Supplier Quality Requirements

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Purpose

Waygate is committed to drive Quality Excellence and Customer Satisfaction with products manufactured and services provided by Waygate or through its Suppliers and Sub-Suppliers.

The purpose of this document is to establish a set of requirements, procedures and practices pertaining to the quality of products, processes and services purchased by . The requirements set forth herein will ensure a consistent and quality-based relationship between Waygate and its Suppliers.

This document can be found at the following website: www.waygtetechnologies.com/suppliers

Scope

This document is part of Waygate' purchase orders and it is fully applicable to Suppliers of direct products, processes and services used in Waygate delivered goods and services. All Quality requirements in this document, excluding Section 3 are applicable to Suppliers providing indirect goods and services to Waygate.

Description of Activity

1. Communication

1.1. The Waygate Sourcing Representative is the primary contact with the Supplier. Waygate Supplier Quality Engineer (SQE) is the quality and technical contact and will be assigned as appropriate.

1.2. Suppliers shall not begin commencement of product or service until a Purchase Order (PO) is formally issued from a Waygate ERP.

1.3. Changes to purchase order requirements shall not be accepted without a formal purchase order change, a change in the purchasing specification and/or applicable documents approved by Waygate, an approved Supplier Deviation Request (SDR) or through cleared nonconforming material reports.

1.4. All process or procedure forms (e.g. SDR forms, frozen process change request forms, etc.) referenced in this document may be obtained from the appropriate Baker Waygate Sourcing Representative.

2. Purchase Orders

2.1. Approved Supplier

2.2. To receive a Waygate' production purchase order, a Supplier must be on boarded per Waygate Quality Management System procedures. Direct Suppliers are approved specifically for the products, processes and services they will provide to Waygate, as well as the site/location from which those products and/or processes/services will be provided.

2.3. Document Review

2.3.1. Waygate expects Suppliers to review ordering documents to ensure that they know exactly what Waygate asking of them, and that they can meet the specific requirements before they commit to delivering a product, process or service.

2.3.2. If the information is incomplete or there is ever any doubt or confusion, the Supplier shall contact the Waygate Sourcing Representative to resolve these issues before committing to deliver.

2.3.3. For products designed by suppliers, it is specified that the product characteristics must be defined and agreed upon in writing before the purchase order is accepted.

3. Specific Requirements for Direct Material Product, Process & Services Suppliers

The diagram below outlines the process of Waygate Supplier Quality Management.



3.1.1. Supplier Onboarding

3.1.1.1. All Waygate Suppliers need to go through the onboarding process - as required by Waygate Quality Management System procedures - to be issued a Waygate Global Supplier Number.

3.1.1.2. Supplier On Boarding requirements include the following :

(a) Non-Disclosure Agreement (NDA) (where required);

(b) Evidence of Supplier Integrity Letter sent to Supplier (where required);

(c) Tax Documentation;

(d) Record of Approvals by authorized delegates;

(e) Supplier Social Responsibility Program (SSRP) Audit (where required).

3.2. Supplier Approval

3.2.1. Once a Supplier is on boarded, the evaluation of the Supplier will require Process Assessment and Product Qualification, as applicable, based on Waygate defined criteria. This process will assess the Supplier's processes and capabilities to meet Waygate requirements as defined by our Process Quality Requirements (PQR), Supplier Requirement Specification (SRS), Quality Management System (QMS), Technical Regulations and Standards (TRS), Product Specifications, Product Safety and Health Safety and Environmental (HSE) requirements.

3.2.2. Based on Waygate criteria, Process Assessment and, when required, a Product Qualification shall be required in the following circumstances:

a. a new Supplier / Supplier location is to provide products, processes or services;

b. a Supplier is to provide a product, process or service for which it is not yet qualified, or the qualification is expired;

c. a Supplier changes a key element of their qualified product, process or service provision (e.g. manufacturing location, critical processes, etc.);

d. a new process assessment or product qualification is required for a disqualified Supplier (When requalifying a previously disqualified Supplier, the Qualification Team shall ensure that the issues that resulted in the Supplier's disqualification have been corrected prior to requalification).

3.2.3. Quality Management System

3.2.3.1. It is the responsibility of the Supplier to define and implement a detailed Quality Management System that meets the requirements set forth in this document, and ensures products, processes and services provided to Waygate conform to applicable Waygate specifications.

3.2.3.2. Any applicable industry and regulatory standards (such as ANSI, AGMA, API, etc.) must also be included into the system. Waygate requires that this Quality Management System meets the requirements of ISO 9001 (latest edition) at a minimum and the evidence must be made available to Waygate for review upon request. Equivalent Quality Management System may include ISO 17025, API Q1, API Q2 or AS9100.

3.2.3.3. Compliance of the Supplier's QMS may be verified through

(a) a review of the Supplier's QMS documentation or available certifications to a recognized international quality standard; or

(b) an on-site or remote QMS audit conducted by Waygate or qualified Third Party.

3.2.4. Process Assessment

3.2.4.1. A Process Assessment is carried out to assess the Supplier's capability for the specific scope, and to ensure that the processes related to the supply under qualification are in conformance with the applicable Process Qualification Requirements (PQR), Supplier Requirement Specification (SRS) or other process documentation. A Process Assessment is required for all process types which the supplier is to provide (e.g., welding, painting, machining, assembly, etc.), and may be conducted through an on-site audit or desktop audit at Waygate' discretion.

3.2.4.2. If processes are outsourced to Sub-Suppliers, it may be necessary to verify related process requirements directly at the Sub-Supplier site.

3.2.4.3. Processes requiring assessment to be qualified for the supplier's Process Assessment will be defined by the Waygate Qualification Team (refer to section 3.2.4.6 for additional details).

3.2.4.4. The process assessment may require a Control Plan and may include the Process Assessment / Product Qualification Requirements Review (refer to Annex B). The Waygate Qualification Team will determine the scope and activities necessary for each process assessment in accordance with Waygate requirements.

3.2.4.5. When the Supplier meets the Process Assessment requirements, the Supplier is deemed to be approved for the process evaluated and the scope will be valid for all Waygate Product Companies.

3.2.4.6. **Processes requiring assessment**

- NDE, welding, heat treatment, coating and surface treatments (if applicable) are always considered processes requiring assessment. Other processes may include, but are not limited those listed in Annex F.
- Suppliers are responsible to identify the relevant processes that are performed at their premises for Waygate and must have specific, documented and controlled procedures for each of them.

- Supplier shall ensure that processes which require pre-qualified procedures and/or work methods are tested and qualified before work begins; e.g. NDE, special fabrication techniques, lining and painting, etc. Such procedures shall be submitted to Waygate for review and approval where specified in the purchase order before the work begins. It is the Supplier's responsibility to ensure operators are qualified for the process in accordance with the procedures and/or applicable standards.
- Suppliers must also maintain documentation for any process requiring assessment that is performed by their Sub-Suppliers.
- Waygate may require the use of Waygate qualified Sub-Suppliers for processes requiring assessment.
- **Welding**: Suppliers, including Sub-Suppliers, performing welding as a primary value-added process, shall be qualified in accordance with procedures and technical specifications applicable to Waygate (including ANSI B31.3, ASME section IX or AWS, if applicable). Submittal of procedures for review and approval may be required. Welders and procedures must be qualified in accordance with ASME Section IX or similar governing agency specified on purchase order, specification or drawings from Waygate business.
- **NDE**: Suppliers, including Sub-Suppliers, performing NDE shall be qualified in accordance with procedures and technical specifications applicable to Waygate (including ASNT, ISO 9712, and NAS410). Submittal of procedures for review and approval may be required. Certification to these requirements may be performed by a Third Party, as required by Waygate.

  Note: Waygate Customers may require specific NDT certifications for Supplier NDT personnel (e.g., ASNT ACCP).
- **Heat Treatment**: Suppliers, including Sub-Suppliers, performing Heat Treatment shall be qualified in accordance with industry standards, procedures and technical specifications applicable to Waygate. Submittal of procedures for review and approval may be required. Heat Treatment Processes requiring assessment shall include (Quench, Temper, Stress Relieving, Induction Hardening and Annealing).

3.3. Product Qualification

3.3.1. The Supplier shall conduct a First Article Inspection (FAI) or First Piece Qualification (FPQ) process for the first item or batch in a series. Records of the FAI/FPQ results shall be maintained by the Supplier.

3.3.2. The Waygate Qualification Team may also require a FAI for product verification. Waygate will determine if a product verification FAI will be conducted by the Supplier, Waygate or a Waygate -authorized Third Party. When a FAI for product verification is conducted by a Waygate -authorized third party, unless otherwise agreed in advance, the Supplier shall bear the costs. Waygate Qualification Team may also require Supplier to submit documentation record of FAI performed as part of qualification requirement.

3.3.3. Products shipped prior to approval of the FAI and without written authorization from Waygate, may be shipped back to the Supplier at their expense, including, but not limited to additional labor back-charges to the Supplier.

3.3.4. The Waygate Qualification Team determines the specific activities required for each Product Qualification prior to the start of manufacturing.

3.3.5. Product Qualification may include the following:

- Kick-Off Meeting (KOM) requirements for Product Qualification Review – Refer to Annex B.
- Manufacturing Process Plan (MPP) - Refer to Annex C.
- Inspection Test Plan/Product Quality Plan (ITP/PQP) - Refer to Annex D.
- First Article Inspection (FAI) – Refer to Annex E.
- Design/Process FMEA (when required by qualification team)
- Technical Regulations and Standards (TRS) - Refer to Annex G.

3.3.6. Upon formal notification from Waygate of successful completion of the qualification process, the Supplier is released to fulfill subsequent purchase orders received from Waygate.

3.3.7. Qualification completion does not relieve the Supplier of the full responsibility to assure the manufacturing processes remain in control and the product or process supplied on subsequent orders meets drawing and specification requirements.

3.3.8. Any deviations from, or changes to an approved Product Qualification must be in accordance with applicable Waygate supplier deviation and management of change requirements.

3.3.9. **Qualification Documentation**

3.3.9.1. Qualification records, e.g., Control Plans, material certifications, FAI and related documentation, are subject to periodic review by Waygate. Waygate also reserves the right to request submittal of these records at any time.

3.3.9.2. When required by the Baker Waygate Qualification Team, an Electronic Qualification Book must be submitted in accordance with the specific product qualification requirements determined by the Waygate Qualification Team. Additional details are outlined in Annex A. Any deviation from these requirements must be approved by the Waygate Qualification Team.

3.4. Supplier Disqualification

3.4.1. A Supplier may be disqualified for failure to meet and/or maintain the Waygate quality requirements.

3.4.2. If a Supplier is disqualified, successful completion of a new qualification is required to receive new purchase orders. waygate, at its sole discretion, has the option to not requalify a Supplier.

3.5. Quality Record Retention

3.5.1. The Supplier shall have a written procedure for the documentation and retention of quality and product records related to products or services supplied to Waygate, including any specific records determined by Waygate. The procedure shall determine appropriate storage means to meet the retention requirement and allow for timely retrieval of records.

3.5.2. Records shall include, but are not limited to, product quality or inspection and test plans and results, material specifications, qualification documentation and certificates of conformance. Specific component record requirements may be specified in Waygate purchase orders, contracts or specifications.

3.5.3. The Supplier's records pertaining to Waygate must be retained for a period of at least ten (10) years unless otherwise specified by Waygate. Quality records must be available upon request.

3.6. Sub-Supplier Management

3.6.1. Supplier shall communicate all applicable Waygate requirements (e.g., product documentation, SRS, PQR, etc.) to sub-suppliers.

3.6.2. If a Supplier chooses to outsource a product or a process, the Supplier is fully responsible for qualifying Sub-Suppliers to meet Waygate requirements and notifying Waygate of this qualification.

3.6.3. Supplier shall not outsource any process requiring assessment to any Sub-Supplier without Waygate' formal approval.

3.6.4. Waygate reserves the right to require Sub-Suppliers to be qualified by Waygate.

3.6.5. Where a Waygate Business Segment permits the Supplier to select sources for raw metallic material which are not approved by Waygate, the Supplier shall select, evaluate, approve, monitor, and manage those raw metallic material Sub-Suppliers in accordance with the requirements in this document and any applicable Waygate, and Waygate Business Segment requirements. Refer to Annex I- Management of metallic raw material for (TPS) Sub-Tier Suppliers.

3.6.6. Waygate reserves the right to review the Supplier's process for selection, qualification, and surveillance of Sub-Suppliers, to approve Sub-Supplier qualifications, audit and monitor the Sub-Supplier's processes and facilities when deemed necessary. This requirement also applies if the Supplier is a sales representative or distributor that procures from Sub-Suppliers for manufactured parts or assemblies.

3.6.7. The planned use and manufacturing location of any critical Sub-supplier must be clearly identified in the Control Plan during the qualification process. Upon successful completion and qualification of the primary Supplier, the Sub-Suppliers identified as part of that qualification must not be changed without prior approval from Waygate. This requirement shall also be applicable to Waygate directed Sub-Suppliers.

3.6.8. Additionally, when outsourcing products, processes or services, Supplier shall:

a. identify, evaluate and manage the impact of risks which the use of a Sub-Supplier may have on the quality or delivery of the product / service the Supplier will provide to Waygate;

b. review Sub-Suppliers to ensure those selected have the capability and capacity to meet product/service requirements and other applicable Waygate requirements;

c. ensure control over any outsourced process that affects product conformity to Waygate requirements;

d. have an established qualification process, including but not limited to, audit requirements, first article requirements, and technical evaluations of the product / process / service being considered for approval;

e. have an established process to identify, train and qualify auditors responsible for audits of Sub-Suppliers. The process shall ensure and maintain competency of auditors;

f. have an established method to identify their approved Suppliers (Sub-Suppliers);

g. have a defined method for the periodic monitoring and re-evaluation of Sub-Supplier performance;

h. continually improve the performance of Sub-Suppliers through use of audit results, key performance indicators, analysis of data, corrective and preventive actions;

i. have a communication plan to notify the Sub-Supplier's supply chain of the latest specifications and to verify the product / service on an ongoing basis;

j. maintain a process for MOC with Sub-Suppliers.

3.7. Inspection and Auditing

3.7.1. Waygate nominated Inspectorate and/or Waygate Customers reserve the right of access to inspect, audit, expedite or witness at Supplier premises and at any of Supplier's Sub-Suppliers' (of any tier) locations.

3.7.2. Waygate shall provide reasonable notice to the Supplier prior to the commencement of any agreed audits. Waygate and/or its nominated Inspector may perform inspection surveillance at both Supplier and Sub-Supplier locations. Waygate reserves the right to amend the inspection activity and frequency of visits identified in a Control Plan as it deems necessary.

3.7.3. Waygate SQE's may use BH-SOU-015 Checklist to audit the Supplier against these Supplier Quality Requirements. The Checklist can be provided upon Supplier's request.

3.8. Source Inspection and Test Witness Requirements

3.8.1. Waygate, its Customer and/or their authorized Third Party may elect to inspect parts, and/or witness subassemblies at the Supplier's facility during processing, testing, or at final inspection. Source inspection and test witness requirements are to be identified and coordinated through the Waygate SQE or another designated representative.

3.8.2. The Supplier may be subject to Third Party source inspections because of poor quality performance, in which case the Supplier shall bear the costs.

3.8.3. The Supplier is responsible to notify Waygate in advance, when material will be ready for inspection. Re-execution of a witnessed inspection due to the Supplier's responsibility is subject to charge back of the costs of the inspection to the Supplier.

3.8.4. When required by Waygate, the Supplier shall complete Waygate provided inspection checklists during Supplier's internal tests or inspections.

3.8.5. Waygate and/or Customer acceptance of product does not relieve the Supplier of its obligations to supply products or services that meet specifications and purchase order requirements.

3.8.6. Inspection by Waygate or its Authorized Representative does not relieve the Supplier of its responsibility to execute and document the internal tests and inspections as per PQP/ITP. Waygate has the right to review and approve this documentation upon request.

3.9. Safe Work Environment

3.9.1. Waygate is committed to safe work environment for workers and for visiting people and expects the same of its Suppliers. Therefore, Supplier shall brief its visitors about general safety information and Residual Risks relating to the witnessed activities prior to the start of those. The risks associated with test failure and the personnel safety mitigation plans shall be reviewed. This may include the review of signage implementation that identifies an area of risk and additional Personal Protective Equipment (PPE) that will be required. For examples of Residual Risks, (i) a pneumatic high-pressure test may require explanation of how risks are mitigated and to remain at the proper distance and why or (ii) a high voltage test may require observation of the warning signs and to not touch any live part. Examples are for illustration only and are not intended to limit possible heightened risk scenarios that require additional safety briefings. Supplier shall develop an internal process for determining when risks are heightened and ensuring repeatability of the briefings.

3.9.2. The Supplier shall identify and comply with all applicable safety requirements and regulations.

3.9.3. Waygate reserves the right to conduct an HSE audit at the Supplier's facility

3.10. Supplier Scorecards

3.10.1. Waygate has implemented a system to rate the Supplier using the methodology explained in greater detail in Annex H.

3.11. Independent Validation / Certification

3.11.1. When required by equipment specification and data sheets, the Supplier shall engage a recognized independent Certification Authority to certify equipment design and compliance to specified codes such as pressure vessels, heat exchangers, lifting equipment, etc.

3.12. Product / Service Documentation

3.12.1. Requirements for supporting documents, e.g., material certification, product or material test reports, inspection reports, country of origin, material traceability, certificates of conformance, Control Plan activities, etc., are identified within product, service and / or purchase order documentation. Requirements for these records are applicable to the Supplier and any relevant outsourced activities. The Supplier shall maintain required documentation and make it available to Waygate as required.

3.12.2. Where language is not specified, supporting documents shall be provided in the English language, unless otherwise agreed to in writing by Waygate.

3.13. Testing and Calibration Laboratories

3.13.1. Laboratories performing mechanical Testing, metallurgical testing, chemical testing and calibration services may be qualified by Waygate.

3.13.2. Qualification of the laboratory can be waived on a valid accreditation according to ISO17025 (or higher standards) issued by an accreditation body and including all testing methods/standards required by Waygate.

3.13.3. As an alternative, laboratory may be directly qualified and approved by Waygate based on Product Companies applicable practices.

3.13.4. Additional requirements will be applicable when specified in Waygate product/process specifications or the purchase order.

3.13.5. The Waygate required testing methods shall be included on the laboratory's "scope of accreditation". This applies to mechanical testing, chemical analysis, calibration activities, NDE and other services provided by the laboratory.

3.13.6. For laboratories performing testing for Waygate chemical products, Waygate requires a valid current certification to ISO9001, ISO/IEC 17025 or an equivalent standard. When laboratory tests are performed for regulated products or materials, testing shall follow applicable local regulatory standards, or accredited for the specific material type being tested.

3.13.7. Additional requirements will be applicable when specified in product/process specifications or the purchase order.

3.14. Material Traceability

3.14.1. Traceability is meant to ensure proper identification of finished products down to raw materials. Suppliers shall demonstrate effective material control procedures that, where specified, can trace materials from point of origin through stages of the manufacturing process, including any outsourced processing, through to acceptance by Waygate. The Supplier's material control system and traceability procedures shall be made available, upon request, for review.

3.15. Supplier Self-Release Program

3.15.1. Suppliers may be selected to participate in the Waygate Supplier Self Release (SSR) program. This program focuses on world-class process and material controls at the Supplier, which are designed, implemented and monitored to prevent defects at the very earliest possible point, resulting in consistently excellent quality and approval to ship directly to stock at Waygate. Contact Waygate Supplier Quality for information on this program.

3.16. Nonconformity Management

3.16.1. The Supplier shall operate a system to detect and control nonconformance's throughout product realization. If the Supplier intends to request concession to use the nonconforming product, the Supplier shall immediately notify Waygate through the Supplier Deviation Request (SDR) process/tool about any deviations from specified requirements or conditions that may have an impact on the final Product or Service (see section 3.18). Nonconforming product shall not be used without prior written approval from Waygate.

3.17. Supplier Deviation Request (SDR)

3.17.1. An SDR must be submitted by the Supplier for approval of alternate materials, drawing errors, drawing changes and other deviations from the purchase order requirements or an agreed Control Plan.

3.17.2. The request must include a complete description of the deviation, drawing number, zone of referenced area, material specification, the quality affected, and processes requiring assessment involved in the repair (as applicable). Additionally, the specific material covered by the SDR must be identified on the SDR. For serialized parts, the serial number(s) must be identified; for non-serialized parts, the specific purchase order(s) must be identified.

3.17.3. SDRs shall be submitted through the specific Waygate business applicable tool. For any questions, Suppliers shall contact the Waygate Sourcing or Procurement Representative.

3.17.4. The Supplier shall not presume approval of the request until a dispositioned SDR is made available by Waygate to the Supplier. No repairs/changes shall be made, nor products or services delivered prior to approval.

3.17.5. For any approved SDR, the Supplier must send a copy of the SDR along with the product(s) at the time of shipment. Additional marking or tagging may also be required at the discretion of Product Companies.

3.17.6. SDRs are "one-time" exceptions to Waygate requirements. Unless the SDR involves a drawing or specification change, Waygate expects the nonconformance(s) to be eliminated on subsequent deliveries.

3.17.7. SDRs shall be submitted by the primary Supplier (the Seller on the purchase order), including any deviations (e.g. drawing changes, material substitutions, etc.) related to a Sub-Supplier's scope.

3.17.8. An SDR may also be known as a Deviation Waiver Request (DWR).

3.18. Post shipment Non-Conformity Notification (Service Bulletins)

3.18.1. When Supplier discovers that goods or material already shipped or delivered to Waygate has a defect, a quality or performance deficiency, or is not in compliance with the Order, specifications, any applicable code, standard or legal requirement, Supplier must notify Waygate by a Service Bulletin and Waygate may require that such goods be recalled, replaced and/or repaired.

3.18.2. The notification must at a minimum:

a. Identify specifically the impacted materials, goods and/or units of the fleet, by clear Waygate tracking references (at a minimum Waygate Purchase Order/Purchase Order lines number and job numbers).

b. Provide a clear analysis of the likely failure causes by detailing a description of the issue (problem summary), identified root-causes and investigation path.

c. Specify a clear action plan proposal for immediate Containment actions and long-term Corrective and the Preventive Actions, including action owners, deadlines, and where work will take place.

d. Highlight the level of urgency by indicating the potential risk in case of failure, including but not limited to danger to people, property, facilities, and reduced equipment reliability or efficiency.

3.18.3. Supplier is also required to have in place a substantially similar process with its Suppliers and to notify Waygate of any such service bulletins from Supplier's supply chain. Supplier will provide the Service Bulletin in writing to Waygate.

3.19. Non-Conformities Detected after Supplier's Release

3.19.1. Waygate addresses Supplier related quality issues detected after the Supplier's release using two categories. A nonconformance detected by Waygate prior to release from a Waygate facility is referred to as a Non Conformance Report (NCR). A nonconformance detected after release from a Waygate facility is referred to as an Escape. In both cases a nonconformance report will be communicated to the Supplier.

3.19.2. At notification of the nonconformance, the Supplier shall immediately:

a. review the issue and clarify details with the Waygate SQE, as needed;

b. define corrections to re-establish conformance to specifications;

c. Determine containment actions to be put in place to ensure that no additional defects escape the Supplier's location. Actions shall address, at a minimum:

- list of suspect products and communicate the list to Waygate;
- location of the parts;
- plan to purge suspect parts;

d. When required by Waygate, execute an Root Cause Analysis (RCA) to be carried out with adequate and effective corrective and preventive actions, as applicable. Supplier is expected to provide RCA responses in a timely manner. The RCA shall include:

- identified root cause(s) of the nonconformance (why the failure happened, why it was not detected, and why the system planning and internal Supplier controls failed to prevent the failure from happening and not to be detected);
- corrective and preventive action plans to address the identified root cause(s) and prevent the recurrence of the failure or prevent the potential occurrence in other areas (actions, owners, due dates);
- Planned date for next internal audit to verify actions have been effective.

e. When required by Waygate, the supplier shall document the activities and results required by 3.19.2.a, b, c & d directly into the applicable Waygate system."

3.19.3. Supplier shall review and document effectiveness of corrective and preventive actions.

3.19.4. Upon request, all Suppliers and Sub-Suppliers must immediately provide all necessary support and data associated with nonconformance issues or quality investigations.

3.19.5. Waygate reserves the right to charge administrative fees for processing the nonconformance.

3.20. Cost of Quality

3.20.1. Waygate frequently incurs costs resulting from Suppliers' defects, non-conformance and/or poor quality. Costs associated with such defects, product recall, including but not limited to inspection costs, storage and transportation costs, scrap/rework costs, redesign costs, nonconformance after delivery and management costs are subject to recovery by Waygate.

3.20.2. Waygate will be entitled to, among other things, to set off the back-charged amounts with amounts due to the Supplier, suspend or revoke the qualification of supplier, and any other remedy permitted by Waygate, Standard Terms of Purchase as amended and/or supplemented from time to time.

3.21. Management of Change (MOC)

3.21.1. The Supplier shall maintain a process for MOC, to ensure the integrity of the product / service realization processes and the quality management system is maintained when changes are made to these processes; potential risks associated with the change are identified and addressed; and any required approvals are obtained prior to the introduction of such changes.

3.21.2. At a minimum, the Supplier shall use the MOC process for any of the following changes which may negatively impact the quality or delivery of the product / service:

a. changes in the organizational structure;
b. key or essential personnel;
c. critical Sub-Suppliers;
d. critical materials;
e. product realization processes;
f. change in production equipment;
g. test methods;
h. change in manufacturing location of Supplier (or Sub-Supplier included in a Control Plan);
i. design change that effects fit, form or function;
j. Change in industry standards/regulations, etc.

3.21.3. The Supplier shall notify relevant personnel, including Waygate when required, of the change and residual or new risk due to such changes. Records of MOC activities shall be maintained.

3.21.4. Waygate shall decide if the change will require a new process assessment, product qualification or other change evaluation activity. When Waygate determines that the proposed changes require approval by Waygate, the Supplier shall not proceed with the proposed changes without written approval from Waygate.

3.21.5. Waygate reserves the right to reject any products or services not conforming to the above MOC process.

3.22. Process Monitoring and Control

3.22.1. Waygate expects our Suppliers to monitor, measure, analyze and improve in the key areas of their operations.

3.22.2. The Supplier shall identify critical processes and the relevant process parameters which may impact product or service conformity and apply suitable methods for monitoring and measuring these critical processes.

3.22.3. These methods shall demonstrate the ability of the processes to achieve planned results. The critical processes, parameters and methods may be documented in a Control Plan. When planned results are not achieved, correction and corrective action shall be taken. Records of process monitoring, and any necessary actions taken shall be maintained.

3.22.4. Where CTQs are identified in applicable Waygate drawings or specifications, or by Waygate, these CTQs shall be included in the Supplier's process monitoring and control program. Waygate may identify other specific cases where process monitoring and control is required and may also require periodic reporting to Waygate and specific Supplier improvement projects based on process performance.

3.23. Counterfeit, Fraudulent, Suspect or Substandard Parts ("CFSI's")

3.23.1. The supplier shall ensure that all materials provided to Waygate, or used to manufacture materials provided to Waygate, meet all requirements of the latest version of the applicable manufacturer data sheet (unless otherwise stated in the Waygate product documentation), description, and/or industry standards and that they are genuine, new, unused, and not from old stock or inventory.

3.23.2. Should the supplier desire to supply or use materials that may not meet these requirements, the supplier shall submit an SDR per section 3.17 and obtain approval prior to shipment to Waygate.

3.23.3. Supplier shall notify Waygate of known incidents of CFSI's involving materials provided to Waygate, or used to manufacture materials provided to Waygate.

Responsibility and Authority

- Waygate Sourcing or Procurement Representative: Responsible for managing Purchase Order execution, supplier performance, communication between the Supplier and Waygate, and engaging appropriate Waygate resources as needed.
- Waygate Supplier Quality Engineer (SQE): Responsible for providing quality and technical support for Supplier process assessment, product qualification, and Supplier monitoring and improvement activities.
- Supplier: Responsible to ensure their organization understands the requirements in this policy, and to implement and maintain the processes and/ or controls necessary to comply with these requirements.

Records

The records required by this procedure will be maintained and controlled according to requirements of Supplier's QMS and as prescribed in this procedure.

Terms, Definitions and Acronyms

Terms and Definitions

- **Waygate Qualification Team** - Team responsible for determining specific steps and actions applicable to a Supplier for a process assessment and / or product qualification. Team is led by Supplier Quality and may consist of an SME, and representatives from Sourcing, Procurement, Engineering and Manufacturing as appropriate for each assessment or qualification effort.
- **Characteristic Accountability and Verification (CAV)** - CAV form may be required in the qualification program. The CAV form includes, at a minimum, the following items: Identification of components, Characteristics and feature accountability, Inspection and test results, Manufacturing Planning, Production Product Acceptance Criteria. A CAV is typically only required on the first article piece (FAI) unless specifically required by the Waygate SQE on subsequent orders or as indicated on the purchase order.
- **Control Plan** - A Control Plan is a documented description of the activities and / or measurements for controlling the variations in a process within the acceptable limits. Examples of control plans can be: CAV/ FAI report, ITP, MPP, QCP.
- **Critical Product/Component/Service/Process** - Anything that could have a significant impact on Waygate product conformity and functionality, delivery, performance and Non-Productive Time (NPT).
- **Critical Supplier** - A Supplier deemed by Waygate or Waygate Customer as indispensable or essential.
- **Critical Sub-Supplier** – A Sub-Supplier deemed by a Supplier, Waygate, or a Waygate Customer as indispensable or essential.
- **Third party** – Also written as 3rd Party, is a Non-Waygate Vendor, Supplier or Contractor.
- **Delivery** – The point in time and physical location at which the agreed transfer of ownership takes place.

- **Detailed Drawing, Manufacturing and Producibility Review** - A detailed drawing review with the Supplier and the Waygate Qualification Team to ensure Supplier's thorough understanding of drawing requirements and specifications during the qualification process.
- **Digital Product** – Any good, component, system or service which contains software and/or a networked component. This Policy also applies to Waygate' integration of products above with commercial off-the-shelf software, Open Source Software, and other software components. This includes, but is not limited to, any product that stores, processes, or transfers data or metadata for Waygate service consumption. Cyber products also include all services that utilize technology to perform those services. Examples: software, firmware, drivers, embedded systems, routers, switches, controllers, smart sensors etc.
- **Direct Material/Service** - All the items/services that are part of the final product or service delivered to Waygate' Customer.
- **Direct Support Service** - Services that do not become part of the final Waygate product or service, but that do have a direct impact on the quality of the final Waygate product or service.
- **Encryption** - The process of transforming information using an algorithm to make it unreadable to anyone except those possessing special knowledge, usually referred to as a key.
- **Engineering Technical Specification** - Technical specifications issued by Waygate Engineering Department.
- **Escape** - A nonconforming product or service from a Supplier that is detected after it leaves a Waygate facility.
- **Field Service Notice (FSN or NCM)** - A Field Service Notice which documents a nonconformance identified by Waygate Field Engineers and authorizes Waygate Field Personnel to perform warrantable equipment repairs.
- **First Article Inspection (FAI)** - A comprehensive evaluation of a first item or batch from a manufacturing process, consisting of inspecting, measuring and / or other verification of the properties, geometry and characteristics of the item, to determine conformance of the item to the defined specifications and the ability of the manufacturing process to consistently produce a conforming product, including documentation of the results.
- **Frozen Process** - A manufacturing method, process, procedure or control that has been approved by the Waygate Qualification Team and documented in the Control Plan.
- **Indirect Material/Service** - Those products/services not part of the final product or service delivered to Waygate' Customer.
- **Inspection** – Conformance evaluation by observation and judgment accompanied as appropriate by measurement, testing or gaging.
- **Installation Country** - Country where the procured good will be installed for operation.
- **Manufacturing Process Plan (MPP)** - A detailed, step-by-step list of operations and requirements by which product(s) are manufactured or service(s) are performed.
- **Nonconformance Report (NCR)** – A nonconformance report initiated during processing through a Waygate factory or location. This also may be referred to as different names depending on the specific Waygate business (e.g. QCR, QN, NCN or GRR).
- **Pilot Lot Qualification (PLQ)** - A pilot production lot may be required as determined from Waygate specifications or processes. In addition, the Waygate Qualification Team may require a pilot lot or additional pilot lot testing to verify control of the Supplier's processes upon final qualification.

- **Process Risk Assessment** – Evaluation of a process, or processes, by a cross functional team, to assess the effectiveness of these processes to consistently produce a conforming product or service, identify areas with potential for creating nonconformances or allowing nonconformances to escape the process, and objectively quantify any resulting negative impacts. One format for this assessment is a Failure Modes & Effects Analysis (FMEA).
- **Process Quality Requirement (PQR)** – A document issued by Waygate that establishes the requirements necessary to validate a specific process.
- **Process Assessment / Product Qualification Requirements Review** – A Meeting between Waygate and Supplier, to clarify the qualification requirements. Outcome of Qualification Requirements Review is a summary detailing the specific requirements a Supplier must fulfill to successfully complete the qualification (Annex B).
- **Product** - The result of a process. Whenever the term "product" occurs, it can also mean "service" or any deliverable associated with fulfillment of a purchase order.
- **Product Quality Plan (PQP)** - A detailed, step-by-step list of operations and requirements in which a Supplier identifies a process of how, what, why, when and who will perform tests or inspections and the applicable acceptance criteria. This may also be referred to as a Quality Control Plan (QCP) or ITP (Inspection and Test Plan) or other equivalent names depending on the specific Waygate business.
- **Qualification Package** - Required documentation for qualification (Annex A).
- **Requirement** - Need or expectation that is stated, generally implied or obligatory.
- **Residual Risk** - The risk remaining after risk treatment (refer to ISO 31000).
- **Services** - Activity purchased by Waygate.
- **Sourcing or Procurement Representative** - The primary contact between the Supplier and Waygate. May be Sourcing, Procurement or the Buyer depending on the Waygate Business Segment.
- **Process requiring assessment** - A process by which results cannot be fully verified through subsequent nondestructive inspection and testing of the product and where processing deficiencies may become apparent only after the product is in use.
- **Specification** – A document stating technical requirements.
- **Standard** – A technical specification or other precise criteria designed to be used consistently as a rule, guideline, or definition.
- **Sub-Tier Supplier** - A company that supplies products, processes or services to another company (Tier 1 Supplier) that then supplies them to Waygate (also known as a Tier 2 Supplier).
- **Supplier** - Unless noted otherwise, refers to the corporation, company, partnership, sole proprietorship or individual with whom Waygate places a purchase order for products or services.
- **Supplier Deviation Request (SDR)** -A request initiated by the Supplier to deviate from purchase order technical requirements (drawings, specifications, engineering instructions, etc.) This may also be referred to as Deviation Waiver Request (DWR) or other names depending on the specific Waygate Business Segment.
- **Supplier Requirements Specification (SRS)** - A suite of documents issued by Waygate defining minimum requirements for Suppliers relative to the products and services they provide.
- **Technical Regulation** – A mandatory requirement for a product, its processing, or its production method (may include packaging, marking, and labeling requirements).

Acronyms

- CFSI – Counterfeit, Fraudulent, Suspect or Substandard Part
- CTQ - Critical to Quality
- DWR – Deviation Waiver Request
- FAI – First Article Inspection
- ITP – Inspection and Test Plan
- MPP - Manufacturing Process Plan
- NDA - Non-Disclosure Agreement
- NDE – Non-Destructive Evaluation
- NDT - Non-Destructive Testing
- PO – Purchase Order
- PQP - Product Quality Plan
- PQR - Process Quality Requirements
- QCP - Quality Control Plan
- QMS – Quality Management System
- SSRP - Supplier Social Responsibility Guideline
- SRS - Supplier Requirements Specification
- SDR - Supplier Deviation Request
- TRS - Technical Regulations and Standards

References

The following documents form part of this document to the extent specified herein. Alternate applicable business-specific technical requirements will be communicated to Supplier as required (examples, ASME, API, ITN, etc.). Unless otherwise indicated, the latest document revision shall apply. Scope limitations are highlighted in brackets.

External References/International Standards

- ISO 9000 Quality Management Systems—Fundamentals and Vocabulary
- ISO 9001:2008 Quality Management Systems—Requirements
- ISO 9001:2015 Quality Management Systems—Requirements
- ISO 14001 - Environmental management systems -- Requirements with guidance for use
- ISO 31000 - Risk management -- Principles and guidelines
- IS0/IEC 17025 - General requirements for the competence of testing and calibration laboratories

ANNEX A: Electronic-Qualification Book

This addendum defines the suggested requirements for preparing and submitting an Electronic- Qualification book for inclusion into Waygate e-SQM, or Sourcing Quality Electronic Library. Detailed list shall be agreed with the Waygate Qualification Team.

Qualification Documentation Requirements: As the final requirement of the Qualification Process, when required by the Waygate Qualification Team, the Supplier must submit one Electronic-Qualification book to Waygate for Qualifications.

Qualification Book Requirements: The Electronic-Qualification Book may require the following items, preferably in this order.

Section #	Quality Form Name	Quality Form Description
N/A	Cover Sheet	None
N/A	Table of Contents	None
1	Waygate Purchase Order	Provide Copy of Waygate Purchase Order for this Project.
2	Waygate Specifications/ Waygate Drawings	Provide a list of all Waygate Specifications and Waygate Drawings, including Revision level.
3	Supplier Drawings	Provide copy of all Supplier generated drawings, including Revision level.
4	Supplier Inspection Test Plan (ITP) /Product Quality Plan (PQP)	Provide a copy of the Supplier Inspection Test Plan (ITP) /Product Quality Plan (PQP), signed and dated by the Supplier Quality Representative.
5	Supplier Manufacturing Process Plan (MPP)	Provide a copy of the Supplier Manufacturing Process Plan (MPP), signed and dated by the Manufacturing Representative and/or the Sub-Suppliers used.
6	Characteristic Accountability and Verification Forms (CAV)	Provide a copy of the CAV report for this project.
7	Waygate Qualification Program, Waygate Product Quality Plan	Provide a copy of the Waygate Qualification Program and / or Waygate Product Quality Plan for this Project.
8	Bill of Materials (BOM)	List to include Item #, description, model, etc....
9	Component Conformance	Include Certificate of Conformance (C of C) for all Major Components: e.g., pump curves, testing certifications, calibration certificates, and relevant data sheets.

Section #	Quality Form Name	Quality Form Description
10	Design Calculations	Provide a copy of all design calculations for applicable Components/Systems (Pipe Stresses, Pipe Supports, Pressure Vessels, Lifting Lugs) per Domestic and International Codes.
11	Code Compliance	Provide a copy of all documents to validate this commodity meets all Domestic and International Code Compliances for the following but not limited to: CSA, CRN, IEC, CE, PED, ATEX, NEC.
12	Material Test Reports	Provide copies of Material Test Reports for all material used on this Project to include, but not limited to the following: Piping, Structural Steel, Bolting materials (Bolts, nuts, washers), Tubing, Raw Materials, Welding Consumables.
13	Welding Procedures	Provide a copy of the Welding/ Brazing Procedure, Specification, and all welder qualification records used on the Project.
14	Nondestructive Examination	Provide copy of all Nondestructive Testing procedures. Provide copy of NDE Personnel list qualified to perform NDE on this project. It includes but not limited to Supplier's written NDE Practice Per. ASNT SNT-TC-1A.
15	Castings and Forgings	Provide all procedures, data and charts for the following processes: casting, machining, forging, bar stock.
16	Mechanical Testing and Heat Treating	Provide copy of all Hardness Testing, Heat Treatment, Stress Relieving, Metallography, and Grain Etch procedures and results.
17	Surface Preparation and Painting	Include all Metal Preparation, Prep for Paint, Paint Procedures along with QA Paint data, signoffs, and paint specifications.
18	Calibration	Provide copy of all Calibration Procedures and Certificates for all devices that were utilized.
19	Functional Testing	Provide a copy of all Mechanical, Electrical, and Functional Tests performed. This should include testing procedures, documented data of all testing performed and signoffs that equipment passed testing.
20	Proof Test, Type Test	Provide Procedures and Results for all Proof Tests, and Type Tests performed on this Project ASNI Referenced. Include the methods to be used in all type and proof testing, either by ANSI, ASME, IEEE, IEC, NEMA or other standard procedures, or by written description.

Section #	Quality Form Name	Quality Form Description
21	Flushing and Cleanliness	Provide a copy of the Flushing Procedure and Cleanliness Procedure used to verify cleanliness per waygate business specification.
22	Preservation and Packaging	Provide a copy of Procedures and Data to verify compliance in accordance with Waygate specifications.
23	Repair/Rework	Provide any Rework Procedures and Results.
24	Supplier - Inspection Reports	Provide a copy of all Inspection Reports, Travelers, and other quality documents used in the Supplier's Facility.
25	Critical to Quality (CTQ) Data	Provide any Critical to Quality (CTQ) Data defined by the SQE for this project.
26	Supplier Deviation Record List	Provide a copy or List all SDRs used on this Project.
27	Photographs of the Equipment	Provide photos of the completed Commodity.
28	Packing List	Provide a copy of the Packing List.
29	Waygate - Certificate of Conformance	Provide a copy of the C of C for the product, process or service.
30	Supplier Final Inspection Report	Provide a copy of the Final Inspection Report.
31	Waygate First Article Inspection	Provide a copy of the First Article Inspection Report.
32	TRS Report	Report of the TRS audit, including answer to questionnaire and TRS checklists by country.

Applicable Sections and Documents: The Supplier and the Waygate SQE shall discuss prior to submission of the Electronic-Qualification Book which Sections and Documents are applicable to the qualification.

Electronic-Qualification Book Format: The documentation shall be supplied in an Electronic Format. PDF is preferred. The Qualification Book may be supplied on a CD labeled accordingly and sent to the Waygate SQE or shared through proper transmittal systems.

Qualification Book (Hardcopy): There may be cases where a hardcopy of the Qualification Book is also required. This requirement will be at the Waygate SQE's request.

ANNEX B: KOM requirements for Process Assessment and Product Qualification Review

For Process Assessment

A. Define the Waygate Qualification Team.
B. Determine process or service to be provided by the Supplier.
C. Identify any Sub-Tier Suppliers.
D. Review applicable specifications, drawings and requirements.
E. Determine applicable QMS, HSE, TRS and Product Safety requirements.
F. Determine any process requiring assessment such as welding, heat treatment and non-destructive examinations as a minimum.
G. Determine requirements for documentation related to process requiring assessment and relevant test results as necessary/ data package requirements.
H. Determine any applicable Control Plan requirements.
I. Determine process assessment scope and requirements.
J. Review process assessment scope and requirements with Supplier.

For Product Qualification

A. Define the Waygate Qualification Team.
B. Determine product or service to be provided by the Supplier.
C. Determine item codes/part numbers to be provided.
D. Identify any Sub-Tier Suppliers.
E. Determine traceability requirements.
F. Determine product documentation / data package requirements.
G. Determine if Waygate design or Sourced Design Based on item code/part numbers to be provided.
H. Review applicable drawings, specifications and requirements.
I. Determine Control Plan requirements (CAV/FAI, CTQs, ITP/PQP, MPP, etc.), including any applicable Customer requirements.
J. For Sourced design, determine specific applicable requirements.
K. Determine product qualification scope and requirements.
L. Review product qualification scope and requirements with Supplier.
M. Determine packing and preservation requirements.

Prior to part manufacturing, the Supplier may be required to participate in a detailed drawing review with the Waygate Qualification Team to ensure Supplier's thorough understanding of drawing requirements and specifications during the qualification process.

For Supplier Designed, not Build to Print (Functional Spec/Sourcing Controlled), the Supplier may be required to participate in an Engineering Capabilities Assessment and Supplier Design Reviews with the Waygate Qualification Team.

ANNEX C: Manufacturing Process Plan (MPP) Minimum Requirements

An MPP must, at a minimum, contain the following information:

A. a list of applicable Waygate specifications, ordering sheets, outline drawings, and specifications/instructions for processes requiring assessment along with the latest revision letter or number;
B. list of Weld Procedure Specifications (WPS) used in the manufacture of the part. When applicable, a visual weld inspection procedure according to Waygate docs;
C. identification of component parts and sources;
D. the manufacturing location;
E. identification of critical Sub-Tier Suppliers. Critical Sub-Tiers include but are not limited to Raw Material and any Supplier of process requiring assessment.
F. a sequence plan of major and critical manufacturing and inspection steps with appropriate sign-off documentation.

Supplier proprietary processes may be handled with the Waygate SQE directly. Once the MPP is approved, the MPP shall be considered part of the purchase order requirements even if not explicitly referenced on the purchase order.

ANNEX D: Product Quality Plan/ Inspection Test Plan (PQP/ITP) Minimum Requirements

An PQP/ITP must, at a minimum, contain the following information:

A. clear identification of the item, component, or system to which the PQP is applicable;
B. listing of technical documents that govern the inspection or test activity (i.e. Supplier documents, Waygate specifications, industry codes/standards);
C. Identification of the test or inspection criteria in an itemized listing. Each line item must identify what is to be inspected (to the characteristic level), how it is to be inspected, what frequency it is to be inspected, when the inspection or test is to be performed (in the sense of the manufacturing process), who is to perform the inspection (e.g., Operator, Inspector, etc.), and the acceptance criteria. Each item must include provision for sign off by the party performing the inspection;
D. Identification of Project specific inspections and tests;
E. Completion of each inspection and test will be accompanied by appropriate sign-off documentation. Each inspection and test must be signed-off during the execution of the PQP;
F. Clear definition of Waygate and Customer involvement in the inspection and test activities. This includes but is not limited to in–process inspections, Customer witness and hold points, document reviews and Waygate, Third Party and/or Customer release inspections;
G. Identification and verification of CTQs and inspection methods. CTQs can be identified by purchase orders, specifications, drawings, or by the appropriate Waygate SQE;
H. Detailed planning of packaging and preservation for shipment and storage;

The Supplier is responsible for the implementation of the PQP, ITP, or QCP at all applicable operations.

ANNEX E: First Article Inspection (FAI) minimum requirements

A FAI will verify the following:

A. the item conformity against the applicable specifications/drawings and acceptance criteria as per applicable revision;
B. Dimensional verification;
C. Material Certificate conformity and completeness (if applicable);
D. Documentation for processes requiring assessment (e.g., Welding, NDT, heat treatment, etc.) conformity and completeness (if applicable).

Note: FAI may be performed by Wayagate, Supplier or Waygate authorized Third Party as determined by the Waygate Qualification Team.

ANNEX F: Technical Regulations and Standards

Technical Regulations and Standards ("TRS") are mandatory requirements that a product, its processing or its production method need to comply with.

They are defined to ensure the protection of Health and Safety, property and the environment, and promote the free trade and competition within a region through the technical harmonization of the regulations.

The number of TRS adopted by applicable jurisdictions has grown significantly because of higher demand for products' safety and high-quality. Hence, the commitment of Waygate and all its Suppliers shall grow accordingly, to ensure that the products do comply with applicable regulations.

Compliance with TRS, pursuant to applicable laws, is required for all such Suppliers that supply products and/or services that may be used in various jurisdictions. Waygate is required to deliver products and services that need to comply with all applicable TRS requirements (e.g. design, procurement, manufacture, packaging, shipping/transportation, installation, testing, operation, maintenance, and disposal). Supplier shall be solely responsible to ensure that the product and/or services supplied or rendered to Waygate are compliant with applicable TRS requirements as of the date such products are delivered and/or services are rendered. Supplier also covenants and agrees to cooperate with Waygate to provide any necessary update to TRS requirements in case of future changes to such requirements.

It is solely responsibility of Supplier, who provides a product, service, process, or management system, to comply with applicable mandatory provisions, relating to, design, manufacture and testing. Supplier shall provide written evidence or certification, as applicable, that the product, service, process, or management system follows applicable laws and regulations, as needed. In case of any doubts concerning the applicable requirements, the Supplier shall seek a formal clarification from Waygate prior to submitting its quotation proposal.

It is further agreed and understood that Supplier shall be entirely responsible for the following actions:

- Ensure that all products and services follow applicable law requirements of the Installation Country (if stated);
- Deliver its products according to TRS requirements written in the Engineering Technical Specification mentioned in the order.

In the Engineering Technical Specification, Supplier can find:

- The indication of the Installation Country. In case the product requirements are not impacted by TRS of the Installation Country, this information is not provided. In case of doubts, Supplier shall contact Waygate to have a formal clarification;

- TRS specific requirements. In case the Engineering Technical Specification does not contain any TRS specific requirements it shall be Supplier's sole responsibility to comply with laws applicable to the Installation Country; provided, however, that, Supplier shall be responsible to double check TRS specific requirements as indicated by Engineering Technical Specification and verify whether there are any other laws or regulations that are applicable to its scope of supply;

Please be advised that the TRS certification and/or documentation shall be duly completed in accordance with the applicable specifications before requesting the final inspection of the goods.

The forgoing shall constitute an obligation of the Supplier deriving from mandatory law provisions. It is agreed and understood that any violations by the Supplier of one or more of the forgoing points shall constitute a material breach and shall entitle Waygate to pursue any remedy available by contract equity or law.

If Supplier, as manufacturer, declares any TRS requirement to be applicable to any of their products, the Supplier shall specify such conformity to TRS requirements on IQR/RC1 and the Supplier Quality Leader (or a delegate) shall certify the foregoing.

For TRS impacted products, Waygate will execute audit during qualification and with surveillance purpose, based on TRS questionnaire that will be sent to Supplier.

ANNEX G: Scorecards

Waygate has implemented a Scorecard measuring Supplier performance in three performance categories including Quality, Delivery, and Cost. The Scorecard will form the basis for periodic performance review of our Supplier base and will allow Waygate to assess our suppliers' performance. This will also enable supply chain development that meets our requirements, fosters growth and builds strong partnerships.

Points are calculated and weighted for each performance category. The points weighted are summed to an overall score of 100 points. In addition, each performance category is assigned a Supplier Level which drives actions listed in detail below.

For the Quality category, the scorecard captures two defect types listed below:

A. Internal defects are Supplier caused nonconformance captured by Waygate

B. External defects are Supplier caused nonconformance which escaped to Waygate' Customer sites.

Note: External nonconformance are weighted heavier with stronger scorecard penalties.

The Delivery category captures the Supplier's performance against the agreed upon delivery date.

The Cost category captures Supplier related Costs of Quality and Recovery.

Depending on the number and magnitude of the ascertained performance category level, certain actions will be implemented (A – D are examples of the quality performance category):

A. As Suppliers are meeting acceptable targets and defects found in each timeframe had minimum impact to the Supplier's overall score, no further action may be required.

B. In case defects found in each timeframe changed the Supplier's overall score below acceptable levels, Waygate reserves the right to require appropriate Supplier corrective action and preventive actions that will be agreed upon on an individual basis, including, but not limited to, charging applicable Costs of Quality to the Supplier.

C. In case of repetitive unsatisfactory quality performances (including but not limited to scorecards below targets, negative audit results, major non-conformities), Waygate reserves the right to require a Quality Development Plan, with the aim to implement corrective/preventive actions with permanent impact and set the timeline for such improvement actions and expected results.

D. In case the defects found in each timeframe changed the overall scorecard balance to a level of warning, Waygate reserves the right to suspend the Supplier from its Approved Supplier List.

The Key performance Indicators for defining the supplier performance shall be Business Segment specific and supplier rejection/disqualification shall be defined accordingly.

ANNEX I: Monitoring of Radioactive Materials in the Scraps within Recycling Industry

Applicability

The following paragraphs apply to Companies melting scrap metal as raw material (including but not limited to steel, iron and aluminum foundries and steelworks producing forging ingots), identified below generically as "Waygate Suppliers".

Responsibilities

Waygate Supplier is responsible to implement a specific procedure/work instruction to control all the incoming scraps, following the guidelines included in United Nations Economic Commission document ECE/TRADE/278 and any other local regulation on monitoring metal scrap for the presence of radioactivity.

The incoming inspection on scraps is required regardless of the controls over radioactive materials already performed by the scrap trader and the procedure must define clear rules for at least every area described below.

Instruments

Instruments to be used to perform the control must be clearly defined and identified; depending on company features both fixed (portal monitors) or portable (Geiger or Scintillation counters) are allowed.

Instruments must be periodically calibrated and tested to guarantee their ability to detect abnormal levels of radiation in scrap loads by the detection of energy between 50KeV and 1400 KeV and dose rate between 0,05 µGy/h and 1 mGy/h.

A sensitivity of 0,02 µGy/h is required.

Measuring equipment in CPS (Counts Per Second) are allowed only if they are capable of measuring 5 CPS for 0,01 µGy/h of dose rate with a typical natural energy spectrum.

The detector count statistics must be such as to guarantee an uncertainty associated with the measurement not exceeding 20%, at the 95% confidence level and with integration times not exceeding 3 seconds, with a dose rate in air of 1 µGy/h with energy spectrum of 137Cs.

Activity must be completed and certified by companies able to perform trials in which small radioactive sources are placed in typical scrap loads.

Background Radiation

Detection of radiation emitted from metal scrap must be distinguished from background radiation, which can be considered as noise in the detector system.

The reference value for the local background radiation must be daily verified when no vehicle is present to maximize the sensitivity of the system and minimizes the number of false alarms.

Average value and standard deviation must be considered as a reference.

Monitoring Points

Scraps must be controlled:

At the entrance in the plant when scraps are still on vehicles

When the vehicle is unloaded and scraps are sorted before transferring to the scrap yard

Vehicle speed (in any case not higher than 5 km/h), type of measurement (continuous or discrete in case of portable devices) and distance must be defined in the procedure.

Additional opportunities to increase at the highest level the detection of radiation, are a monitor point when scraps are handled at the entrance of the metal works and a re-check on a sample taken from the fusion.

In addition to instrumental check, a visual observation must be included since it may indicate the presence of radioactive materials like discrete sources, contained in thick-walled shielding, and having a clear indication of their content (i.e. radiation symbol).

The procedure must include pictures/examples to help personnel to recognize different types of containers used for storage and transportation of radioactive discrete sources.

Alarm Criteria

Settings must be defined with different thresholds to distinguish a real hazardous condition from innocent and false alarms.

Alarm can be set up in case measured value exceeds background radiation.

Actions in case of detection of radioactive material

Clear rules must be included in procedure/work instruction, to define:

Immediate actions to be taken when an alarm level has been exceeded (including segregation of the material in a safe environment)

Determination of risk to human health or the environment

Subsequent actions to be taken

Training of Personnel

Workers dedicated to scrap monitoring must be properly trained in all aspects of the work instructions.

All other workers must be informed concerning the potential hazards and the precautions to be observed to ensure restriction of exposure.