General Quality Management requirements to Seller

Part of: **Quality management process**
Specification Owner: **HSSE & QM**
Approved by: **Torill Møklebust**
Made by/revised by: **Sjur M Hopland/Siri H Sand**

Purpose

The purpose of this document is to define Kvaerner's general Quality Management requirements to Seller

Scope

This document is applicable for all procurements made by Kvaerner, except for standard catalogue items

The Specification Owner shall ensure that this document is up to date, available and implemented in the organisation. Any deviation or alternation from the specification shall be subject to Specification Owner's approval.

TABLE OF CONTENTS

1 INTRODUCTION 2
2 REQUIREMENTS 2
3 BUYER'S RIGHT TO AUDIT AND EXAMINATION ACTIVITIES 4
4 DEFINITIONS 4
5 ATTACHMENTS 4
6 REVISIONS 4
7 REFERENCES 4
ATTACHMENTS 6

1 INTRODUCTION

Kvaerner's overall Quality Management (QM) principles are provided on www.kvaerner.com.

Proper Quality Management is a core issue for Kvaerner, throughout all our operations and all supply chain tiers.

This document has been established to further outline the general requirements towards the supply chain.

Failure to comply with the requirements of this specification is deemed to be a serious violation of the subject contract.

2 REQUIREMENTS

2.1. Quality management system

Seller shall have implemented a quality management system in conformance with relevant requirements in ISO 9001 (latest edition) or equal.

The quality management system shall be documented, covering all of Seller's activities in connection with the Contract.

Seller's quality management system shall ensure that:

- Relevant laws, regulations and Contract requirements are identified and implemented
- All Buyer requirements are communicated throughout Seller Group
- Seller's products, including those supplied and manufactured by Seller and Seller Group meets specified requirements
- Seller Group has a quality management system that conform to the relevant requirements of ISO9001 (latest edition), or equal. Seller shall examine all such quality management systems prior to award of contracts. All documentation relating to such examinations shall be made available to Buyer on request
- Critical components, equipment, operations and processes are identified from a risk management perspective
- A process has been established for experience transfer relevant to the Contract, including Seller's pro-active collection of Buyer's records related to Buyer's previous experiences with Seller and/or similar scope delivered by Others
- Seller has assessed all available quality information and implemented mitigating actions to prevent reoccurrence of any non-conformance

2.2. Seller's audits and examinations

Seller shall plan and establish audit and other examination programmes covering internal assurance and monitoring activities as well as activities related to Seller Group. The scope and frequency of the audit and examination activities shall be adequate to confirm fulfilment of requirements and shall also reflect the criticality of supply.

Buyer shall have the right to participate as active observer in the planning and execution of such activities. Buyer shall be given minimum ten (10) days' notice prior to any such audit or examination activity.

Seller's program for internal and external audits and examinations shall be submitted to Buyer for review and comment.

Seller's programmes for internal and external audits and examinations shall be developed and updated throughout the execution of the Contract. Each new revision shall be submitted to Buyer for review and comment.

Seller shall establish, implement and maintain a system that identifies and controls all follow-up actions from audits and examinations until close-out. Close-out of actions from audits and examinations shall be reported to Buyer.

Buyer shall have full access to all audit and examination reports relating to the work.

2.3. Inspection and test plan

Seller's Inspection and Test Plan (ITP) shall document how Seller and Seller Group will apply their quality systems in the execution of the Contract. The ITP shall focus on quality control tools, i.e. working procedures, working instructions, safety rules and verification activities, and shall be sent to Buyer for review. The ITP shall be developed according to ISO10005:2005 §5.18:

As minimum, the ITP shall detail the following processes/ activities in correct sequence:

- Pre-production meeting(s)
- Any qualifications shall be listed as a separate activity, as applicable
- Verification related to qualification of Seller and to other procurement activities
- Inspection related to receipt of goods from suppliers and sub suppliers
- Inspection related to equipment installation, including Work by Seller Group
- Examination/inspection during construction, fabrication and erection
- Production and performance testing
- Verification and testing of processes with acceptance criteria
- Mechanical completion, preservation, final inspection and packing activities
- Transport preparations, including documentation for freight and customs
- The ITP shall identify/ include major subcontractors with reference to their ITPs
- Sub supplier ITPs may be either included in or appended to Seller's own ITP
- The ITP shall indicate what happens when defects are detected during non-destructive examination

Buyer may define its own 'hold' and 'witness' points. No inspection witness or hold points shall be waived without Buyer's consent. Seller shall provide access, and make available all relevant information, to Buyer's representatives both at Seller's and Seller Group sites.

2.4. Quality nonconformities

Seller shall establish, implement and maintain a system to systematically track, control, trend and document nonconformities and other undesirable events in Seller and Sub supplier products and processes throughout the Work.

Information on quality nonconformities shall be made available for registration in Buyer system(s).

Seller shall without undue delay take actions at its own cost to rectify any detected quality nonconformities and remove the cause(s) in order to prevent reoccurrence.

Seller may seek a Deviation Permit or Concession Request by issuing a variation order with relevant content and references as considered necessary.

2.5. Quality records

Seller shall identify, analyse and maintain quality records to document traceability on deliverables and to provide evidence of conformance, assurance, examinations, preventive and corrective action, and to detect trends in due time to enable preventive/corrective actions to be taken.

Seller shall provide access for Buyer on all quality records upon request.

3 BUYER'S RIGHT TO AUDIT AND EXAMINATION ACTIVITIES

Buyer shall have the right to perform audit and examination activities towards Seller and Seller Group throughout the duration of the Work. Buyer shall give minimum five (5) working days' notice to Seller prior to any such audit or examination activity, ref. attachment 4.

Seller and Seller Group shall provide the required facilities and assistance with respect to the execution of such activities.

Seller and Seller Group shall bear their own costs related to such audits and examinations

Where findings are identified, Seller shall describe the disposition of each finding and corrective action with planned completion dates. This information shall be submitted to Buyer within ten (10) workdays of identification. Seller shall report its closing of the actions accordingly. Documentation that proves closing shall be included.

Audits and examinations carried out by Buyer shall not relieve Seller of its responsibility for the Work.

4 DEFINITIONS

In general, definitions apply as set forth in the Norwegian Conditions for Purchase 2016 (NIB2016)

Text	Definition
Seller/supplier	All companies doing business with Kvaerner, with Kvaerner acting as the Customer
Examination	Includes activities such as control, verification, validation

5 ATTACHMENTS

Document No.	Title
None	

6 REVISIONS

Rev. No.	Section No.	Change description
01		First revision

7 REFERENCES

Document No.	Title
NIB2016	Norwegian Conditions for Purchase