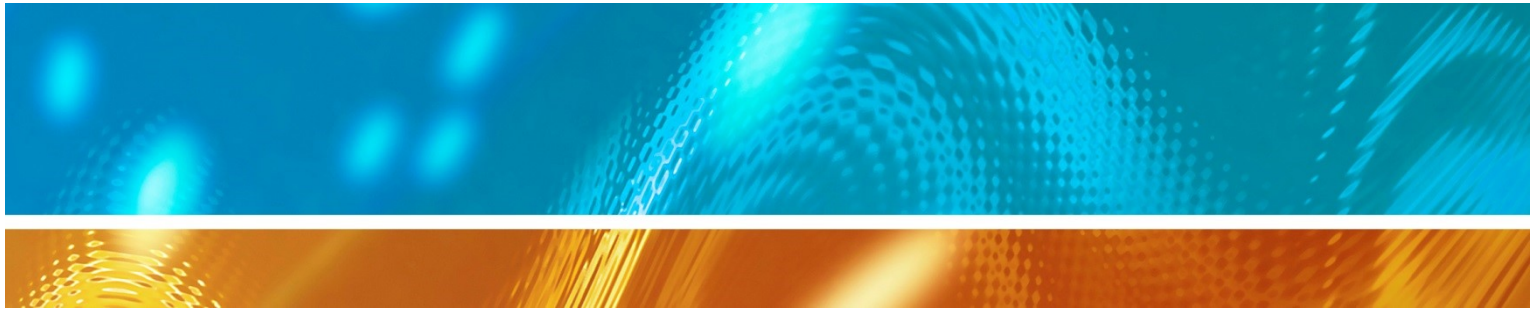


SUPPLIER REQUIREMENTS



DOC237476
Strategic Sourcing

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1 Introduction

1.1 Purpose and scope of the document

The purpose of Supplier Requirements is to provide information of the global requirements Vaisala has for its suppliers. In order to ensure the quality and consistency of purchased goods and services, this document defines the guidelines of Vaisala's expectations for suppliers regarding to environment, social and governance, quality, production, delivery, and business. All these requirements apply to direct suppliers providing materials and products for Vaisala. Indirect suppliers providing services and direct suppliers acting as distributors for Vaisala are expected to comply with the sections environment, social and governance (chapter 2), quality (chapter 3), production (chapter 4), delivery (chapter 5) and business (chapter 6). For more information, contact your Vaisala contact person.

1.2 Vaisala Supplier Code of Conduct

- The supplier shall commit to the principles of Vaisala Supplier Code of Conduct.

2 Environmental, Social and Governance (ESG)

2.1 Environment, Health and Safety (EHS) requirements

Requirement 1: EHS management system

- The supplier has an EHS policy.
- The supplier has identified health and safety risks and environmental aspects.
- The supplier's employees have possibility to participate actively in all aspects of health and safety.
- The supplier monitors and measures their environmental performance as well as EHS related incidents and accidents regularly.
- The supplier has procedures for incident investigation and corrective actions.
- The supplier has regular internal EHS audits.
- The supplier trains all employees on relevant EHS matters.
- The supplier has defined waste management practices.
- The supplier has a written emergency response plan and preparedness procedures to manage EHS risks associated to such emergencies.

Environmental certification in accordance with ISO14001 and health and safety certification in accordance with OHSAS18001 / ISO45001 is viewed favorably.

Requirement 2: Compliance management

- The supplier has a program or procedure in place to regularly identify and monitor compliance with applicable EHS laws and other requirements.

- The supplier has required licenses and permits to run their operations (such as for air emission, storage or use of hazardous substances, wastewater management, and waste issues).
- The supplier complies with legislation restricting use of certain substances when applicable (such as RoHS, REACH, Packing Directive, Battery Directive etc.)
- The supplier reports conflict minerals according to most recent Conflict-Free Sourcing Initiative (CFSI) reporting template.
- The supplier is able to deliver environmental compliance data of purchased products or parts according to Vaisala's request.

Requirement 3: Actions to reduce health and safety risks and to improve environmental performance

- The supplier is able to demonstrate efforts and activities to reduce environmental impacts.
- The supplier has specified objectives, goals and plans to reduce the hazard risks.
- The supplier provides the employees occupational health care and regular health checks, adequate to the nature of its operations.
- The supplier provides its personnel necessary safety protections in-place to protect operators.

2.2 Business ethics

Requirement 1: Ethical business practices

- The supplier has procedures in place to prevent corruption, including bribery, excessive gift-giving, extortion, or embezzlement.
- The supplier has a Code of Conduct or a written Ethics policy and covers the ten principles of the UN Global Compact.
- The supplier should not provide to Vaisala any products or services that are from entity or person subject to United Nations, European Unions, the United States' or other applicable sanctions laws and regulations.

Requirement 2: Governance and legal compliance

- The supplier has a system in the company to control the compliance with local labor laws, social security and taxes.
- The supplier complies with all the laws and regulations of the countries in which it operates.
- The supplier conducts regular internal audits of ethics practices in order to assess conformance with compliance obligations.
- The supplier has a process in place to ensure compliance with internationally recognized Human Rights standards, legislation and conventions (e.g. International Labor Organization (ILO) Core Conventions on Labor Standards, Universal Declaration of Human Rights, the International Bill of Human Rights and UK Modern Slavery Act).

2.3 Labor and human rights

Requirement 1: Compliance with labor and human rights

- The supplier has mechanism(s) in place to permit employees to report anonymously violations of the law or non-compliance with company's policies.
- The supplier conducts regular internal audits of labor practices in order to assess conformance with compliance obligations.
- The supplier has established, documented, maintained and continually improved Corporate Social Responsibility policy or program.
- The supplier has policies that prohibit forced labor and child labor, and the supplier has to comply with the local minimum working age laws or the ILO standards.
- The supplier has written policies and guidelines to prevent discrimination in hiring, promotion, equal pay, benefits, and training based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status.
- The supplier has a formal, written policy that clearly states a commitment to prevent physical and mental harassment and abuse in the workplace.
- The supplier has a policy on legal regular hours, overtime, and facility working hours that is communicated to all workers. In addition, the supplier has to track working hours.
- The supplier has procedures in place to ensure all workers are paid at least the legal minimum wage for standard working hours.
- The supplier provides all employees employment conditions in a clear and understandable written form in a language understood by the employee.
- The supplier shall not use involuntary labor, including but not limited to forced, slave or human trafficked labor. In addition, the supplier shall not use third party recruitment agencies or labor providers who provide forced labor.

3 Quality

Requirement 1: Management system

- The supplier has a quality management system based on the latest version of ISO9001 or equivalent.
- Products and services delivered for Vaisala meet AQAP2110 requirements when applicable.

Requirement 2: Planning and measurement

- The supplier has control plans or equivalent to define means of controlling process stability and output.
- The supplier identifies and monitors key metrics regarding output quality, adherence to the agreement and overall performance.

- The supplier has quality metrics available.
- The supplier is committed to continuous improvement. The supplier continuously improves process effectiveness and product quality.

Requirement 3: Process and change control

- The supplier has existing systematic method to identify risks in manufacturing and service processes (such as Failure Mode and Effects Analysis (FMEA) or equivalent).
- The supplier has documented procedures for change of process, product or supplier changes (verification of done changes, e.g. First Article Inspection).

Requirement 4: Competencies

- The supplier has tools and procedures to ensure the fulfillment of the product and service requirements of Vaisala.
- The supplier uses different quality tools, one of them being Eight Disciplines (8D) or similar method (Possible tools: 8D, 5 Whys, Poka Yoke, Pareto analysis, FMEA, Control plan, Statistical Process Control (SPC), other e.g. Design of Experiments (DOE)).
- The supplier has operator training plan and competence matrix for all equipment and persons for basic training needs.

Requirement 5: Non-conformities

- The supplier has systematic (such as 8D) problem solving actions, root cause analysis, corrective actions with verifications and preventive actions, and feedback to customer.
- If the supplier detects that historical deliveries to Vaisala could have non-conformities, the supplier has to launch a recall and inform of concerned products by scoping the issue by item codes and manufacturing time.

4 Production

Requirement 1: Capability

- The supplier identifies critical steps and resources.
- The supplier has applicable manufacturing technology and it is maintained and improved.
- The supplier has documented work instruction and basic description of each task, which are available at the workstation and applied by operators.
- The supplier identifies nonconforming and suspected material and it has clearly dedicated location for such material.
- The supplier has packaging and labeling instructions and there is storing for them. In addition, applicable documents has be attached.
- The supplier ensures the storage and maintenance of Vaisala's property when applicable.

- The supplier is technologically competent to support and attend our needs for current and future products.
- The supplier has to provide all applicable product certifications if requested by Vaisala.
- The supplier has to have capability to technology transfers.

Requirement 2: Capacity

- The supplier is able to meet the agreed lead times.
- The supplier has to be able to present capacity plan to Vaisala.
- The supplier has the ability to fulfill demand changes.
- The supplier has to be able to provide technical support for Vaisala.
- The supplier defines which measurement equipment and resource can be used for specific measurement (separate instruction or mentioned in work instructions or control plans).
- The supplier has calibration system for all measurement devices used for compliance measurements, process and database, and the calibration environment of the supplier is controlled when applicable.

Requirement 3: Traceability (applicable for all components used in Vaisala products)

- The supplier has a procedure to maintain traceability of its products and raw materials.
- The supplier's main processes are traceable (to customer) either serial managed or batch managed.
- The records are stored at least 10 years.

5 Delivery

5.1 Logistics and trade compliance

Requirement 1: Compliance with laws, regulations and standards

- The supplier has to comply with all necessary laws and regulations subject to sales related taxes and international border crossing. This covers among other export control laws and regulations (EU, US and any other relevant country), customs and tax laws and regulations.
- The supplier is responsible to obtain all licenses necessary by law or other requirements necessary for selling and exporting items in question.
- The supplier ensures the supply chain security and trade security not limited only to a supplier but covering also the possible third parties involved in a delivery chain.
- The supplier follows and operates according the Incoterms selected between the supplier and Vaisala.

Requirement 2: Logistics and trade compliance specific data

- Logistics and trade compliance specific data is provided in advance –upon contract signing or as defined in logistics appendix.
 - o The supplier provides an item list with the data effecting border crossing and supply chain safety and security. These are among other item country of origin, customs tariff code (HS with 6 or 8 digits), Export Control classification number (both EU and US), weight (gross and net) and hazardous material info (UN number with package classes Material Safety Data Sheet (MSDS) when applicable).
 - o Country of origin information consists of general country of origin and when applicable preferential country origin which is proved by providing relevant preferential country of origin documents (delivery specific) or supplier declaration.
- The supplier informs and agrees the shipping points where the purchased items are shipped from to Vaisala or to an address defined by Vaisala.
- The supplier has to follow the shipping methods agreed. Upon need, the supplier has to support Vaisala in exceptional cases, for example arranging express deliveries.

Requirement 3: Shipment documentation

- The supplier is responsible to provide shipment specific shipping documentation by an agreed manner upon delivery. The documentation includes but is not limited to invoice (or proforma / commercial invoice when necessary), packing lists, package marking, country of origin certificates, waybill (copy or number) and MSDS for hazardous material when necessary. The documentation has to be itemized / break down made following a customer purchase order.
- Documentation content has to meet the requirements set for the international trade operations (or goods movements) in both export and importing country.

5.2 Packages and markings

Requirement 1: Packages

- The supplier provides packaging designed to prevent contamination, deterioration, loss or any other likely damage during packing, shipping and warehousing. In packaging design relevant environmental and mechanical conditions needs to be taken into consideration. Selected packaging solutions must provide adequate corrosion, humidity and ESD protection for the product.
- Vaisala's package design and packing instructions has to be followed if separately requested. This might be the case if the product will be shipping to end customer in supplier's package.
- All packages, which are aimed for European markets shall fulfill European Union packaging and packaging waste directive 94/62/EC. All packages have to fulfill EN 13428 requirements and one of EN13429-13432.
- Product and packaging design shall be done by optimizing packing and transportation costs from the full delivery chain point of view.
- The packaging solutions for incoming materials minimize handling phases and difficulties (e.g. during picking and lifting) in production.

- Dangerous goods and hazardous materials have to be packed, marked and transported according to the applicable laws and regulations.

Requirement 2: Package markings

- All delivery and product packages shall have adequate handling and identification markings for contents. On request Vaisala's packing marking instructions shall be followed.
- All packages shall have material identification symbol for European and Chinese markets if box has printings. Recycling symbols are mandatory for plastic items.
- All wooden material shall fulfill ISPM-15 requirements and be marked according to ISPM-15. In addition wood shall be bark free. More detailed information can be found from International Plant Protection Convention (IPPC).

Requirement 3: Traceability

- The traceability marking shall be on each produced item itself and its package if applicable. The supplier shall follow Vaisala's marking instructions.

6 Business**6.1 Finance****Requirement 1: Compliance with financial requirements**

- The supplier provides all necessary information related to financial assessment.
- The supplier is financially capable of supporting Vaisala's needs for current and future products.
- Vaisala's preferred payment terms are Net 60 days.
- The supplier has to provide invoices and invoices' data with all relevant data support for accounting and border crossing purposes in international trade. This includes the ability to provide transactional based invoices in agreed manner (email, hard copy) for export and import customs clearance purposes when applicable.
- The preferred invoicing method is e-invoicing.

6.2 Risk management**Requirement 1: General security and risk management**

- The supplier has a process to identify, evaluate and treat risks.
- The supplier has a business continuity plan that must contain contingency plans in the event of significant accidents/disasters/key equipment failures/utility interruptions. This plan should also allow for the safeguarding, storage and recovery of drawings, specifications, tooling and other critical information and materials in the event of damage or loss.
- Vaisala has the right to audit the supplier.
- The supplier accepts reference calls that Vaisala may make for the customers of the supplier.

- The supplier is expected to have general and product liability insurance covering their services and products supplier to Vaisala.

Requirement 2: Information security

- The supplier has information security controls in place, including but not limited to information classification, access management, contingency management (such as backups and malware protection) and encryption.
- The supplier has a procedure in place to identify and report information security incidents. Vaisala has to be informed if an incident is anyhow related to Vaisala.
- The supplier has to have information security requirements used within sub-contractors who play a part in the supply chain of delivery of goods or services to Vaisala.
- The supplier complies with Vaisala Information Security Management System (VISMS) supplier requirements.
- The supplier complies with applicable legislative and regulatory data privacy requirements such as EU General Data Protection Regulation (GDPR).

6.3 Communication

Requirement 1: Communication with Vaisala

- The supplier appoints points of contact having organizational authorities to resolve any point related to supply chain and the names and points has to be communicated to Vaisala.
- The supplier communicates timely and fact based information for Vaisala.
- The supplier uses the supplier collaboration tool to communicate with Vaisala, if appropriated.
- The supplier uses the supplier web, if appropriate.
- When the customer representative changes, the supplier is responsible to update contact information for Vaisala.
- The supplier notifies Vaisala if there are changes made that may have an impact on the quality of provided product, raw material or service, including but not limited to changes in ownership, manufacturing site, customer representative or financial state.
- The supplier has to provide agreed documentation in English.