of production.
Quality system records	Internal quality system audits, and management reviews	Three calendar years