

MacGregor

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1 Management Responsibility

1.1 Business Plan

The Supplier shall have a clear business plan and a strategy to guide the future development of the company. This plan shall be reflected in respective plans of business units, functions or equal. The plan shall include objectives, targets, actions, responsibilities and schedules.

1.2 Key Performance Indicators

The Supplier shall define key performance indicators for SQDEC (Sustainability- including Social part, Safety and environment, Quality, Deliveries, Environmental and Cost) as minimum, which will be used to monitor the company's performance towards its strategic objectives. These KPI shall be measurable towards the targets into the Business plan. Management shall review these indicators on a regular basis and use the data to initiate improvement actions.

1.3 Financial Stability

The Supplier shall demonstrate a solid financial history.

1.4 Quality Management System

The Supplier shall ensure that the Supplier itself and all its production units minimum are certified according to ISO 9001.

1.5 Environmental Management System

The Supplier shall ensure that the Supplier itself and all its production units minimum are working according to requirements of ISO 14001.

1.6 Management Review

Management shall ensure the quality, environmental and risk management systems' applicability and effectiveness by regular reviews. The reviews shall lead to planning and implementing improvements.

1.7 Resources

Suppliers Management shall ensure availability of adequate resources. Employees shall have the required education, training and competencies for their position and tasks. The supplier shall create and retain all Certificates, These development plans shall support the fulfilment of the supplier's business plan.

1.8 Fair Competition

The Supplier deals fairly with individuals and entities with whom they interact.

1.9 Whistle-blower policy

The supplier has a whistle-blower policy that allows people that wish to report gross negligence or intended breaches with legislation/ethics to report anonymously without the threat of losing their employment or career options

1.10 Code of Conduct

The Supplier shall have a documented code of ethics or a code of conduct implemented, including temporary employees that are in line with MacGregor Business Partner Code of Conduct.

1.11 Conflict of Interest & Sanctioned or Exposed Individuals

The supplier shall, if they have former or current MacGregor Employees working in or owning the company, or relatives working at MacGregor, be open and transparent of their position in the company. The supplier shall, if they have sanctioned individuals or PEP's (Politically exposed person) working in or owning the company, be open and transparent of their position in the company.

2 Quality Management

2.1 Document Control

The Supplier shall have a document control system to create, check, approve, release, distribute and delete quality system related documentation and data throughout the whole organization.

2.2 Quality Planning

The Supplier shall have a systematic Quality project planning process.

It shall be used to determine if all engineering design records and specification requirements are properly understood by the supplier. The manufacturing process shall have the potential to produce products consistently meeting these requirements on time.

2.3 Internal Audits

The Supplier shall conduct internal quality (System, Project and Process) audits using qualified auditors according to set procedures. Internal quality audits shall be planned and executed according to the plans. Audit results shall be a subject to regular reviews and respective corrective actions shall be taken without unnecessary delay. These corrective actions' effectiveness shall be verified.

3 Environmental

3.1 Environmental Matters and Impacts

The Supplier shall identify environmental impacts of its value chain. It shall include, but not limited to, emissions to air, water and soil. The Supplier shall comply with applicable environmental regulations and shall take reasonable steps to reduce environmental impacts of its operations through all phases of its product development processes. All reasonable efforts shall be made to eliminate or reduce hazardous contents from the product and its manufacturing process. All impacts shall be monitored for continuous improvements.

3.2 Material Data Sheets

The Supplier shall have procedures for and evidence of recording the raw material content of its products, certificates, and material data sheets.

3.3 Product Environmental Compliance

The supplier shall at all times provide documented and evidence-based compliance to IHM (Inventory of Hazardous Materials), REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) on Substances of Concern, RoHS (Restriction of Hazardous Substances Directive), POPs (Persistent Organic Pollutants), EPA restrictions in the US - prohibitions on processing and distribution of Phenol, Isopropylated Phosphate (3:1) (PIP (3:1)) and any other legislation valid for its product.

3.4 Energy and Greenhouse Gas Emissions

The Supplier shall actively manage and seek to reduce the greenhouse gas emissions and other climate impacts associated with its operation and, where relevant, its supply chain. The supplier is encouraged to calculate its emissions and establish time-bound emission reduction targets. The Supplier shall, upon MacGregor's request, provide relevant and accurate information regarding its practices, policies, targets, metrics and initiatives for contribution to a low-emission economy in line with the Paris Agreement.

4 Risk Management

4.1 Risk Plan

The Supplier shall have an up to date risk plan. It shall promote effective identification, analysis, control, prevention and monitoring of business risks. Management shall ensure that it is appropriately communicated, understood and implemented throughout the whole organization. The plan shall include strategy, financials, quality, operations, supply, logistics, technology, location, natural hazards (incl. pandemic) and (trade) political risks.

4.2 Compliance with Legislation

The supplier must provide documented compliance of National and International legislations as well as specific European Union legislations. The supplier must also continuously remain updated of changes and news to the legislation.

4.3 Contingency Plan

The supplier shall have a Business contingency plan. Including Major disruptions, Fire, Production stop etc. It shall guarantee business operations continuity and customer service in case of an interruption

4.4 Emergency Procedures

The Supplier shall have appropriate emergency procedures including evacuation and rescue plans.

4.5 Security

The Supplier shall implement security procedures covering buildings, employees, documents, IT systems and movement of products. It shall also include measures to prevent unauthorized access to its IT systems.

Necessary precautions shall be implemented in the form of fireproof cabinets, virus scans, up-to-date electronic back-ups etc. Supplier should maintain restricted access to packing and warehouse (supply chain security)

4.6 Insurance

The Supplier shall have insurance coverage (or similar arrangement in its own capital) that allows it to recover from major disruptions. The Supplier shall have a liability insurance for finished products covering MacGregor's market areas.

4.7 Confidentiality Agreement

The Supplier shall have a confidentiality agreement with all of its employees who have access to sensitive company or customer information or technology, including temporary employees and resident subcontractors.

5 Project Management

5.1 Contract Review

The Supplier shall have a formal Project management review system to convert customer requirements into Supplier's internal requirements. The requirements referred to may be: Requirements specifically documented in MacGregor specifications, purchase order, agreement, request for quotation or other documentation

5.2 Project Management planning

The supplier shall have a project plan for its project management, with milestones included. The plan shall cover important activities from RFQ to start of production.

5.3 Resources and Contact person

The supplier shall make sure that they have the right resources available for Project management, including their responsibility. The supplier shall nominate contact person(s) to manage the relationship between MacGregor and the Supplier. The contact persons shall have fluent skills in English.

5.4 Escalation process for Project Management

The supplier shall have a defined process for handling disruptions in the project plan, and inform MacGregor if the time plan will be affected.

5.5 Change Management

Contractual changes like engineering changes and changes related to customer requirements shall be managed using Project Management Planning.

5.6 Revision Control

The supplier shall have a system to manage and control that the right specification revisions (such as drawings) are used for manufacturing. It must also include sub suppliers (Tier 2).

5.7 IPR - Intellectual Property rights

The supplier shall have a policy or procedure to protect 3rd party IPR (Intellectual Property Rights). According to the policy the Supplier shall have a procedure within its Project Management system to assure that no 3rd party IPR are included in deliveries to MacGregor without the right to do so.

5.8 Project Management handover

The supplier shall have an official handover process from project management to serial production. There shall be an agreement between the project and production that they are ready to start serial production.

5.9 Prototype building

Prototypes shall be managed early in the supplier's project management system. The plan shall clearly define how and when a prototype shall be built.

6 Health and Safety Management

6.1 Health and Safety Management system

The Supplier shall have a documented Health and Safety management system. It shall be under regular reviews and emphasize continuous improvement actions.

6.2 Eliminating hazards and reducing Health and Safety risks

The Supplier shall have a process for Health and Safety precautions and hazard identification, risk assessment, elimination of hazards and reduce all significant HS risks.

6.3 Incidents reporting and investigation

The supplier shall have a procedure/ process in place, including reporting, investigating and taking action to determine and manage incidents.

7 Production

7.1 Process Flow Chart

The supplier shall have a production process implemented according to an optimized plan. The process flow shall ensure effective operation and control of the process. If any part of the process is subcontracted, this shall be indicated in the process flow.

7.2 Customer Approval

The supplier's process and materials including related changes shall be qualified and approved according to set procedures by the Customer. The records of process and material qualification shall be available to the Customer.

7.3 Work Instructions

The Supplier shall have work instructions, it shall include descriptions for each workstation in the process.

7.4 Maintenance

The Supplier's process equipment shall be qualified for the purpose. The equipment shall be under preventive maintenance according to a specific plan. All records of maintenance shall be stored.

7.5 Customer Tooling

The supplier shall establish appropriate procedures for storing, inspecting and maintaining customer owned tools, fixtures and jigs. All customers owned equipment must be labelled with "property of MacGregor".

7.6 Control Plan

The supplier shall define a production control plan in order to keep the process under control. Respective controls shall be established, for processing, assembly and inspection/testing with results recorded. The control plan shall be available at the different workplaces. All inspections, testing according to control plan have been conducted and all records maintained and stored. Operators shall have been trained.

7.7 Continues Improvements

The Supplier shall use statistical methods and techniques to analyze process data for continuous improvement. All records of all improvements must be stored.

7.8 Rework

The supplier shall define in-process rework and appropriate procedures for conducting it. Repaired and/or reworked products shall be re-inspected.

7.9 Root Cause Analyses

The supplier must conduct root cause analyses for production and process failures. All records must be stored.

7.10 Releasing of Products

Prior to releasing products for delivery the Supplier shall assure that the products conform to requirements.

7.11 Measuring Equipment

The serial production supplier shall have all necessary measuring equipment to be able to measure and verify if the products comply with all customer requirements, stated on drawings and standards. And also to be able to keep an in-house process control.

7.12 Calibration of measuring equipment

The Supplier shall have a documented procedure for the calibration and certification of tools/equipment. All data from calibration and certification of inspection, measurement and test equipment must be stored.

7.13 Incoming Inspection

The Supplier shall have a procedure describing appropriate inspection of incoming materials. These procedures shall include systems to ensure traceability of product if found unacceptable.

7.14 Managing Transportation

The Supplier shall establish methods and means for preventing damage to materials and products during handling and transportation.

7.15 Layout and Material Flow

The Supplier's manufacturing, "end to end" shall have a clear layout to avoid bottlenecks created due to space constraints or unsuitable material or product flows. Well-organized, clean and proper order.

7.16 Product Audit

The Supplier shall conduct Product Audits at suitable intervals of the products while they are in stock.

7.17 Labelling and Quantity delivery

The Supplier shall pack and label the products appropriately prior to the delivery to avoid damage or loss. It shall also establish controls and procedures to assure on-time and right quantity deliveries.

7.18 Identification

The Supplier shall have a documented procedure for ensuring that all products are identified to indicate their conformance or non-conformance throughout all process steps.

7.19 Traceability

The Supplier shall implement a method for traceability of individual parts used in the final product throughout all stages of the manufacturing process. When traceability of a finished product is a specific requirement, every completed product or lot shall have a clear, well-documented means of identification. This identification shall be recorded and retained as a quality record.

8 People and their Development

8.1 Human rights, child labor, forced labor

The Supplier does not breach human rights at any of their work places, nor does it allow child labour and forced labour. The Supplier shall at all times be able to provide a complete CMRT (Conflict Minerals Reporting Template).

8.2 Compensation and working time

Compensation paid to workers and working time is in line with legal requirement and international standards (ILO= International Labor Organisation)

8.3 Right to organize

The Employees have a right to organise themselves to bargain employment conditions.

8.4 Equal Opportunities to grow

The Employees have opportunities independent of race, gender, association, nationality, to grow towards other and more senior positions.

8.5 Education of Personal

The supplier shall continuously educate and train their personal/resources. All records of all training must be stored.

8.6 Competence Matrix

The supplier shall have a procedure in place to define/monitor the competence skills the employees/resources possess.

8.7 Development Plans for Employees

The supplier shall regularly conduct Personal Development Plans with all their employees.

9 Product Development

9.1 Product Development process

The Supplier shall have a documented product development process to ensure effective planning, execution and control of the product throughout its lifecycle.

9.2 Design requirements

The development process shall be based on the requirements identified during contract review.

9.3 Project planning

The supplier shall have a project planning tool. It shall clearly identify responsibility for engineering/design and development. The project shall be managed according to planned targets in terms of resourcing, scheduling, product quality and costs.

9.4 Design Review

The Supplier shall perform formal design reviews to systematically analyze the progress of the product development activities and their output at certain milestones.

9.5 Development Tools

The Supplier shall validate all design and development tools including software. The tools used shall be compatible with ones used by MacGregor.

9.6 Control of Design Changes

The Supplier shall establish procedures to manage track and document changes in requirements and designs. The process shall include practices for documentation and version management. The Supplier shall inform MacGregor of all engineering changes.

9.7 R&D Capabilities & Innovation

The supplier shall have a strategy and plan for future technologies and innovation.

9.8 Prototype building

The Supplier shall be able to handle prototype building during the project phase in the project management. Prototypes shall be provided to customers according to a set time plan and effective manner.

9.9 QA of Prototypes,

The supplier must verify that prototypes are produced so they are representing the technical documentation. Records of verification must be available upon request.

10 Purchasing (Supply Chain Management)

10.1 Supplier Selection

The Supplier shall have a defined process to select and approve its new potential suppliers, including Code of Conduct compliance.

10.2 Supplier Monitoring

Supplier performance shall be monitored on monthly (serial production) basis on minimum QD (Quality and Deliveries) and targets shall be defined.

10.3 Supplier Code of Conduct

The supplier requires their existing suppliers to sign a Code of Conduct (or similar process, to verify sustainability and compliance in their supply chain).

10.4 Source Identification

The supplier commits to provide necessary information to confirm that conflict minerals (tantalum, tin, tungsten, and gold) in their supply-chain are "conflict free". The supplier is following the OECD due diligence guideline for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

10.5 Outsourced Services

The supplier shall have procedures to ensure quality and sustainability of outsourced services (example of IT).

10.6 Outsourced & Assigned Products

The supplier shall have a procedure for Quality Planning and Assurance of outsourced and assigned products (example of painting).

11 Continuous Improvement

11.1 Continuous Improvement Program

The supplier shall have continuous improvement programs. The programs shall be applicable for internal improvements, as well as for supply chain improvements.

12 Warranty

12.1 Warranty issues

The supplier shall have a process for handling Warranty issues.

2.2 Warranty Claims

The Supplier shall have a corrective action process for warranty to evaluate customer claims.

13 Product Liabilities

13.1 Recall Procedure

The Supplier shall have a Product Liability Procedure including a recall process and defined liability related responsibilities.

14 Logistic

14.1 Logistic support

The Supplier shall have an established system and access to necessary service providers to supply both production material and spare parts to MacGregor on a global basis

14.2 Integrated Planning System

The Supplier should use an integrated planning system for order management, materials requirements planning, procurement, warehousing and inventory management. In order to reduce the administrative waste in his processes, the supplier should have an adequate Electronic Data Interchange (EDI) system in place.

14.3 Materials management

The Supplier shall work according to First-In-First-Out (FIFO) principle.
The Supplier should actively manage inventory accuracy by regularly stock takes.

14.4 Capacity planning

The Supplier shall have a tool for capacity planning. This tool must also include sub-suppliers, sub-contractors and raw-materials.

15 Spare Parts

15.1 Quality

The supplier shall have a process for Quality Planning and Assurance of spare parts.