0 SCOPE:

This document defines the quality requirements for Suppliers of goods and services that may directly affect product quality. This document does not include requirements for design and development services.

1 CONTENT:

0 SCOPE: **1**
1 CONTENT: **1**
2 INTRODUCTION **2**
2.1 SUPPLIERS 2
2.2 PURPOSE 2
3 SUPPLIER CODE OF CONDUCT **2**
3.1 COMPLIANCE WITH LOCAL LAWS AND REGULATIONS 2
3.2 COMPLIANCE WITH ENVIRONMENTAL, HEALTH AND SAFETY LAWS 2
3.3 NON-DISCRIMINATION 2
3.4 LABOUR 2
3.5 ETHICS 2
3.6 CONFIDENTIALITY 2
4 RESPONSIBILITIES **3**
4.1 SUPPLIER 3
4.2 PURCHASER 3
4.3 QUALITY ASSURANCE DEPARTMENT OF IGW: 3
5 SUPPLIER QUALITY REQUIREMENTS **3**
5.1 REFERENCE 3
5.2 DEFINITIONS AND ABBREVIATIONS 3
5.3 GENERAL 4
5.4 QUALITY MANAGEMENT SYSTEM 4
5.5 GENERAL REQUIREMENTS FOR THE COMPETENCE OF TESTING AND CALIBRATION LABORATORIES (ISO/IEC 17025:2005) 4
5.6 SUBCONTRACTING SPECIAL PROCESSES 4
5.7 RAW MATERIAL, PROCESS AND TEST CERTIFICATION 4
5.8 INDUSTRY SPECIFICATIONS AND STANDARDS 4
5.9 NOTIFICATION 5
5.10 CALIBRATION SERVICES 5
5.11 INSPECTION SYSTEM 5
5.12 TRAVELLER 5
5.13 ACCEPTANCE OF PARTS / SERVICES 5
5.14 NOTIFICATION OF NONCONFORMING PRODUCT 5
5.15 SUPPLIER CONTROL 5
5.16 ALERT 6
5.17 CORRECTIVE ACTION 6
5.18 RECORDS AND RECORD RETENTION PERIOD 6
5.19 TRACEABILITY 6
5.20 HANDLING AND PACKAGING 6
5.21 CUSTOMER PROPERTY 6
5.22 RIGHT OF ACCESS 6
5.23 HUMAN RESOURCES 7
5.24 HEALTH, SAFETY, ENVIRONMENT 7
6 ANNEXES **7**

2 INTRODUCTION

2.1 Suppliers

- All IG Watteeuw facilities (hereafter "IGW") recognize the very important role our Suppliers have in the value we offer to our Customers. As an extension of our own operations, we rely on our Suppliers to provide material, products, and services which meet all of the requirements of IGW contracts, applicable specifications, and the quality management requirements outlined herein.

2.2 Purpose

- The purpose of this procedure is to inform IGW Suppliers of the core expectations we have regarding the Supplier's quality management systems and manufacturing process controls required for the purpose of doing business with IGW. This procedure describes what IGW expects to do to ensure that all IGW requirements and expectations are met.

3 SUPPLIER CODE OF CONDUCT

Suppliers shall ensure operations are being performed in a manner that is appropriate, as it applies to their ethical, legal, environmental, and social responsibilities. Below §3.1 to §3.6, there is a listing of the basic requirements.

The Supplier has to consult the IGW Supplier Code of Conduct, published at http://www.igwpower.com/about-us/sourcing.

3.1 Compliance with Local Laws and Regulations

- Suppliers must adhere to the laws and regulations in the city in which they reside. This includes all local and federal laws/regulations in the country of origin.

3.2 Compliance with Environmental, Health and Safety Laws

- The Supplier must maintain and operate its manufacturing/production facilities and processes in accordance with local and federal laws/regulations in the country of origin, in relation to EHS.
- At no time shall any IGW person be exposed to hazardous materials or unsafe conditions as a result of Supplier shipments to an IGW location, or while visiting a Supplier's location. As applicable, documented safety handling and protection information must be provided.
- With respect to the issue of "conflict minerals" it is IGW's policy to not knowingly purchase products, components, or materials that contain conflict minerals, and avoid contributing to conflict through sourcing practices as such we ask our suppliers to cooperate with us in our efforts to ensure that we only procure non-conflict minerals as per requirements of the Dodd-Frank Act.

3.3 Non-Discrimination

- Suppliers shall not discriminate against race, colour, sex, religion, age, physical disability, political affiliation, or other defining characteristics as prohibited by local and federal laws/regulations in the country of origin.

3.4 Labour

- Child Labour: Suppliers shall employ workers of minimum legal age in accordance with local and federal laws/regulations in the country of origin. Child labour laws must be followed.
- Wages and Benefits: Suppliers shall compensate workers in accordance with local and federal laws/regulations in the country of origin. This includes minimum legal wage, overtime wages, and benefits (required by law).

3.5 Ethics

- Evidence of corruption, bribes, improper benefits, or any other form of illegal practice by the Supplier or associated operations will terminate all relations with IGW.

3.6 Confidentiality

- The Supplier shall ensure the confidentiality of IGW-contracted products and projects, and related product information, as well as intellectual property shared as a result of the working relationship.

- The IGW Non-Disclosure Agreement, published at www.igwpower.com/about-us/sourcing has to be agreed and signed by the supplier.

4 RESPONSIBILITIES

4.1 Supplier

(1) Is responsible to carry out a contract review before proceeding with any new or revised work. If clarification is required, the Purchaser shall be contacted without delay.
(2) Is responsible to respect the Supplier Quality Requirements corresponding to his activities, explained within this document. If clarification is required, the Purchaser shall be contacted without delay.
(3) Is responsible to always use the latest update of this document which can be found on the website from the Purchaser (see www.igwpower.com). The Supplier shall comply with the latest revision in affect at the time the purchase order is issued.
(4) Is responsible to inform the Purchaser if any changes of his processes or technologies prior new release to production;
(5) Is responsible to react immediately when is informed about changes in relation to the product/service requirements or in regards of general supplier requirements – this procedure.
The immediate reaction includes:
1. Put order on hold and evaluate the status of goods or services ordered by IGW;
2. Evaluation if these could be delivered according to new requirements;
3. Inform Purchaser about the impact of requirements changes over the goods or services ordered by Purchaser.

(6) Is responsible to act according to Purchaser decision – in regards of the goods or services which are in process.
(7) Is responsible to fully implement the changes for new releases.

4.2 Purchaser

(1) Is responsible for managing all contractual requirements associated with the purchasing activities.
(2) Is responsible for the input of quality requirements to suppliers and subcontractors and to formalize and maintain it into this document including the update on the website.
(3) Is responsible to immediately inform the supplier if there are changes concerning the requirements for the product or service that IGW is buying from it or the general supplier requirements – means this procedure.
(4) Is responsible to decide and inform the supplier how he has to act in case of requirements changes for the goods or services in process.

4.3 Quality Assurance Department of IGW:

(1) Is responsible for the revisions of quality requirements to suppliers and subcontractors and to formalize and maintain it into this document including the update on the website.
(2) Is responsible to perform periodically survey, QMS and product/ processes audits at supplier's premises and follow-up the supplier action plan regarding the audit's findings.

5 SUPPLIER QUALITY REQUIREMENTS

5.1 REFERENCE

- ISO 9001
- IRIS/ ISO TS 22163
- ISO 14001
- ISO/IEC 17025
- BPU0000061 - General Purchasing procedure

5.2 DEFINITIONS AND ABBREVIATIONS

- Material: raw material
- IGW: Industrial Gears Watteeuw sites

5.3 General

(1) The IGW Suppliers of goods and services that may directly affect product quality has to be approved. The approval flow is described in the procedure IGW SUPPLIER QUALIFICATION, BPU0000885. On the same line, all suppliers for products and services related to NDT process must be accepted by IGW NDT Level III inspector.

(2) IG WATTEEUW is yearly performing a global supplier evaluation, taking in account quality and delivery performances which must be: minimum 97% Quality Performance and minimum 95% for Delivery Performance (SUPPLIER EVALUATION procedure, BQA0002011);

(3) A supplier performing under is disqualified and is marked “UNDER SUPERVISION” in the “APPROVED SUPPLIER” list.

(4) Requalification of a supplier is based on a Supplier Corrective Action Plan accepted by IGW and on time closure with evidences of all established actions.

(5) If a supplier get “UNDER SUPERVISION” status for two consecutive years get the status “DENIED”.

(6) Requalification of a “DENIED” supplier, follow the flow as for a new supplier described in procedure BPU0000885.

(7) All supplied documents must be in English language.

(8) In some particular cases, a separate Quality Plan can be submitted to a Supplier in order to define the Supplier Quality Requirements. This plan can be based on the paragraphs below and can be read in conjunction with this document.

(9) However, in case of contradictions between Quality Plan and this document, the Quality Plan will overrule it, even if the Purchase Order is making reference to this document.

(10) Besides the general Supplier Quality Requirements referred to in this document, the particular requirements such as drawings and specifications, descriptions or any other particular requirements, not mentioned in this document, but stipulated on the purchase order, must be respected.

5.4 Quality Management System

- The Supplier’s Quality Management System shall be documented and maintained in order to reflect minimum compliance with the requirements of ISO 9001 and with the requirements of this document. The supplier shall have a valid ISO 9001 certificate.
- When IRIS/ ISO TS 22163 certification of the IGW supplier is required, the Supplier’s Quality Management System has to comply with IRIS/ ISO TS 22163 standard. In case the supplier does not have an IRIS/ ISO TS 22163 valid certificate, he has to accept an IRIS/ ISO TS 22163 audit performed by IGW.
- In the absence of third-party certification, depending on the product, its application, value, and criticality, the Purchaser and Quality representative may authorize the acceptance of other evidence of compliance. This may include IGW audit or (self) assessment to the applicable criteria above.

5.5 General requirements for the competence of testing and calibration laboratories (ISO/IEC 17025:2005)

- The Supplier shall be accredited in accordance with the ISO/IEC 17025 standard and shall apply the requirements of this standard.

5.6 Subcontracting Special Processes

- The supplier certifying conformance for Special Processes shall be approved by the IGW Quality Department.
- In case the IGW Customer is asking for a specific certification/accreditation body, this one has to certify/approve the supplier of special processes.

5.7 Raw Material, Process and Test Certification

- Where applicable, certifications are required in accordance to appropriate material specifications/ process specifications, added to the purchase order. They must be legible and reproducible. The certificate shall always make reference to the applicable specification number and revision, purchase order number and shall contain the signature and title of an authorized representative.
- The Purchaser reserves the right to request a different revision than specified on the purchase order, in case this has been communicated within due time between both Parties.

5.8 Industry Specifications and Standards

- In all cases, for all industry specifications and standards, the supplier shall comply with the latest revision in affect at the time the parts are processed unless otherwise specified on the purchase order.

5.9 Notification

- The supplier shall notify the Purchaser of any change in ownership, location of manufacturing facilities, significant changes to production capacity or methods and changes in the organization structure.
- The supplier shall notify the Purchaser of any change in the manufacturing processes.

5.10 Calibration Services

- The supplier of calibration services shall maintain a management system certified in accordance with ISO 9001 and/or IRIS/ ISO TS 22163.
- The supplier shall also maintain a system of calibration in accordance with ISO/IEC 17025.
- The supplier has to be accredited by an Accreditation Body in order to calibrate the type of instruments asked by Purchaser.
- The supplier has to provide to Purchaser a copy of Accreditation Certificate and validity of it.
- Where applicable, and unless otherwise stated into the contract or onto the purchase order, the calibration method for the equipment is to be to the original manufacturers recommendations.
- Calibration traceability and compliance is to be recognized against national or international calibration standards.
- The supplier is to supply the Purchaser with a calibration certificate. The date of calibration, the identification number of the instrument being calibrated, calibration traceability and compliance with acknowledged national or international calibration standards, the environmental conditions of the laboratory, the references of the standards used, deviations and correction factors, the measurement uncertainty, the procedure used and the name of the calibration technician, supplier quality organization approval, shall be shown on the certificate.
- The Supplier shall also report the “as received” and “as returned” condition of the equipment being calibrated on the calibration certificate.

5.11 Inspection system

- The Supplier shall develop inspection procedures and maintain records of inspection. Records shall include evidence of inspection for all attributes of products / processes supplied to the Purchaser. The inspection system shall evaluate products / processes to insure that only parts and services that conform to purchase order requirements are supplied to the Purchaser.

5.12 Traveller

- The supplier shall maintain a traveller or equivalent control mechanism that directs procedures appropriate for the control of quality and configuration through all stages of production. History of changes on the traveller must be traceable.

5.13 Acceptance of parts / services

- In all cases, parts / services are subject to acceptance at the Purchaser after receiving.
- In case of special applications (as for Nuclear) the Purchaser doesn’t accept reworked or repaired parts.

5.14 Notification of nonconforming product

- Nonconforming parts under dispositions of “Use as is” or “Repair” shall be notified to and require written authorization from the Purchaser, prior to shipment. The Supplier shall therefore use his own concession form.
- When approved, parts under concession must be tagged with discrepancy and with concession identification number identified prior to shipment to the Purchaser.
- Supplier’s certification documentation must reflect the Supplier’s concession identification number. Each submittal of concession shall include the Supplier’s documented analysis to determine the root cause and positive corrective action implemented to prevent recurrence.

5.15 Supplier control

- Where applicable, the Supplier, including dealers and distributors, are responsible for insuring that the applicable requirements of the purchase order, including this document, are imposed on lower tier procurements for raw material, components or process services being used in the manufacture of products or services being provided.

5.16 Alert

- Where applicable, when the Supplier becomes aware, in any way (assessment, investigation, tests…), of a failure which would have a potential impact on the quality of already delivered parts / services, the Supplier shall notify the Purchaser without delay by issuing an Alert notice.
- The alert notice shall take the form of a letter, fax or an e-mail and shall contain at least the following details:
  - Name, address and references of the contact person of the Supplier
  - A description of the failure
  - A description of the potential impacts on the Purchaser already supplied parts / services
  - Complete reference of the concerned services / parts (Part number, delivery notes, batches, delivery dates, quantities, …)
  - Any immediate corrective actions requested (including root cause analysis)

5.17 Corrective action

- Corrective action (8D Report) may be requested from a Supplier when nonconforming products or services are delivered to the Purchaser. The Supplier must in this case complete the Supplier Complaint Report (8D Report) and return it to the Purchaser. The root cause of the nonconformity must be determined and corrective action must be implemented.
- Corrective action must identify the changes to processes, work instructions, procedures, specifications, drawings, inspections, tests, tools, equipment, facilities, resources, materials or training to prevent recurrence of the non-conformance. Corrective action shall also include the implementation date. Corrective action responses such as “warning the operator” or “change the tool” are not acceptable. Supplier’s failure to respond in the allotted time frame will be taken into consideration during the annual evaluation of Supplier’s performance, which can finally lead to cancellation as approved Supplier.

5.18 Records and Record Retention Period

- The Supplier shall retain verifiable objective evidence of inspection and tests performed. Quality records must be legible and reproducible and shall be made available for evaluation by representatives from the Purchaser, their Customer and regulatory authorities. Records shall be maintained for a contractually agreed upon period. Unless otherwise specified, this period will be 7 years.
- When applicable, test samples shall be sent to the Purchaser.

5.19 Traceability

- Materials, products, standards and parts shall be traceable through the whole manufacturing process and storage operations up to delivery. Identification and separate storage shall be maintained throughout the manufacturing cycle.
- When the process of final marking is subcontracted, the supplier shall guarantee that the items have not been mixed during the subcontracting.

5.20 Handling and Packaging

- During manufacturing and processing, special boxes, containers and transportation vehicles shall be used as necessary to prevent damage due to handling. Prior to shipment to the Purchaser, all products shall be cleaned so as to be free of all foreign substances or residue from processing or handling.
- Product shall be protected from deterioration by using a corrosion preventive compound.
- Product shall be packaged and protected for shipment in a way that will prevent damage. All parts shall be checked for damage prior to shipment to the Purchaser.

5.21 Customer Property

- Where applicable, the Supplier assumes responsibility for all parts, raw material, tools and equipment, furnished by the Purchaser. Parts, raw material, tools and equipment shall be adequately protected to prevent deterioration and must be returned to the Purchaser at the completion of order or contract unless otherwise specified on the Purchase Order.

5.22 Right of Access

- Quality Surveys might be conducted at the Supplier’s facilities by Purchaser’s QA Auditors on the basis of the requirements specified in the present document. Such verification by the Purchaser representatives, their Customer or regulatory authorities shall not be used by the supplier as effective control of quality. Verification by the Purchaser

representatives, their Customer or regulatory authorities shall not absolve the Supplier of the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by the Purchaser.

- In case the supplier delivers parts for special applications (as for Nuclear) the supplier shall accept audits of Purchaser, their Customers and/or regulatory authorities; the audit shall be scheduled within one month from the Purchaser request.

5.23 Human Resources

- The supplier shall ensure that human resources carried out for the order are enough skilled and are appropriate. Personnel needed for Special Processes shall be identified and qualified.
- Supplier's focal point shall be able to communicate in English language. Technical documents written exclusively in English shall be understandable, including by concerned employees in the workshop if any. These kinds of documents may be entirely or partially translated under the own responsibility of the Suppliers and shall in no case supersede the original document.

5.24 Health, Safety, Environment

- The Supplier and his upstream Suppliers shall all the time comply with the latest version of the European Regulation (EC n°1907/2006) concerning Registration, Evaluation, Authorization and Restriction of Chemicals (REACH).
    - The latest issue of the Material Safety Data Sheets (MSDS) of the ordered goods are to be sent to the Customer on the receipt of the order and strictly before delivery (MSDS needs to be provided as a minimum in the mother language of the user, Dutch)
    - MSDS will be in compliance with REACH directive annex II and will mention all identified uses that are included in the registration of the product
- In the event that the application of any environmental applicable laws and regulations could prevent the delivery of the product and/or the performance of the service, the supplier shall immediately inform IGW and shall propose an alternative solution to ensure the continuity of supply of the product/service in compliance with REACH and any other contractual terms agreed.
- If applicable, the ordered goods will be in compliance with CLP regulation (EC n°1272/2008) concerning the Classification, Labelling and Packaging of the product.

6 ANNEXES

n.a.