



Powered by Possibility



Supplier Requirements Manual

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1.0 Introduction

Watlow is the largest custom designer and manufacturer of industrial electric heaters, sensors and controllers; with offices and manufacturing facilities around the world, providing customers with thermal expertise for numerous applications, including semiconductor processing, energy processes, diesel emissions, foodservice equipment, life sciences, refrigerated transportation, and many others. Watlow's suppliers have always been and will remain critical to our continued success!

Watlow's customers define value. Watlow's behaviors are focused on ensuring that we produce high quality products that meet and exceed their expectations. Since Watlow's suppliers directly support the value stream that starts and ends with the customer, our supplier's alignment to, and their thorough understanding of Watlow's expectations, vision, and what we value is vital to Watlow's ability to meet our customer's needs in the end.

2.0 Objectives and Scope

The objective and scope of this document is to define the general requirements applicable to every Watlow supplier throughout the world who is providing goods or services to all Watlow locations.

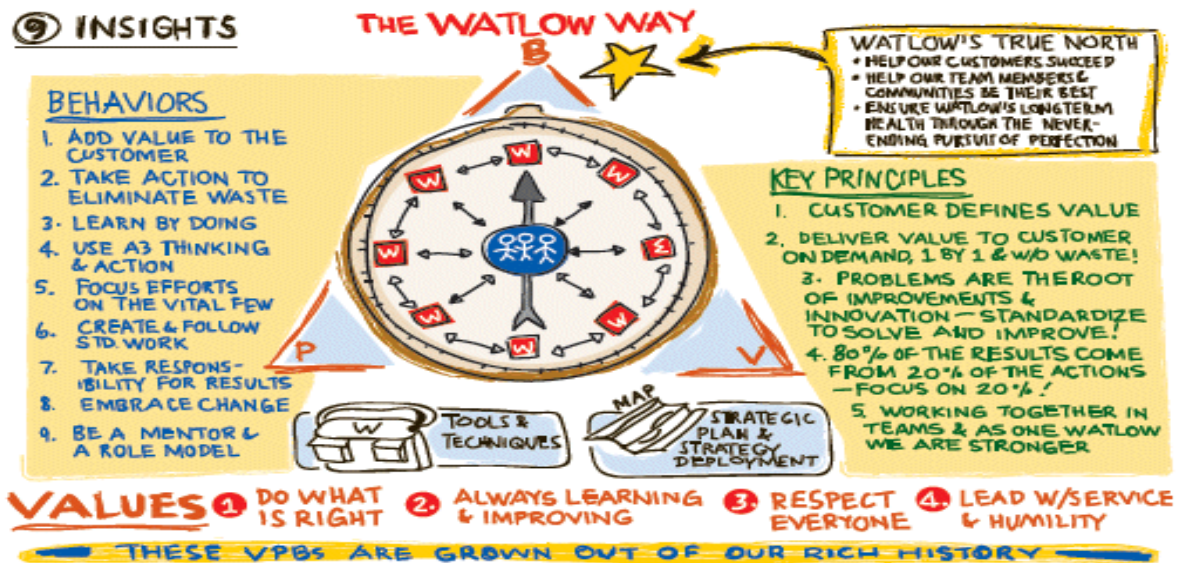
For the purposes of this document, those organizations that provide goods and/or services to Watlow hereafter will be referred to as "supplier" or "suppliers".

3.0 Watlow's Purpose, Values, and Vision

The purpose of any organization should help to describe and explain why the organization exists in the first place. Watlow's purpose is; "Enriching Lives through Inspired Innovation".

Watlow's values are included as a primary component of what Watlow refers to as the "Watlow Way" and are aligned to our purpose. The Watlow Way (pictured below) is a pictorial summary of the values, behaviors, principles, tools, and strategies that when applied to our work are intended to help us achieve our "true north" goals...

Watlow's vision, "The world's leading companies start with Watlow for all their thermal needs", indicates Watlow is ready to meet the most demanding challenges, provide unparalleled performance (product and service), and thrilling our customers with our products, experience, and service. In order for Watlow to offer a product and provide the service our customer's value, we also need suppliers that are prepared and ready to do the same!



4.0 Supplier Ethical Responsibility

Watlow has established this requirement to ensure its supply chains are safe, workers are treated with respect and dignity, and business operations are environmentally responsible and conducted ethically. Fundamental to this requirement is the understanding that a business, in all its activities, must operate in full compliance with the laws, rules and regulations of the countries in which it operates.

Policies, procedures, standards or statements shall be used to define and communicate the following requirements within the organization.

4.1 Labor

- **Freely Chosen Employment:** Forced, bonded or indentured labor, involuntary or exploitative prison labor, slavery or trafficking of persons shall not be used
- **No use of child labor:** The word child defined as any person under the age of 15, or under the minimum age for employment in the country, whichever is greatest
- **Working hours** not to exceed the maximum set by local law
- **Wages and benefits:** Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits
- **Humane treatment:** Harsh and inhumane treatment (including sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse) of workers is forbidden
- **Non-discrimination:** A workforce free of harassment and unlawful discrimination on the basis of race, age, gender, sexual orientation, ethnicity or national origin, disability, pregnancy, medical condition, religion, political affiliation or marital status shall be maintained
- **Freedom of association:** In conformance with local law, suppliers shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities
- **Geopolitical Risks:** Although various geopolitical and global climate disasters and other environmental risks can be unpredictable and emerge instantaneously, Watlow's suppliers are expected to proactively assess and mitigate such potential risks to their business continuously

4.2 Health and Safety

Suppliers certified to recognized management systems such as OHSAS 18001 and/or International Labor Organization (ILO-OSH-2001) sufficiently meet Watlow's requirements. Otherwise, the following requirements apply:

- **Occupational Safety:** Worker potential for exposure to safety hazards are to be identified and assessed and controlled through proper design, engineering and administrative controls, preventative maintenance, safe work procedures and safety training - Where hazards cannot be adequately controlled by these means, workers are to be provided with personal protective equipment (PPE) and additional educational materials
- **Industrial Hygiene:** Worker exposure to biological and physical agents is an occupational safety hazard, as such they are to be eliminated or controlled as a safety hazard
- **Physically Demanding Work:** Recognizing them as common causes for occupational injury means that heavy lifting, repetitive work, prolonged standing, forceful assembly tasks need to be identified evaluated and controlled as part of occupational safety
- **Machine Safeguarding:** Production and other machines are to be evaluated for safety hazards - Physical guards, interlocks and barriers are to be provided and properly maintained where machinery presents an injury hazard
- **Health and Safety Communication:** Communication and training as required to control hazards or mitigate risks to employee health/safety are provided in a manner/language to which the worker can understand
- **Emergency Preparedness:** Emergency plans and response procedures shall be defined and include emergency reporting, employee notification and evacuation procedures, worker training and drills - Appropriate fire detection and suppression equipment, clear and unobstructed egress to exit facilities and recovery plans

- Occupational Injury and Illness: Systems are in place to prevent, manage, track and report occupational injury/illness
- Sanitation, Food and Housing: Access to clean toilet facilities, potable water, sanitary food preparation/storage and eating and living facilities where applicable

4.3 Environment

Supplier systems certified to recognized management systems such as ISO 14001 and the Eco Management and Audit System (EMAS) are acceptable, if not the following requirements apply:

- Environmental Permits and Reporting: All environmental permits, approvals and registrations required by local law are to be obtained, maintained and kept current
- Pollution Prevention and Resource Reduction: Emissions and discharges of pollutants and generation of waster are to be minimized or eliminated at the source - The use of natural resources including water, fossil fuels, minerals and virgin forest products is to be conserved or eliminated via substitution
- Hazardous Substances: Chemicals posing a potential hazard to humans or the environment shall be identified, labelled and managed to ensure their safe handling, movement, storage, use and disposal
- Solid Waste: Identify, manage, reduce and responsibly dispose of solid waste (non-hazardous)
- Air Emissions: Volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, routinely monitored, controlled and treated as required by local law/regulation prior to discharge - Regular monitoring of the performance of its air emission control system is required
- Material Restrictions: Participants are to adhere to all applicable laws, regulations and customer requirements, regarding prohibition or restriction of specific substances in products (RoHS, Reach, Cal Prop65) and manufacturing
- Water Management: Shall implement a water management program that documents, characterizes and monitors water sources, use and discharge. Conservation as per resource reduction - All wastewater to be characterized, monitored, controlled and treated as required prior to discharge or disposal
- Energy Consumption and Greenhouse gas emissions: Energy consumption and greenhouse gases shall be tracked and reported per local government law and regulation
- PFAS: The supplier shall ensure their supply chain and the final product supplied to Watlow, as possible, do not contain Per- and polyfluoroalkyl substances (PFAS) chemicals, such as perfluorooctanoic acid (PFOA), Perfluorooctane sulphonic acid (PFOS), or Long-chain perfluorocarboxylic acids (LC-PFCAs) and comply with all ongoing governmental and legislative efforts to control the use of PFAS in their product. In the case that there may be products with no current alternative PFAS substitute, supplier shall identify all products containing such substances and report them to Watlow. Additionally, such products shall be targeted for elimination as legislation and statutory requirements are adopted.

4.4 Business Ethics

- Business integrity: Zero tolerance policy to prohibit all forms of bribery, corruption, extortion and embezzlement
- No Improper Advantage: The supplier shall not promise, offer, authorize, give or accept bribes (monetary or otherwise) or issue threats in order to obtain or retain business, direct business to any person or otherwise gain an undue or improper business advantage
- Disclosure of Information: All business dealings shall be transparently performed and accurately reflected on the company's accounting books and records. Information regarding labor, health and safety, environmental practices, business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices - Falsification of records or misrepresentation of conditions or practices in the supply chain are unacceptable
- Intellectual Property: Intellectual property rights are to be respected, transfer of technology and know-how is to be done in a manner that safeguards the intellectual property rights of customer and supplier
- Fair Business, Advertising and Competition: Standards of fair business, advertising and competition are to be upheld
- Protection of Identity and Non-retaliation: personnel must be allowed to raise any concerns without fear of retaliation while maintaining their confidentiality and anonymity, unless prohibited by law
- Responsible sourcing of Minerals: The supplier shall reasonably assure that the tantalum, tin, tungsten and gold in the products they manufacture does not directly or indirectly finance or benefit armed groups

that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo or an adjoining country. A Conflict Minerals certification to be “DRC (Democratic Republic of the Congo) free” for products containing tin, tantalum, gold and tungsten is also sufficient. If the use of such minerals are detected in material supplied to Watlow, material will be rejected and the supplier will be responsible for all associated costs.

- Privacy: Participants are to comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted and shared regarding suppliers, customers, consumers and employees
- Conflicts of Interest: The supplier shall avoid any conflicts of interest, including family relationships, which would jeopardize or compromise the supplier’s ability to perform its contractual obligations and have a duty to disclose to Watlow Electric Manufacturing Company (Company) any relationships or affiliations which may appear as a conflict of interest. The supplier shall not offer or give any money, gifts and other benefits or gratification to Watlow employees, including any “kickbacks” or other payments for awarding or directing Watlow business to the supplier.’
- Money Laundering: The supplier shall abide by applicable anti-money laundering laws and shall not facilitate money laundering. The supplier shall conduct business with reputable suppliers, consultants, and business partners involved in lawful business activities and whose funds are derived from legitimate sources.
- Legal Compliance: The supplier shall comply with all the laws and regulations of the places where it does business and relating to each subject matter below, including but not limited to the Foreign Corrupt Practices Act USA, the Bribery Act UK, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and the Modern Slavery Act UK.
- Trade Compliance: The supplier shall comply with all applicable import and export controls, and customs laws and regulations in the countries where it does business. The supplier shall abide by all applicable economic sanctions its country adopts, including embargoed or sanctioned countries and controlled products.

5.0 Becoming a Watlow Supplier

Watlow utilizes a documented process within our quality system that defines how to select, evaluate, and approve a new supplier for Watlow. Objective criteria including quality system capability, process maturity, technical excellence, delivery, services, value add capabilities, and cost are all variables that the team assigned to select the supplier will apply in determining the best partner, whether the supplier is a new or an existing Watlow supplier.

The Watlow supplier selection process is focused on finding strong partners, suppliers dedicated to superior performance to the requirements defined in this manual, those willing to work with Watlow to ensure alignment to and understanding of Watlow's expectations, and those that desire a long term mutually beneficial relationship.

Watlow reserves the right to conduct on site audits/visits when needed, where product supplied to Watlow is manufactured, which shall include a supplier's sub-tier supplier, as required.

6.0 Watlow's Supplier Quality Management System Requirements

6.1 Health, Safety, and Environment

Watlow's suppliers are expected to conform to all applicable governmental requirements and laws mandated for their business in the countries where their facilities are located.

It is also expected that Watlow's suppliers have a safety prevention program, which shall include housekeeping/5S systems in operations, with appropriate records of issues and actions maintained.

6.2 Quality Systems Management and Improvement

Watlow expects all suppliers to have Quality Management Systems (QMS) registered to the latest revision of ISO9001, with IATF16949 registration preferred. Other internationally recognized QMS registrations may also be acceptable.

However, if a supplier's quality system is not registered, Watlow Supplier Quality Engineering and Sourcing may approve the use, or continued use of the supplier, at their discretion following a detailed evaluation of the systems which are in operation.

Any change in approval/registration status of a third-party registration by an accredited registrar must be communicated to Watlow in writing, sent to your Watlow purchasing or quality contact as soon as the change of status is known.

6.3 Business Continuity Planning

Watlow's suppliers shall manage, review regularly, and maintain a Business Continuity Plan (BCP), which shall document and prioritize the risks to their business and develop appropriate plans to mitigate, recover, and replace lost capacity as the result of; equipment failure, labor issues, pandemics, natural disasters, fire, raw material availability, sub-tier supplier issues, etc., to ensure an uninterrupted supply of product.

The BCP shall include a Recovery Time Objective (RTO), which shall be defined in the plan to recover to 80% capacity within four weeks and 100% capacity within six weeks.

6.4 Product Quality Planning

Watlow expects each of our suppliers have systems in operation which will allow proactive assessment of the risks to the quality of their products and applicable contingency plans.

This would include; requirement capture and review, engaging material suppliers, product and process validation, and monitoring the manufacturing production processes to ensure stability and a quality product output.

6.5 Training

The supplier shall have a documented training program for new and current employees. Training schedules and records of training completion shall be maintained.

Watlow may also require suppliers to train to select Watlow procedures and requirements as business is conducted with the supplier. Watlow will initiate the training when it is applicable.

6.6 Internal/Self Audits

The supplier shall have an internal/self-audit system in operation which assesses compliance to the organization's quality system elements, in accordance with their quality system registration requirements. Audit and corrective action records shall be maintained.

Watlow may also require suppliers to execute self QMS and Process audits periodically during the relationship. When applicable, Watlow will initiate and request these audits be executed.

6.7 Corrective Action/Problem Solving System

All Watlow suppliers are expected to have a Corrective Action System operational, which manages both internal and supplier issues.

When Watlow submits a "Quality Issue" to a supplier, those can be either in the form of a "notification/quality alert" or could be a request for "corrective action".

When a corrective action is requested by Watlow, the supplier's work and response shall follow the 8D methodology and response submitted be in an 8D format of the supplier's choosing, which must include the following elements:

- D1: Identify the Team and Plan
- D2: Define the Problem
- D3: Establish Containment Plan
- D4: Define and Verify the Root Cause
- D5: Identify and Verify Permanent Corrective Action Plan
- D6: Implement/Validate Permanent Corrective Action Plan
- D7: Identifying and Implement Preventative Action Plan
- D8: Close and Monitor

Additional Requirements for completion of an 8D corrective action:

- D1-D3 shall be established within two working days following notification.
- D4-D5 shall be defined within 10 working days following notification, or as agreed by Watlow
- D6-D8 shall be completed per the supplier's plan, or as agreed by Watlow
- The supplier shall apply the appropriate quality tool(s) to facilitate identifying "root cause" (e.g. Five Why's, Cause Chains, and Fishbone (5M+E) Diagrams) and evidence of this work shall be included in D4 of the 8D response.

The supplier shall be responsible for costs and management of sorting and containment of nonconforming material, including the sorting of material at a Watlow or customer site if necessary.

6.8 Special Material Identification Requirements

When directed by Watlow, usually in the case of reworked or 100% inspection/sorting, the supplier may be required to apply a label to the material's packaging (ie. outer/inner shipping containers, bulk part packaging, reel packaging, etc.) indicating the material has been verified to meet specifications prior to shipping to Watlow.

The label applied must be of a size easily recognizable on the package it is placed and include information which will be defined by Watlow.

6.9 Change Control and Communication

Watlow recognizes a continuous improvement philosophy encourages product changes, sourcing/sub-contractor changes, and process and manufacturing improvements. However, to ensure against any unforeseen impact to Watlow or its customers, Watlow expects our suppliers have processes in place to manage those changes and to recognize when their customers need to be involved before proceeding with the implementation of the change.

Watlow has established a “Supplier Change Control and Communication Requirements Process”, Watlow document #10-14866 (aka QSP-7.4.10). The latest version of the document can be found here: <https://www.watlow.com/en/resources-and-support/additional-support/supplier-requirements>

This requirement document defines the level of communication and/or approvals needed for a variety of changes affecting Watlow product supplied, including form, fit, function, and manufacturing process changes.

When there is a control level identified by Watlow on a drawing/print/spec, or PO, “Supplier Change Control and Communication Requirements” 10-14866 (aka QSP-7.4.10) applies to the item to be supplied.

If there is not a control level identified on the product drawing/print/spec or PO, the requirement of 10-14866 (aka QSP-7.4.10) does not apply to the item.

Training for all new suppliers is required, with annual refresher training required of select suppliers, who will be notified by Watlow Supplier Quality Engineering as needed. The training material can also be found at the link above.

6.10 Procurement Systems and Control

The supplier is expected to have a defined method of evaluating and approving new suppliers, involving multiple functional resources, typically including purchasing, engineering, and quality in the process.

The supplier is expected to establish goals and monitor the performance of their suppliers to meet their goals and take appropriate action when their suppliers fail to meet the goals established. Records of actions taken shall be maintained.

The supplier shall also have a system to flow Watlow defined requirements to the supplier’s sub-tier suppliers as needed.

6.11 Prevention of Counterfeit Material

Watlow’s suppliers shall plan, implement, and control processes, appropriate to the supplier’s business and product, for the prevention of counterfeit or suspect counterfeit material use and their inclusion in the product(s) delivered to Watlow.

If counterfeit material is detected, the supplier shall be responsible for the investigation and associated costs to contain and purge material at Watlow and at Watlow’s customers as needed.

6.12 Control of Intellectual Property (IP) and Confidential Information (CI)

Watlow requires all suppliers to protect Watlow IP and CI as defined in the Watlow Non-Disclosure Agreement (NDA) in effect.

The supplier shall ensure IP and CI is not left unattended on a desktop, computer monitor, or shared with other entities not bound by the Watlow NDA.

6.13 Calibration and Preventative Maintenance

The supplier is expected to maintain calibration of inspection/test equipment traceable to national or international standards. The calibration system shall maintain a schedule, and records of gage/equipment calibration status.

Preventive maintenance program shall be scheduled, and records maintained to ensure appropriate operation throughout the expected life of the equipment.

Schedules for both Calibration and Preventive Maintenance shall be aligned to or exceed the equipment manufacturer's recommendation.

6.14 Receiving/Incoming Inspections, In-Process Inspections, and Final Testing/Inspection

The supplier is expected to apply appropriate inspections and testing throughout their manufacturing process to ensure customer and product requirements are met, with appropriate countermeasures defined to manage nonconforming material.

6.15 Material Management and Control

The supplier is expected to maintain appropriate material storage and handling of raw materials, components, and sub-assemblies throughout the manufacturing process and facility. This would include the storage and handling of temperature, humidity, and electrostatic sensitive materials.

First in First Out (FIFO) system of inventory management is expected to be in operation.

Material tracking systems shall be in place to track work in process (WIP) throughout the facility.

Material traceability systems shall comply to IPC-1782A (latest revision), Standard for Manufacturing and Supply Chain Traceability for Electronic Products, Class/Level 1 (Basic) unless otherwise specified by Watlow. For non-electronic materials, traceability to the manufacturer and their lot number is expected.

The supplier shall have a system of control of "nonconforming material". This system must ensure segregation of material to minimize risk of mixing into conforming material, timely disposition of nonconforming material (from the production floor and from the facility, including return to supplier materials), with records maintained.

The supplier shall have a system for Obsolescence Management in operation, which shall include an End Of Life (EOL) identification procedure to detect potential material obsolescence, create a containment plan, and comply to Watlow's Supplier Change Control & Communication Requirements (Watlow document 10-14866, as noted in section 6.9 of this document), where a 365 day advanced notice (or as early as possible) is expected for any kind of material change request.

6.16 In Process Control

The supplier shall maintain systems which define how an operation (manufacturing and non-manufacturing functions) are intended to function (i.e., standard operating procedures, work instructions, control plans, etc.) and appropriate verification to ensure the output of each operation conforms to defined requirements.

Process Control and Manufacturing Documentation:

Manufacturers of Non-Custom, Off the Shelf, Catalog, and similar items Watlow purchases which are manufactured according to the supplier/manufacturer specifications shall have:

- Manufacturing documentation defining how the item supplied is to be manufactured to ensure consistent and repeatable product, conforming to the published specifications (ie. routers, travelers, work instructions, control plans, etc.) is required.

Manufacturers of "Custom for Watlow" items, which are manufactured only for Watlow and to Watlow specifications, are expected to develop and maintain the following types of process control documentation, which defines what and how the custom item is produced shall have:

- Design Records/Customer Specific Requirements
- FMEA (Failure Mode Effect Analysis)
 - Process FMEA
 - Design FMEA, if applicable
- Bill of Materials
- Change Records/Customer Approval Records (PPAP's, FAI's, PCN's etc.)
- Control Plans (or comparable manufacturing documentation)
- Work Instructions supporting Control Plans
- Records (test, inspection, process, etc.) supporting Control Plans
- Sub-Tier Supplier Control Documentation (as applicable - prints, specifications, work instructions, etc.)

6.17 Packaging and Shipping

In some cases, Watlow may define the packaging requirements and it is expected the supplier work with Watlow to meet these requirements.

When the packaging is not defined by Watlow, the supplier is expected to package the product per their own internal standards. The resulting packaging shall always be sufficient to protect the product from damage during normal shipping and handling to Watlow.

All products shipped to Watlow shall be identified with Watlow part number and revision if applicable on each parcel shipped as well as a packing slip adhered externally to the parcel.

6.18 Lean Manufacturing

“Lean Manufacturing” or “Lean” is a culture of elimination of waste in the operation of a business without the loss of productivity.

Watlow expects our suppliers to maintain a clean and organized workplace, be supportive of Watlow's lean initiatives, and be open to learning how certain lean tools and techniques could also help their business minimize waste and create a more efficient and productive environment.

7.0 Supplier Performance Expectations

7.1 Perfect Quality

The target shall always be zero non-conformances and zero supplier issue requests (notifications, SCARs).

Watlow's supplier's performance is monitored monthly and the supplier's quality performance is communicated quarterly to select Watlow suppliers, and other suppliers as required based on performance.

At Watlow's discretion, a quality improvement plan may be requested if quality performance data trends indicate declining performance, usually over a 3 to 6 month period, or performance trends at 20% over established PPM targets for suppliers under a Long Term Agreement contract.

Specific quality performance and year over year improvement goals may be established at the discretion of the Watlow Supplier Quality Engineer for any Watlow supplier.

Long Term Agreements and other procurement documents may also establish general performance expectations and targets. However, any goal established by Watlow Supplier Quality Engineering, shall take precedence over any other stated quality performance targets.

Non-conforming material: Watlow's suppliers are expected to address their quality issues as a priority at all times in order to contain the issue and initiate appropriate containment and corrective/preventative action. When supplied non-conforming material is discovered, or overall supplier performance is not acceptable, Watlow may choose to:

- Request a RMA# and return any suspect product for credit with shipping costs paid by the supplier.
- Supplier Corrective Action Request (SCAR) (request for corrective and preventative action which requires an 8D report or similar.
- Issue a Supplier Notification (awareness expected to trigger the supplier into appropriate corrective/preventative action without needing to provide report to Watlow)

7.2 Perfect Delivery

100% On Time Delivery “as promised” to Watlow (OTP) and 100% On Time Delivery to Watlow’s “request” (OTR) is always the target.

Long Term Agreements and other documents may also establish general performance expectations and targets. Watlow Sourcing may choose to establish other goals or improvement objectives for select suppliers at their discretion.

Watlow measures On Time Delivery, by comparing the date at which an item is received on Watlow’s dock to the date confirmed by the supplier (OTP), and the date requested by Watlow (OTR), on the Watlow purchase order. If an item is delivered between the date on the purchase order (as promised date) and no more than 3 days prior, it is counted as an “on-time.”

Changes to purchase orders often occur during the course of normal business. Our suppliers are strongly encouraged to request an updated purchase order from Watlow whenever a change or modification is made and agreed upon between the supplier and Watlow buyer. This can help ensure accurate data is in Watlow’s system, vital for Watlow production planning and for analyzing a supplier’s on time delivery performance.

At Watlow’s discretion, corrective action or an improvement plan may be requested if delivery performance data trends indicate declining performance.

7.3 Responsiveness

Watlow expects our suppliers to be as “responsive” as possible whenever requests and inquiries of any kind are submitted.

Regarding quality related inquiries, initial response (within 24 hours) is expected to acknowledge receipt of the request and provide a plan to complete the request if necessary.

See “Corrective Action/Problem Solving Systems” in section 6.7 of this document for expectations for 8D reporting timing related to the responsiveness expectation.

8.0 Supplied Part/Product Technical Requirements

8.1 Purchase Order

The Watlow purchase order will identify the part number, the drawing number and revision if applicable. The purchase order may identify the supplier change control level if the part is subject to Watlow’s supplier change control and communication.

The purchase order may have additional requirements for the product (e.g. certifications, change control level, packaging, labeling, etc.) and shall be reviewed by the supplier prior to acceptance of the order.

Purchase Orders (PO) shall be confirmed by the supplier within 24 hours of receipt of the PO from Watlow.

Supplier Control Level and change communication

The “Supplier Control Level” the part control level per 10-14866 (QSP-7.4.10) policy. When a change is pending for the affected item, the supplier is to cross reference the type of change versus the control level via the table in the policy to determine whether Watlow requires Notification or Approval prior to implementation.

- If there is not a control level identified on the product drawing, or PO the requirement of 10-14866 (QSP-7.4.10) does not apply to the part.
- When there is a control level identified “Supplier Change Control and Communication Policy” 10-14866 (QSP-7.4.10) applies.

Depending on control level and type of change, 10-14866 (QSP-7.4.10) will define the actions required of the supplier. Actions needed will be one of the following: no action, change notification to Watlow, or hold implementation for Watlow approval.

You may find the change submission form, policy and training presentation at the Watlow supplier requirements website: <https://www.watlow.com/en/resources-and-support/additional-support/supplier-requirements>

8.2 Traceability

There may be traceability requirements on the PO or on the drawing. In this case, the drawing and PO requirements will over-ride the traceability requirements defined in this manual. If no traceability requirements are defined on the PO, or part drawing, the requirements are as follows:

Each container, both master and minor containers (bag, box, etc) delivered to Watlow must be identified with a manufacturer lot #. The format of the lot number is not critical. Some examples may be: work order, date code, etc. The number shall be traceable to the manufacturer’s raw material lot #'s, and process information, including outside contractors, if any.

8.3 First Article Inspection Reports (FAIR)

A part manufactured to a drawing/Engineering specification provided to the supplier is considered “custom for Watlow” and the supplier control level on the specification sheet will be a “3” or a “4”. For all custom parts, a FAIR is required to be delivered with, or in advance of, part shipment for the first receipt from a supplier, and for the first shipment of a new revision.

A typical First Article inspection should include:

- First Article Inspection Report complete with all dimensions verified and actual measurement recorded and a positive acknowledgement of every general note on the engineering drawing, including a bubble drawing numbering the features reported.
- Raw material certifications to applicable industry or manufacturer standards
- Subcontractor (i.e. plating, welding, PCB fabrication, cleaning etc., certificates of conformance to specified requirements
- Additional documentation, such as Process Control Plan, PPAP or work instruction, as applicable
- Other types of data requested by Watlow, if applicable

Approval of FAIR by Watlow shall be considered the release for shipment of future product and start of production. If signoff by Watlow is required by the supplier, please contact the Watlow Buyer to assist.

The goal for all FAIR’s is to ensure the requested information and data submitted by the supplier will allow for Watlow approval the first time it is submitted.

8.4 Hazardous Materials

Hazardous Materials shall include an MSDS with the shipment. The container and product shall be labeled per OSHA Hazard Communication Standard, 29 CFR 1910.1200 (HCS), which is in alignment with the United Nations’ Globally Harmonized System of Classification and Labelling of Chemicals (GHS).

8.5 Compliance Programs (RoHS, REACH, Conflict Minerals, UL, etc.)

When the compliance program is a requirement per PO or Drawing, it is the supplier's responsibility for assuring compliance. Evidence of compliance shall be available and furnished upon request. Certification of compliance should be provided to Watlow with FAI report on the first shipment.

Certifications, if needed, will be requested via the drawing or the PO.

8.6 Trade Compliance (for suppliers of foreign goods or suppliers exporting to the U.S.)

It is, by law, that for any foreign (non-U.S.) goods we must provide the U.S. purchaser with the proper country of origin. For suppliers who are exporting to the U.S., the proper country of origin must be stated to U.S. Customs for admissibility, duty and other reasons.

The supplier shall provide, up front, a written and signed non-preferential certificate of origin, as well as, including the origin on the invoice at the line item level.

Should the origin of a product change, the supplier shall provide an updated signed non-preferential certificate of origin prior to shipping or invoicing for the affected part(s).

Discontinuation of product/services: Watlow requests one year notification of product or service obsolescence. If this is not possible, Watlow requests a last time buy option for a negotiated quantity of material to secure a minimum of one year supply.

9.0 Exceptions to this Document

This document establishes the general expectations of Watlow's suppliers, which may or may not be defined by other procurement documentation, such as purchase orders, terms and conditions, design specification/drawing, supply agreements, or other specific contractual agreement with the supplier.

If there are any exceptions or additions to what this guide defines which are mutually agreed upon, those details shall be defined in one of those documents noted above, or as otherwise agreed by Watlow.

10.0 Approvals

- Director of Sourcing
- Director(s) of Supply Chain
- Director of Quality
- Engineering Manager- Supplier Quality

11.0 Revision History

Revision	Date	Section	Description
-			Created new part number for PLM, 10-02854
A	Sep 24, 2019	All	Update to add Business Ethics and Supplied Part technical requirements
B	December 18, 2020	All	Reformat, addition of Counterfeit and Special Label Requirements
C	February 4, 2021	7.0	Simplified quality and delivery performance criteria
D	May 11, 2021	6.15	Defined expected and required manufacturing documentation to ensure In Process Control of supplied items
E	January 23, 2024	Cover, sec 5.0, 6.10, 6.14, all sections reviewed and clarified/simplified as required	Added additional requirements (site access, requirements flow, obsolescence management)
F	March 19, 2024	Section 4.1, 4.3, and 4.4, 6.17, and 7.2	Added additional requirements: Geopolitical Risks, PFAS, Legal/Trade Compliance, Money Laundering, and Conflict of Interest statements. Additional detail on OTD and packaging also added.