SunPower Supplier Engagement Program
A Strategy for Developing World-Class Relationships
For thirty years, the SunPower commitment to quality and reliability has been matched only by our drive to innovate. That’s why our people, our products and our partners are quite simply the best in the business. These core principles will prepare us for an exciting, new stage of growth.

To achieve our goals, SunPower is creating a new Supplier Engagement Program that celebrates the partners who share our commitment. Like us, you want to power a brighter future and accelerate the growth of solar by delivering the highest quality products and services. We are excited to unveil this program to you, our trusted partners. We are certain this will lead to a successful future for us all.

Tom Werner
Chief Executive Officer
Building a Brighter Future.

The SunPower® Supplier Engagement program was created to deepen our relationships with partners who share our commitment to quality, reliability and continuous innovation.

The goal is to ensure a better experience to the end customer. Our combined efforts to deliver on the promise of quality and reliability must delight our customers across every market sector – from the residential rooftop to the commercial sector and the largest utility-scale projects.

With the right partners, we will provide unparalleled product design and business efficiency, enabling us to provide strategic value across all market sectors. Industry-defining innovators of products and services will prosper in the long term. SunPower has committed to developing continued relationships with like-minded, strategically oriented businesses. The end result is that together we will bring world-class products, services, and superior product experiences to our customers.

Establishing Our Core Values

The framework for the SunPower Supplier Engagement Program is a set of core values that can be defined and measured. Our goal is to assess each partner’s performance objectively and to provide a path for continuous improvement. To this end, SunPower has developed a scoring system that weighs the supplier attributes against historic performance and future value assessment. As the relationship strengthens, the scoring evolves, delivering higher priority on mutual strategic alignment.

The core metrics are:

- Quality
- Cost Management
- Technology and Innovation
- Flexibility
- Sustainability
- Relationship

We have carefully crafted a scoring methodology that ensures results are predictable and achievable. Scorecards are easily understood, allow self-assessment and consistent execution. Recognition and reward will be achieved through these metrics, driving strategic alignment and tactical cooperation, all focused on delivering customer value.
Through the SunPower Supplier Engagement Program (SSEP), we will create world-class products and services that deliver a sustainable competitive advantage in the market.

This program is intended to:
- Develop effective Strategic Suppliers and Partners
- Require industry-leading quality and reliability
- Reward alignment with business
- Create Partner alignments
- Co-develop new products
- Dominate new markets
- Integrate processes

The Classification System
- **Certified Supplier** – Meets SunPower’s standards and prefers to maintain an ongoing yet predominantly transactional relationship with SunPower.
- **Strategic Supplier** – Exceeds standards in pursuit of industry leadership within the supplier’s core competency.
- **Partner** – Drives results above and beyond “normal” performance standards. A true innovator and industry leader that, along with SunPower, is dedicated to industry-defining customer satisfaction.

Building Your Business with SunPower
SunPower is committed to a strategy of consolidating our business with fewer suppliers, preferring to work closely with world-class companies that provide long-term, strategic advantage. These partners will receive a committed advantage in business allocation and new business opportunities. Many of these advantages will be inherent, through better alignment and earlier engagement. In addition, we will award more business to each supplier classification for strategically aligning with SunPower.

Our future depends on delivering best-in-class customer satisfaction through quality products and services that exceed customer expectations. We are committed to aligning with suppliers who can provide this level of product quality and service to our customers. In short, we are shifting from today’s vendors to tomorrow’s Strategic Suppliers and Partners.
QUALITY

Our customers demand that we deliver world-class system quality and reliability while guaranteeing on-time delivery of products and services that delight our customers and define our brand.

In order to maintain our competitive edge, SunPower must find and qualify only the best companies. For our customers, Zero Defects is a vision; for SunPower it is an obsession.

Performance Metrics

Does your company obsess over quality?

Certified Supplier  Maintains quality programs and processes (PPAP, ISO, etc.) that conform to industry standards.

Strategic Supplier  Strives to exceed quality requirements, delivering consistently above industry-standard quality performance. The Strategic Supplier uses a systematic approach to continuous improvement, driving value while eliminating waste throughout their value stream. Industry-leading measurement, monitoring, validation and tracking systems are expected to be standard.

Partner  World-class performer who demonstrates closed-loop learning, communication and data sharing for real-time reporting and decision-making. Partners are at the forefront of quality, focused on delivering best-in-class products and services across the breadth of the company. Their brands become synonymous with the very best quality and they accept nothing short of that demanding standard.

Statistical Process Control (SPC)

Does your company achieve process control through statistical analysis? Do you measure the interaction between input and output variables to determine process variation? How do you implement process control?

Certified Supplier  – Understands statistical process control and have a defined road map for implementation and improvement.

Strategic Supplier  – Institutes statistical process control at an industry-leading level. A Strategic Supplier’s programs, tracking analysis, and corrective actions are at a mature stage.

Partner  – Demonstrates an expert approach to statistical process control (input/output controlled variables) to a highly refined level. Partners’ capability indicators and control charts are broadly distributed and used for inter-business improvements. Shared processes and linked metrics are standard. Whenever possible and appropriate, the customer is part of the escalation loop.

Lean Fundamentals

Does your company systemically eliminate waste in manufacturing processes? Do you seek to improve quality, reduce time and total cost through lean principles such as continuous flow of materials, automation, just-in-time, kaizen, and value stream mapping?

Certified Supplier  – At this level lean principles are enforced through audits and process walks.

Strategic Supplier  – Demonstrates structured deployment of lean principles. Audits and process walks are part of the lean toolkit and are used to validate ingrained lean processes.
COST MANAGEMENT

We are looking to creatively identify the key cost drivers and waste in our value stream so that SunPower and our partners can be competitive in any market. These markets continue to evolve and mature. Today our educated consumers demand quality products/services at a fair value.

Cost Management is the process used to identify and optimize the costs incurred in our products. Mature companies bring value by correctly incorporating target costing from design through end of life and beyond. Collaborative and joint value assessments will drive cost reductions through mutual process improvements, business efficiencies and design improvements. The combination of a world-class product at market-leading cost will lead to boundless consumer demand, exponential growth and an opportunity to truly change the way our world is powered.

**Realized Cost Savings**

Do you identify cost savings opportunities on products and services through collaborative value analysis and cost modeling? Are cost reduction strategies clearly implemented?

**Certified Supplier** – Participates in cost driver identification and methodological reduction planning. The value stream is analyzed thoroughly with conscious effort to identify waste and inefficiencies. Cost savings ideas are developed through internal mechanisms.

**Strategic Supplier** – Proactively identifies costs and develops creative cost-reduction strategies. Goals are jointly set, processes are implemented to achieve cost reduction or value increase. Tracking and reporting mechanisms are established to validate success. Continuous programs are established to identify shared cost savings initiatives.

**Partner** – Habitually drives innovative cost-reduction efforts. Partners actively eliminate waste throughout the value stream through continuous improvement processes. Cost models and targets are mutually derived with shared holistic cost-out opportunities.

**Target Costing**

Do you have a cost targeting program? How do you develop new product costs against consumer willingness to pay? How are cost drivers identified and levers applied to reduce or eliminate these costs in new products?

**Certified Supplier** – At this level, cost targets are jointly developed with input from current cost roadmaps. Outputs include a generated cost savings idea list and value analysis.

**Strategic Supplier** – Target costs are obtained regularly with yearly cost reductions. Suppliers take an active role in achieving target costs. Co-design spurs collaborative activities calculated to create cost-saving synergies.

**Partner** – Leads in target cost setting, often presenting breakthrough ideas or products that surpass targets with significant value addition. Co-development is a normal and expected value activity.

**Market Competitiveness**

Does your company deliver cost-competitive products and services? Do you have a strong grasp on comparative value to competitors?

**Certified Supplier** – Products are competitive to the industry.

**Strategic Supplier** – Products inherently deliver more value than competitors. This is defined as more functionality for the same price or equal functionality at a lower price.

**Partner** – These products and/or services are total cost leaders in their categories. Product delivers extraordinary value compared to competitors. This is normally achieved through superior design and product capability at a low price. Competitors should be asking, “how did they manage that?”
TECHNOLOGY AND INNOVATION

SunPower has been a technology leader in the PV industry for more than 30 years. We will continue to build on this tradition of technical leadership in part by collaborating with like-minded partners who are committed to working with us to deliver innovative products with a sustained technological advantage.

Technology Advantage
What technical advantage do you offer to our customers?

Certified Supplier – Offers appropriate capabilities, products and know-how that satisfy SunPower requirements and are considered normal to the industry.

Strategic Supplier – Offers unique intellectual property, features and performance that are tailored to our customers’ needs and are rare in the industry.

Partner – Provides unique intellectual property, features and performance which provides our customers with industry-defining value through unique, consistent and disruptive technological innovation.

Product Development & Execution
Do you achieve aggressive development milestones and product release at high quality?

Certified Supplier – Provides products or services which are defined, validated and consumed directly by SunPower and our customers. Meets agreed milestones and deliverables.

Strategic Supplier – Independently executes significant portions of the product realization process. Meets or exceeds agreed milestones with high-quality deliverables.

Partner – Takes full ownership of the product realization process from market requirement identification through product validation and production launch of complex end user-facing elements of SunPower’s portfolio of product and service offerings. Meets agreed milestones with high-quality deliverables, continuously improves performance and increases velocity of innovation through rapid cycles of self-reflection and correction.

Alignment and Integration
Are you aligned and integrated with SunPower’s product realization process?

Certified Supplier – Allocates appropriate resources to meet agreed deliverables.

Strategic Supplier – Substantially integrates into SunPower’s product realization process.

Partner – Provides dedicated resources that are fully integrated into SunPower’s product realization and customer fulfillment processes, enabling seamless and repeatable collaborative value creation.
The transition of the PV market to a maturing consumer industry has increased the importance of time-to-market and market flexibility. To position for mutual success, SunPower and our partners must collaborate to continuously reduce waste in the product life cycle. This dedication to reduction ensures maximum capital efficiency and inherently requires that all participants implement methods to eliminate stranded and stagnated material within our value stream.

**Business Velocity**

Can your company rapidly adapt business processes to changing market conditions? Do you have the ability to ramp products quickly and efficiently from concept to high volume to meet dynamic demand cycles? Is your supply chain sufficiently agile to drive faster market penetration, while staying operationally lean?

- **Certified Supplier** – Meets standards for business process efficiency. Products are offered with a standard lead time, terms and conditions.
- **Strategic Supplier** – Strives to mutually benefit by driving aggressive quarter-over-quarter improvements to product life cycle, lead time and installation and qualification processes. Collaboratively creates and manages improvement plans to achieve Partner business velocity metrics.
- **Partner** – Flawlessly executes to lean business processes, delivering best-in-class lead time and products. A Partner works with SunPower to minimize non-value-add activities to the customer, eliminating waste and driving margins. A shorter lead time and swifter utilization of invested asset will enable both SunPower and its Partners to improve operational efficiency and corporate profitability.

**Value Stream**

SunPower strives to team with suppliers who identify and execute mutually advantageous outcomes. Does your company pride itself on identifying and eliminating waste within the value stream? Do you work diligently to shorten the time to value production?

- **Certified Supplier** – Satisfied with minimal waste reductions in the value stream and is still tackling the “low hanging fruit” of business savings.
- **Strategic Supplier** – Has implemented programs to minimize waste throughout the value stream. Working collaboratively with SunPower and others to tackle the business inefficiencies that create process choke points.
- **Partner** – Truly devoted to finding new and innovative methods of collaboratively reducing waste and driving throughput. Prides itself on fostering cross-functional supply chain improvement mechanisms (product modularity, configuration postponement, etc.) that decrease time to value production.

**Responsiveness**

Does your company develop complete predictability for “on-time delivery”? Are you capable of responding to an ever-changing business environment?

- **Certified Supplier** – Meets minimum on-time delivery performance with low flexibility to business volume fluctuations driven by market dynamics. Certified Suppliers are often affected by changing market forces and require SunPower to support them.
- **Strategic Supplier** – Provides sustainable though not best-in-class on-time delivery and is committed to improvement. A Strategic Supplier shares with SunPower the risks and rewards inherent to a fluctuating market dynamic.
- **Partner** – Demonstrates predictable, best-in-class, on-time delivery. A Partner has built-in operational flexibility to seamlessly absorb and respond to business ups and downs. Partners are inherently flexible and seek to shape and control market forces rather than react to them.
SUSTAINABILITY

SunPower believes in driving a brighter and more abundant future for all. We take a holistic approach to sustainability, ensuring that our solutions not only provide clean, renewable energy, but that they are also sourced, manufactured, deployed and managed in a responsible way.

Our goal is to play a greater role in stimulating the adoption of efficient and circular practices in our industry. We are committed to changing the way our world is powered by providing energy solutions that are renewable in function and design. We want to differentiate our company and products by leveraging our commitment to sustainability and upcycling.

Sustainability performance is dependent on our entire supply chain, beginning with concept, planning and development, through all phases of production and final customer distribution use and disposal. Sustainability is best exemplified through a company’s focused leadership and ongoing best practices in energy use, carbon reduction and waste management.

Corporate Sustainability Leadership
How are you leading the industry in environmental performance and responsible sourcing?

Certified Supplier – Meets all regulatory requirements and standards related to environmental, health, safety, labor, ethics and human rights.

Strategic Supplier – Company has a well-defined sustainability program, including a dedicated team and defined goals, targets and metrics. Programs and progress are communicated regularly through the company’s website and/or sustainability report.

Partner – Demonstrates world-class leadership in sustainability and social responsibility, drives innovative sustainability initiatives including Zero Waste to Landfill, Cradle-to-Cradle and Circular Economy.

Energy Use and Carbon Footprint
Are you actively reducing the amount of energy used throughout the product life cycle?

Certified Supplier – Company tracks energy usage and has energy conservation goals or targets.

Strategic Supplier – Actively working on life cycle assessments and externally reports its energy use and carbon footprint. Has an energy conservation plan for its facilities and employees.

Partner – Has a plan to become a Net Zero Company.

Waste Reduction
How is your company moving toward becoming a zero waste company?

Certified Supplier – Tracks waste generation and has waste reduction targets.

Strategic Supplier – Has a goal to recycle 100 percent of its waste and become a Zero Waste to Landfill company.

Partner – Company applies upcycling principles by identifying ways to repurpose, refurbish and reuse materials to eliminate waste.
As SunPower continues to expand its worldwide presence and product offering, there is a need to form strong relationships with other "like-minded" companies. SunPower is committed to choosing the right partners to leverage markets, enhance brand and product awareness, and respond to customer needs. Strong companies not only offer value in their products and services, but also stand behind those offerings, becoming a brand that customers strongly prefer.

We believe that the SunPower brand is at the forefront of customer value. With the help of our partners, we will continue to offer highly differentiated products and services that enhance the customer experience.

**Customer Focus**

Is there a contractual commitment to your product and service through an acceptable warranty? How responsive is your company to the customer?

- **Certified Supplier** – Promotes customer satisfaction with a clear path of improvement. This supplier is net neutral for promotion, and provides adequate support. The brand is being developed, and the product or service has a suitable warranty.
- **Strategic Supplier** – Industry-leading customer satisfaction. The Strategic Supplier has net promotion with customers and provides on-time support. The brand is considered positive and the company stands behind the product with an improved warranty.
- **Partner** – Best-in-class in all areas of customer satisfaction. Stands behind product through its lifetime, responds to issues and provides world-class service. Company’s customers have become brand advocates. Highest level Net Promoter Scores with combined product and service offerings.

**Value Addition**

What is the value proposition of the supplier? Is the supplier capable of delivering market entry, customer access and acquisition, or a regional capability that increases our ability to service our addressed markets?

- **Certified Supplier** – Customer segmentation driven by product or service recognition. Regional operations with sustained performance.
- **Strategic Supplier** – Proven market and customer acquisition strategies. The company’s value lies in more than just the product or service. There is a growing alignment to SunPower’s goals and objectives. Company may also have a presence in more than one SunPower market segment or geographic area.
- **Partner** – Partners are committed to being successful within the solar industry and have strong strategic business alignment with SunPower (i.e. similar target markets and product positioning).

**Business Alignment**

How does your company align and drive the business partnership forward? Are contracts and documentation sufficient to ensure a fair and prosperous business relationship? Does the supplier provide resources that match our commitment to increasing business?

- **Certified Supplier** – Supports own products and services with non-disclosure agreements and Master Supply Agreements. Provides resources as needed to facilitate the business relationship. Supports the solar industry opportunistically.
- **Strategic Supplier** – Allocates resources for co-design; supports market entry and product/service delivery. The Strategic Supplier is committed to being successful within the solar industry.
- **Partner** – Partners are committed to being successful within the solar industry and have strong strategic business alignment with SunPower (i.e. similar target markets and product positioning).
SunPower is putting in place a system that recognizes performance and allocates business preference to those companies that have aligned operationally against our mutual objectives. Awards and recognition will be presented as suppliers attain higher levels of excellence.

**Certified Supplier Award:**
Two consecutive quarters of superior performance. Given one time.

**Continuous Improvement Award:**
Three or more consecutive quarters of demonstrated superior performance. Multiple awards are possible.

**Sustained Quality Award:**
One year of demonstrated superior performance. May be awarded multiple times.

**Innovation Award:**
Recognizing suppliers that demonstrate leadership, resulting in a major positive impact to SunPower. This award calls out an outstanding contribution in a specific area.

**Lean Award:**
Recognizing exceptional achievements in reducing waste and inefficiency in business processes or logistics.

**Sustainability Award:**
Recognizing initiative and leadership in sustainability practices.
“Our mission is to make solar the most compelling energy choice, to put customers at the heart of all we do, to inspire our people and communities to thrive, and to build a more sustainable future.”

Marty Neese
Chief Operating Officer