Administration Requirements: Quality Management

Rev.	Change no.	Date	Reviewed by	Approved by	Status
03	500000518211	2019-12-10	HOULGRS	JANAKB	Released Version

Effective date: January 1, 2020

Document owner: Supplier Quality Director

Change Log:

- 3.0 Purpose: Added section to clarify the purpose.
- 4.2 Special Processes: Revised list of processes, included reference to 'Global SPSL for Surface only', and specified that WPS and WPQ shall be one file.
- 6.0 Manufacturing Documentation: Adopted content from 'Global eSMDR User Guide' on how to technically access requirements and submit documentation.
- 6.3 Pre-Manufacturing: Clarified requirements for completing eSMDR and manual SMDR.
- 6.3.1 Document Submission and Notification: Adopted content on this subject from 'Administration Requirements: Document Management'.
- 6.3.2 Review and Comments: Added section to clarify when Supplier is allowed to start manufacturing.
- 6.4 Post-manufacturing: Clarified requirements for MRB submission.

The changes from the previous revision are indicated by red font.

Table of Contents

1 Introduction

It is **TechnipFMC**'s intention that, in the implementation and administration of the **PO**/**Agreement**, **Supplier** shall utilize its own methods and procedures. However, to achieve the proper level of quality and safety for the **Work**, **TechnipFMC** has specified certain mandatory requirements applicable to Manufacturing & Products suppliers, as detailed in these Administration Requirements.

If a specific requirement, stated in this document, by nature, is not relevant for the **Work** performed by **Supplier**, **Supplier** is exempt from adherence to such requirement without further acceptance from **TechnipFMC**.

2 Definitions

Refer to PRD-0000030203, Global Purchasing Terms for Goods and Services, for definitions used in this document.

Exceptions within this document, the terminology:

- **FMCTI**, referring to legacy FMC Technologies entities, is hereafter named **TechnipFMC**.
- **Subcontractor**, means subcontractor at any level.

3 Purpose

When referenced in **PO/Agreement**, this document specifies the requirements for qualification and performance, non-conformance handling, manufacturing documentation, assurance and control and **TechnipFMC Provided Items** for deliveries by **Supplier** to **TechnipFMC**. It defines quality management requirements for **Supplier** to do business with **TechnipFMC** and meet expectations.

4 Qualification and Performance

4.1 Qualification

For products and/or services intended for **TechnipFMC**'s deliveries to **Company**, **Supplier** must be listed on Global Qualified Suppliers List (GQSL), and equally, **Subcontractors** used by **Supplier** for Special Processes be must be listed on Global Special Process Suppliers List (GSPSL):

- GQSL: Keeps all Suppliers who have passed **TechnipFMC**'s qualification process, and thereby are eligible for **PO** placement.
- GSPSL: Keeps all providers of Special Processes who have passed **TechnipFMC**'s qualification process, and thereby can be utilized by **Suppliers** as **Subcontractors** for Special Processes. GSPSL is available through the INFO link in the Part Report.

Suppliers are qualified by **TechnipFMC** based on the following principles, which are also applicable for the periodic reviews and re-qualifications of existing **Suppliers**:

- Existing business need.
- Passed commercial, Quality Management System (QMS), and Health, Safety and Environment (HSE) audits.
- Passed technical audits (mandatory for all Special Process providers).
- In certain cases, passed technical qualification.

Qualification of **Suppliers** and Special Process **Subcontractors** are concluded and documented through a Supplier Review Board (SRB), and will be formalized for **Supplier** and Special Process **Subcontractors** through a Global Approval Certificate/Letter.

4.2 Special Processes

Special Processes are defined by **TechnipFMC** as processes where the:

- Output of an operation cannot be later verified by monitoring or measurement activities.
- Activity is considered sensitive or critical in nature.

TechnipFMC identifies the following as Special Processes:

- Raw Material (Forgings / Castings)
- Other Specialty Metal Forming
- Heat Treatment
- Welding*****
- Non-Destructive Examination (NDE), excluding visual/dimensional examination
- Coatings / Surface Treatments, including Plating and Thermal Insulation
- Non-metallic Molding

*****When documentation for welding is required, **Supplier** shall submit the Welding Procedure Specifications (WPS) and the Welding Procedure Qualification (WPQ) records and documentation as one combined PDF file – not separate files.

Information on the specific types of applications included as Special Processes are in the files 'Global SPSL - Products & Manufacturing' and 'Global SPSL - Surface only', accessible for **Supplier** through the INFO link in the heading of the Part Report.

- The 'Global SPSL - Products & Manufacturing' file displays companies audited to criteria to support all business units, which means **Suppliers** and **Subcontractors** qualified to perform Special Processes for all Products & Manufacturing business units.
- The 'Global SPSL - Surface only' file displays companies audited to surface criteria, which means **Suppliers** and **Subcontractors** qualified to perform special processes for the Surface business unit only.

All **Suppliers** and **Subcontractors** performing Special Processes shall be formally qualified by **TechnipFMC** Subject Matter Experts (SME), prior to performing such processes.

Prior to placing an order to a **Subcontractor**, which includes a Special Process, **Supplier** shall always verify that any **Subcontractor** is qualified:

- In case the intended **Subcontractor** for a Special Process is not on GSPSL and/or the **Supplier** is not clear on the special processes listed in the GSPSL, **Supplier** must contact **TechnipFMC** Commercial Point of Contact (the Buyer) or Supplier Quality Engineer (SQE) for further action *before* work is started.
- In some cases, **TechnipFMC** may instruct **Supplier** to select another **TechnipFMC** qualified Special Process **Subcontractor**.
- If warranted, **TechnipFMC** may choose to qualify another or the suggested Special Process provider.

In any case, **Supplier** is responsible for:

- Making the Part Report and pertaining **TechnipFMC** requirements available for all their **Subcontractors**.
- Managing and performing oversight of their **Subcontractors**, as well as securing the compliance of **Subcontractor**'s documentation prior to submittal to **TechnipFMC**.
- Updating **TechnipFMC** on any change of Special Process **Subcontractor**, or major change in **Subcontractor**'s process, equipment, management and/or ownership.
- Informing **TechnipFMC** about major or recurring technical, quality or delivery problems that have not been satisfactorily resolved with the Special Process **Subcontractors**.

When the Part Report for an Original Equipment Manufacturer (OEM) product requires review and approval of pre-manufacturing documentation for a Special Process (per the list above), the OEM **Supplier** is required to either;

1. be approved to conduct or manage that Special Process in-house, or
2. use a **Subcontractor** that is approved for that process on **TechnipFMC**'s GSPSL and submit the **Subcontractor**'s procedure for review and approval.

4.3 Performance Scorecard

For **Suppliers** qualified for products and/or services intended for **TechnipFMC**'s deliveries to **Company**, a Global Supplier Scorecard is established to measure recorded nonconformities, spend, and on-time delivery.

If the rating triggers mitigation actions, **Supplier** will be approached by **TechnipFMC** for improvement through Supplier Process Verification (SPV), and **Supplier** is required to be supportive of such initiatives.

SPV is executed through standard checklists that score specific process steps and controls, before, during, and after product realization, to provide an overall process score. The output is a report summarizing conformities and nonconformities. If nonconformities are identified during SPV, **Supplier** shall provide a Root Cause Analysis and Corrective Action Plan (RCA/CA).

Supplier Quality will perform SPVs based on two strategies:

- Preventative: Regardless of Scorecard performance status.
- Reactive: Based on Scorecard performance status. The type of SPV to be performed will depend on **Supplier**'s performance determined through data analysis.

Given advanced notice, **TechnipFMC** representatives, or personnel authorized by **TechnipFMC**, have the right to undertake audits and verifications of **Supplier**'s risk management systems.

4.4 Continuous Improvement

As a toolkit for continuous improvement and prevention, **TechnipFMC** recommends **Supplier** to utilize APQP (Advanced Product Quality Planning), to assure quality, efficiency, and economics in the products or services delivered.

A customized APQP methodology, developed by **TechnipFMC**, containing a limited selection of tools, will apply for **Supplier** when stated in the **PO**/**Agreement**. This will commonly be referred to as APQP*****.

Additionally, if approached by **TechnipFMC** to initiate APQP tools/activities, due to identified improvement opportunities, **Supplier** is required to collaborate, take ownership, and implement.

An APQP* Guideline is available for **Supplier** through the INFO link in the Part Report.

5 Non-Conformance Handling

5.1 Process

For continuous improvement, **Supplier** shall have a documented process for managing nonconformities within their Quality Management Systems (QMS).

To prevent recurrence, **Supplier**'s non-conformance review process must be designed to ensure effective implementation of corrective/preventive actions, based on proper Root Cause Analysis (RCA). Failure to implement effective Corrective Actions and to reduce the number of defects may result in removal or restriction of **Supplier** on **TechnipFMC**'s Global Qualified Suppliers List (GQSL).

Within **TechnipFMC**'s ERP system, SAP, Quality Notification (QN) is the terminology for Non-Conformance Request/Report (NCR). The QN is a **TechnipFMC** controlled document.

In Procurement, **TechnipFMC** defines two different QN types:

1. A ZC QN is a **Supplier** generated pre-delivery NCR, and can be:
   - Technical Clarification: Prior to realization, **Supplier** is formally requesting clarity on requirements, such as specifications, drawings, etc.
   - Deviation Request: Prior to realization, **Supplier** is asking for permission to make a change to the requirements. **TechnipFMC** will provide a disposition.
   - Concession Request: Post realization, defect detected and reported by **Supplier**. **Supplier** shall propose a solution, and **TechnipFMC** provide a disposition.

     This includes Product Alerts and Recalls. If more than one **PO** is impacted by the same alert or recall, **Supplier** shall reference all applicable **PO**s impacted in the Containment Action field of the NCR Form.

   Note: Technical Clarification and Deviation Requests shall be submitted as early as possible, preferably prior to **PO** (e.g. during bidding phase).
2. A ZD QN is when a "Non-Conformance in Procurement" is raised by **TechnipFMC**, either during documentation review, inspection on **Supplier**'s site, and/or during receiving inspection, where the **Deliverable** is found to be nonconforming.

TechnipFMC further defines the following two QN types:

1. A ZF QN is an "Internal Non-Conformance" found on **TechnipFMC**'s factory floor during or after assembly, and can include error in the Part Reports.
2. A ZE QN is an "Improvement Proposal" that can be raised by any **TechnipFMC** employee for any type of improvement request to processes and/or products. A ZE QN can also be used by **TechnipFMC** to document **Supplier**'s Corrective Action Report (CAR).

QNs that conclude to be caused by **Supplier**, will be classified as “Vendor Related” in SAP, and is a significant contributor to the performance reflected in the Supplier Scorecard.

5.2 Submission

Without undue delay, **Supplier** shall provide relevant information to enable **TechnipFMC** to evaluate any nonconformity, using **TechnipFMC**'s Non-Conformance Request/Report (NCR) Form (GTF-COR-21011). The form is available through the INFO link in the Part Report and on www.technipfmc.com/suppliers. **Supplier** shall submit the request to the relevant email address specified within the NCR Form.

Note: **Supplier** should provide **TechnipFMC** with an email address for a shared mailbox, for receiving QN updates, managed by **Supplier**'s quality personnel.

5.3 Implementation of Disposition

Upon the receipt of a dispositioned QN from **TechnipFMC**, **Supplier** is required to follow the included instructions. In case of uncertainty, **Supplier** is required to request and ensure clarification, and shall not proceed before an updated disposition is received from **TechnipFMC**.

Supplier shall attach a copy of the completed QN to the documentation package prior to shipping impacted **Deliverables** to **TechnipFMC**.

5.4 Mitigation

When a nonconformity caused by **Supplier** is discovered upon delivery, or during the warranty period, **TechnipFMC** may require **Supplier** to submit a Root Cause Analysis / Corrective Action Plan (RCA/CA). Such nonconformity will be registered by **TechnipFMC** as a "Vendor Related" ZD or ZF QN, and **Supplier** is required to process it as a Customer Complaint as per **Supplier**'s own QMS.

After receipt of such RCA/CA request from **TechnipFMC**, **Supplier** shall submit a Corrective Action Report (CAR) Form, including immediate containment actions taken, within ten (10) **Business Days**, to relevant email address specified within the NCR Form. If **Deliverables** must be returned for investigation, this may be extended to up to ten (10) **Business Days** after the receipt/return of the **Deliverables** at **Supplier** site.

Supplier shall involve/copy **TechnipFMC**'s Supplier Quality Engineer (SQE) and Commercial Point of Contact, the Buyer, on all correspondence related to such matters.

6 Manufacturing Documentation

All documents provided by **Supplier** or **Subcontractor** per **PO**/**Agreement**, shall be compliant with **TechnipFMC** requirements and applicable industry standards.

Additional information on review and comments, including status codes and review cycle time, is available within PRD-0000035686, Administration Requirements: Document Management.

Note: **Supplier** should provide **TechnipFMC** with an email address for a shared mailbox, for receiving documentation notifications, managed by **Supplier**'s quality personnel.

6.1 Requirements Identification

To access Part Report requirements through **TechnipFMC** systems, **Supplier** must have been enabled by **TechnipFMC** to use Ariba Network. If enabled, Ariba Network shall be accessed via Microsoft Internet Explorer by entering the web address https://supplier.ariba.com.

1. Within Ariba Network, click on 'Inbox' tab to find your **POs**:

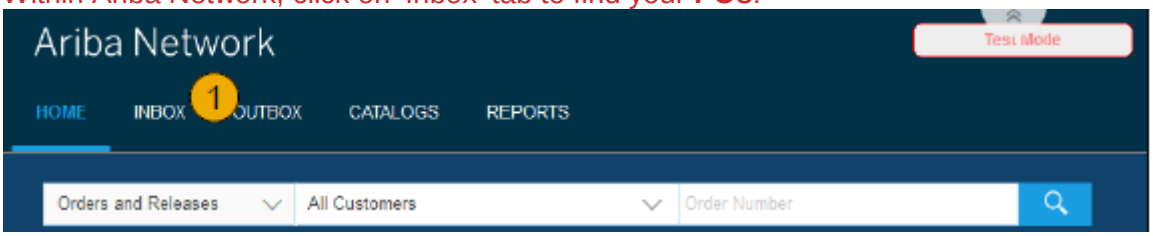

Figure 1: Entry screen

2. Inbox is presented as a list of the **POs** received from TechnipFMC. Click the PO number link in the 'Order Number' column to view details:

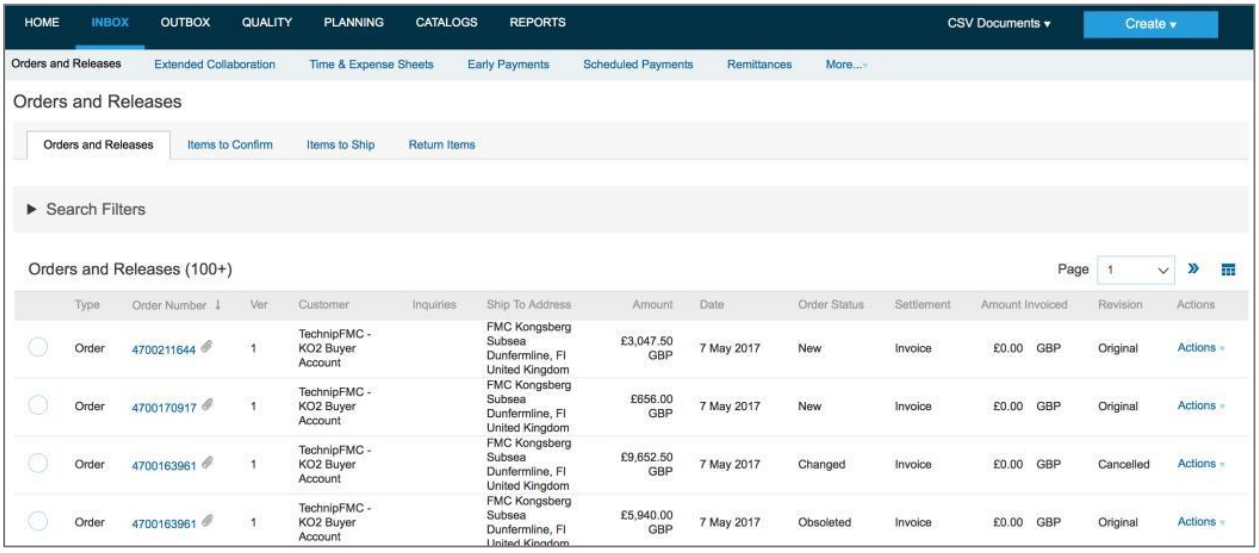

Figure 2: Inbox

3. Open the Part Report by clicking the part number link under ‘Document Links’:

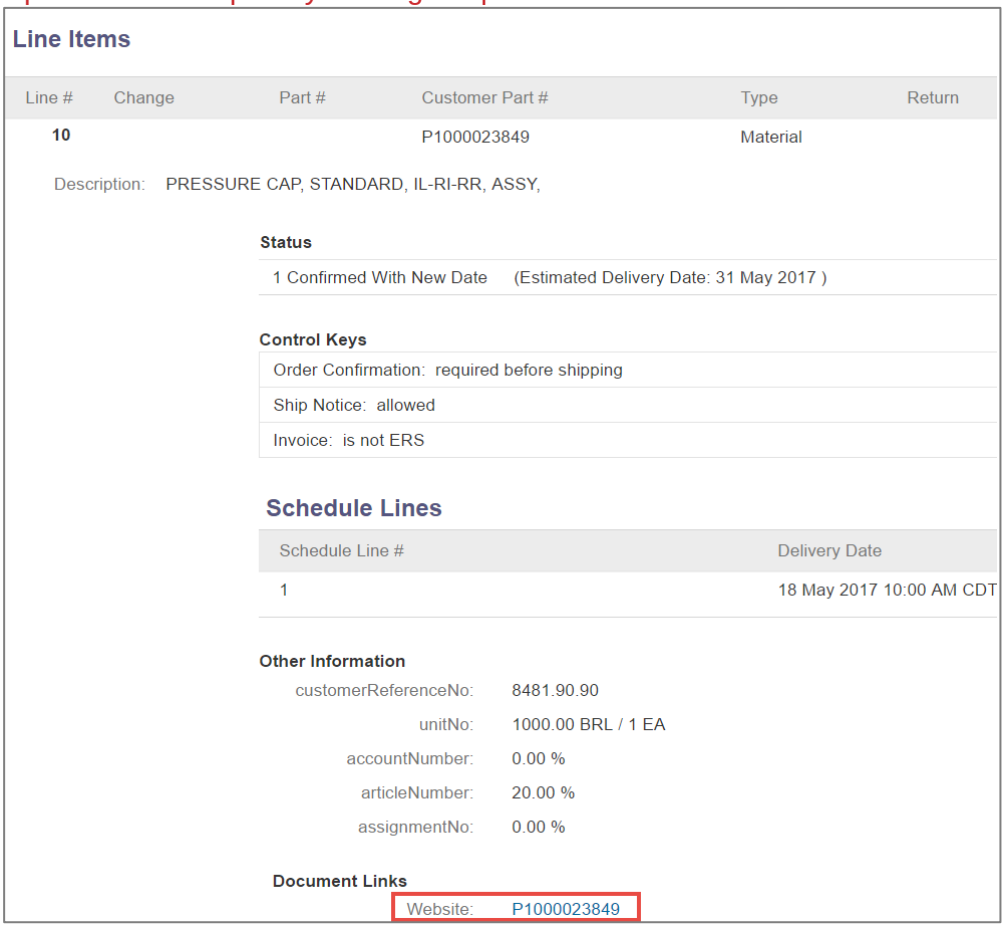

Figure 3: Part Report link

Note: The eSMDR and MIR links are accessed from Part Report, but the link is only available when accessing through in Ariba. Copying and pasting the link in the browser will give access (if the **PO** or RFQ are still open), but will not give access to eSMDR.

6.2 Submission

Unless otherwise agreed, **Supplier** submit documents to **TechnipFMC** by utilizing the 'PO Doc Collaboration' interface available through TechnipFMC Partner Portal.

The portal can either be accessed directly by entering the web address https://supplier.fmcti.com in your web browser or by a link within Ariba Network.

Important! After uploading pre-manufacturing documents, **Suppliers** shall update the comment box in the eSMDR to inform **TechnipFMC** which documents were uploaded.

1. Once logged in, click 'PO Doc Collaboration':

Figure 4: Document Submittal via TechnipFMC Partner Portal

2. Enter **PO** number in the 'PO #' field and hit enter:

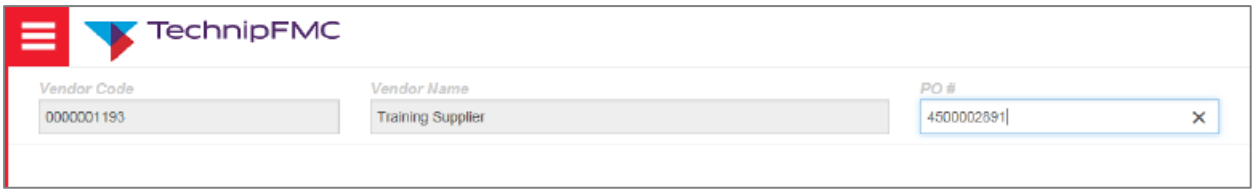

Figure 5: Document Submittal via TechnipFMC Partner Portal continued

3. The system will display the following screen:
   The screen has 2 tabs – Upload Documents and Documents.
   - Use 'Upload Documents' tab to send document to **TechnipFMC**.
   - Use 'Documents' tab to view documents that have already been uploaded.

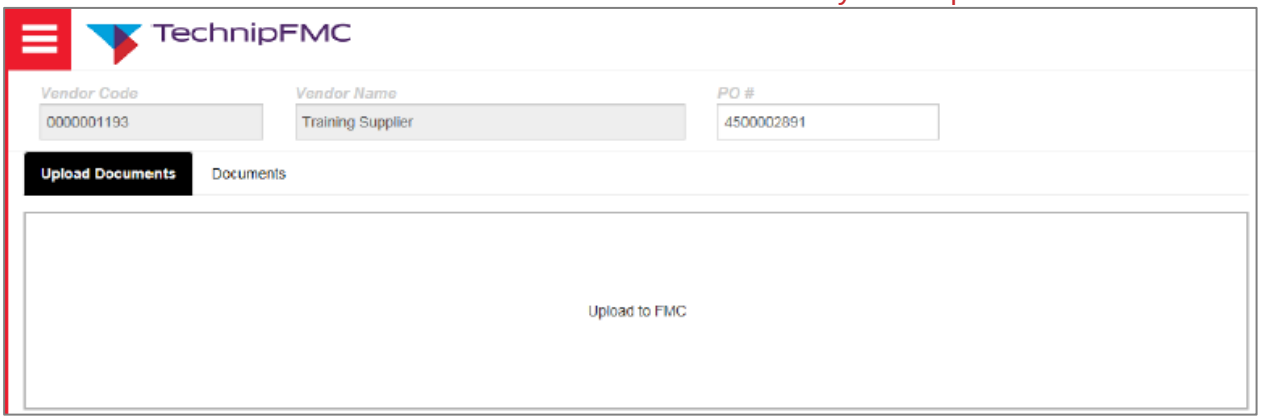

Figure 6: Document Submittal via TechnipFMC Partner Portal continued

4. In the 'Upload Documents' tab, to upload either *click* 'Upload to FMC' or *drag and drop* files into the 'Upload to FMC' box:
   - Once complete, you should see a screen like the one below.
   - All files can be seen under 'Document List', so you can review before submitting.

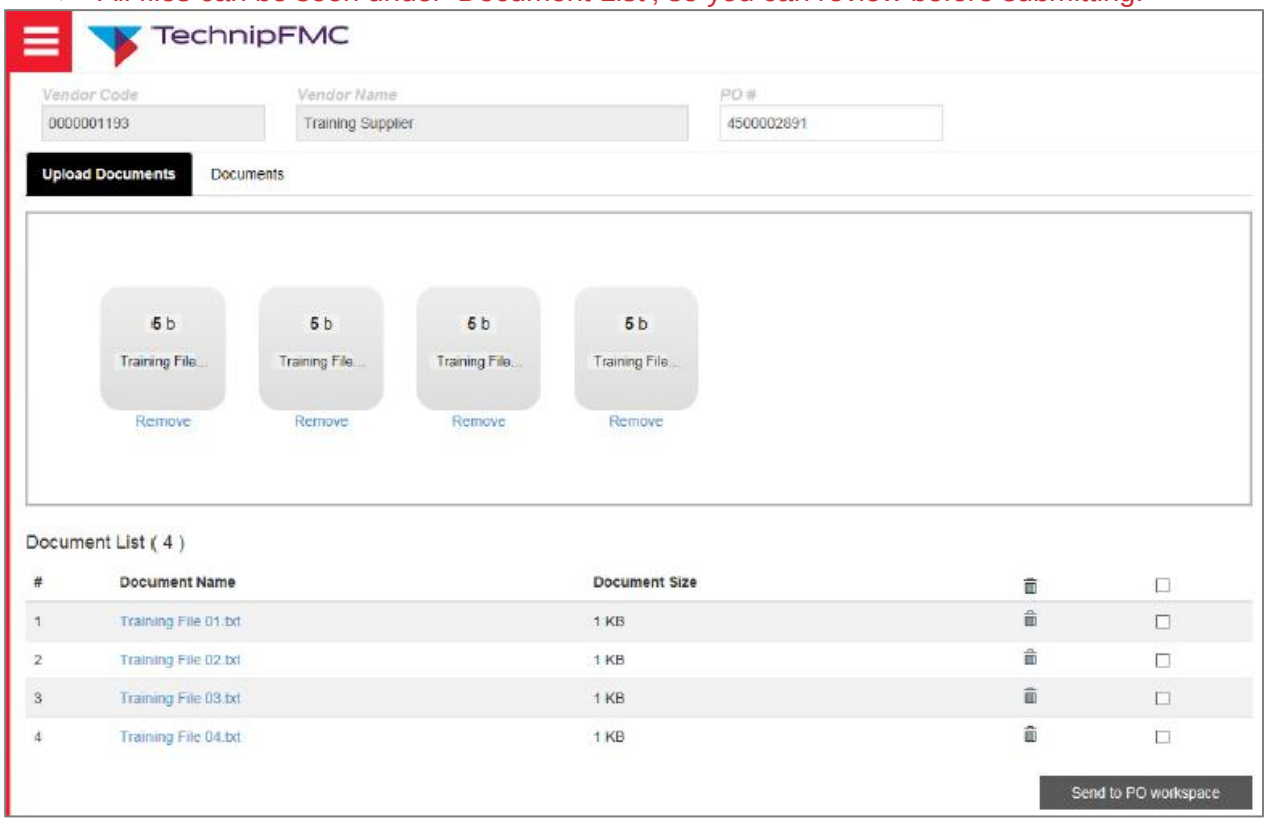

Figure 7: Document Submittal via TechnipFMC Partner Portal continued

5. Then tick the checkboxes for the files you want to send and click 'Send to PO workspace':

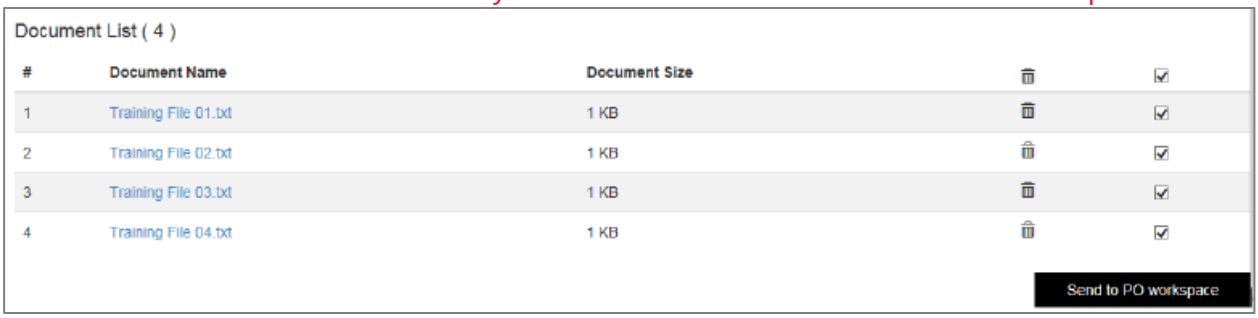

Figure 8: Document Submittal via TechnipFMC Partner Portal continued

6. Once the upload is complete, a confirmation will be presented:

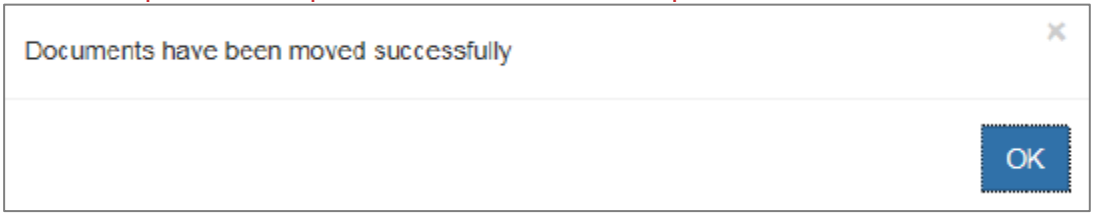

Figure 9: Document Submittal via TechnipFMC Partner Portal continued

Note: To access via Ariba Network, click on a **PO** and find the link to 'TechnipFMC Partner Portal' below 'Other Information' in the header section:

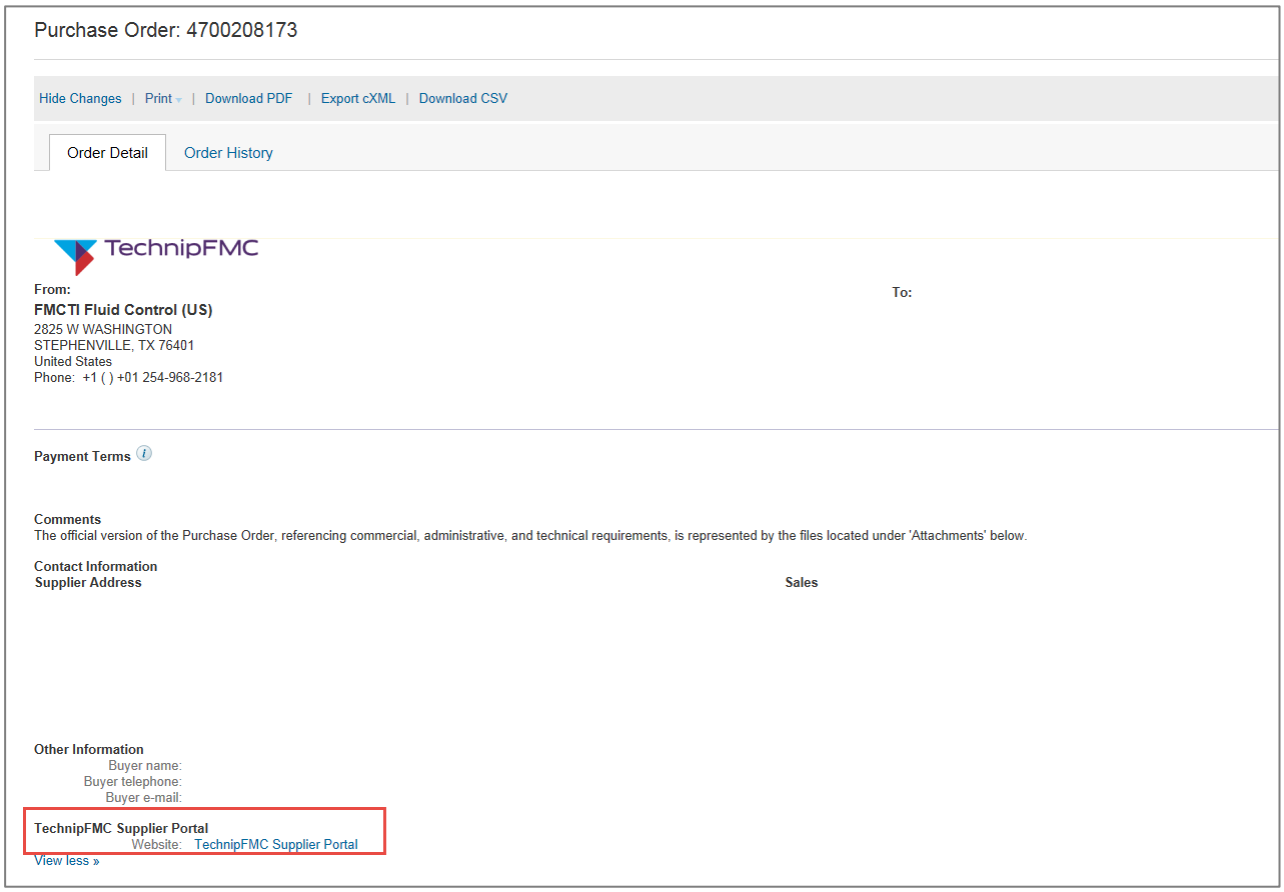

Figure 10: Access via Ariba Network

6.3 Pre-manufacturing

When required by **PO**/**Agreement**, **Supplier** shall populate the electronic Supplier Master Document Register (eSMDR) to register which documents **Supplier** and/or **Subcontractor**(s) will utilize during their manufacturing process to become/remain compliant with the requirements of the **PO**/**Agreement**.

Exceptions from eSMDR:

1. When explicitly specified in the **PO**, **Supplier** shall use the manual SMDR, instead of eSMDR. The Excel based manual SMDR itself becomes a revision controlled document, and is required for review and acceptance by **TechnipFMC**. The template (including instructions) is available on www.technipfmc.com/suppliers.
2. For the Subsea Services segment, eSMDR is only required on new products. Meaning; unless otherwise instructed, it is not required for rework, repair, or other services.
3. For the Surface segment, eSMDR is not required.

Caution! Parts for R&D (research and development), but intended for delivery to **Company**, is considered a normal delivery, and eSMDR applies.

Prior to shipment, **Supplier** is required to submit the completed eSMDR or manual SMDR, with SIR101 approved in Code 1, as a PDF file together with *post*-manufacturing as a part of the ATS request (ref. section 6.4). For *manual* SMDR exceptions, ref. the ATS Supplier User Guide available through the INFO link in the Part Report.

6.3.1 Submission and Notification

Procedures registered by **Supplier** in the eSMDR/SMDR that have not been previously provided to **TechnipFMC**, or new revision of those procedures, shall be submitted two weeks after order (2WAO) with the method specified in the **PO** (ref. section 6.2) – unless another submission timeline has been specifically agreed.

Methods to notify **TechnipFMC** that a document is ready for review is either 1) auto generated email from the eSMDR or 2) manually created email sent to the address in the **PO**, referencing **PO** and part number in the subject field.

- Upon submission, **Supplier** shall have assured that the procedure is compliant with the requirements of the **PO**/**Agreement** and applicable standards.
- Unless auto-approving on registration, **Supplier** shall not commence an activity before the *relevant* procedure has undergone appropriate review and approval by **TechnipFMC**.
- To secure that activities start as planned, **Supplier** must notify **TechnipFMC** in case there is a concern the procedure will not be approved in time.
- When **Supplier** requires clarification, **Supplier** shall seek clarification/answers prior to submission/*re*submission. Documents/drawings shall be reviewed and approved internally at **Supplier** before submitting to **TechnipFMC**.

Note: Procedures (or revisions of the procedures) that already are in **TechnipFMC**'s possession shall not be *re*submitted, but only registered in the eSMDR/SMDR.

Supplier must use the eSMDR User Guide, available through the INFO link in the Part Report, for guidance on how to populate all fields, notify submissions, and submit documents. The User Guide also includes an appendix on how to manage *manual* SMDRs.

If unclear who to notify or where to submit, **Supplier** must clarify with the **TechnipFMC** Commercial Point of Contact (the Buyer) before proceeding.

6.3.2 Review and Comments

If a Part Report references a MPS specification (e.g. Q00387, Q00388, Q00398, etc.) and/or Pre-Production Meeting Specification Q00393, then **Supplier** shall follow the requirements defined in these specifications. Summary:

- MPS shall be approved before **Supplier** start manufacturing.
- PPM shall be held before the **Supplier** start manufacturing.
- If there is a MPS and PPM requirement, **Supplier** shall arrange PPM after MPS approval.

Supplier is allowed to use a procedure after the related requirement row in eSMDR has been approved, which occurs once **TechnipFMC** have selected "YES" in the column 'Document Applicable for Part', and a written response has been provided back to **Supplier** by a **TechnipFMC** SMDR Coordinator.

Additional information on review and comments, including status codes and review cycle time, is available within PRD-0000035686, Administration Requirements: Document Management.

6.4 Post-manufacturing

When required by the **PO**/**Agreement**, **Supplier** is required to follow the Authorization to Ship (ATS) process, to provide post-manufacturing documentation to **TechnipFMC**, proving that the **Deliverable** meet the requirements.

The ATS process ensures that all required manufacturing documentation is received and accepted per requirements defined in the Part Reports prior to **Supplier** shipping goods to a **TechnipFMC** site or other locations.

- **Supplier** shall upload the post-manufacturing documentation via the 'PO Doc Collaboration' interface (ref. section 6.2), unless other submission method (such as email or FTP server) is specifically instructed in **PO** or otherwise.
- Upon submission, **Supplier** shall have assured that the all documents/records are compliant with the requirements of the **PO**/**Agreement** and applicable standards.
- Through the method specified in **PO**, **Supplier** shall notify the appropriate TechnipFMC location that the post-manufacturing documentation is uploaded, using the ATS Form available on www.technipfmc.com/suppliers.
- **TechnipFMC** will communicate the status of the submitted documentation to **Supplier** by returning the ATS Form.
- **Supplier** shall include a paper copy of the approved ATS Form(s) with the shipment.

For details on the ATS process, **Supplier** is expected to review the ATS Supplier User Guide, which is available through the INFO link in the Part Report and on www.technipfmc.com/suppliers.

Additional information on review and comments, including status codes and review cycle time, is available within PRD-0000035686, Administration Requirements: Document Management.

Caution! For **PO**s for **TechnipFMC** in Kongsberg and Ågotnes (Bergen), for products with Q03401 (serialization requirement) in the Part Report, **Supplier** shall supply the documentation compiled as a Supplier Manufacturing Record Book (MRB):

- One Supplier MRB per **PO** line. However, if the same Part Number occurs on different PO lines, the records can be merged into one Supplier MRB as long as traceability is maintained and the project is the same. One Supplier MRB *per system* may also be accepted, but must be clarified between the **Parties** prior to eSMDR/SMDR submission.
- Unless Q00145 is linked on the Part Report, **Supplier** shall use **TechnipFMC**'s Supplier MRB template MRB-0000022883, available on www.technipfmc.com/suppliers.
- Exceptions:
  1. For **TechnipFMC** designed parts (with Q03401) having two (2) or less SIRs (Supplier Information Requirements) specified, **Supplier** is allowed to compile as flat PDF file (not using the Supplier MRB format). Examples:
     - Part require; SIR201 Certificate of Compliance, and SIR229 Equipment Log Card = Flat PDF file accepted.
     - Part require; SIR201 Certificate of Compliance, SIR219 Factory Acceptance Test Report, and SIR225 Weight Certificate = Supplier MRB format required.
  2. For OEM parts, that will be documented consuming four (4) or less SIRs, **Supplier** can compile as flat PDF file or organize according to **Supplier**'s own structure.
- Submission shall be performed as described on the previous page.

Note: To identify if the PO is for **TechnipFMC** Kongsberg or Ågotnes, refer to the 'Customer address' visible on the PDF version of the **PO**.

7 Assurance and Control

For all **Work** under the **PO**/**Agreement**, whether manufactured or performed within **Supplier**'s premises or at any other site, **Supplier** shall control all necessary activities to assure conformance to requirements.

For activities specified as hold/witness points, **Supplier** shall formally notify **TechnipFMC** using the Global Notification of Intervention Point Form (NOI Form):

- When intervention points are specified in the Part Report, **Supplier** shall notify per requirements on the Part Report.
- When intervention points are not specified in the Part Report, **Supplier** shall notify the activities defined in the MPQP/ITP*****:
  - Minimum five (5) **Business Days** prior to execution when only **TechnipFMC** intervention is specified.
  - Minimum ten (10) **Business Days** prior to execution when both **TechnipFMC** and **Company** intervention is specified.

  Supplier shall notify by email to the address specified in the **PO**/**Agreement**.

Regardless of how the intervention requirements are conveyed, **Supplier** shall only send the NOI Form to *one* email address in the 'To' field. Relevant **TechnipFMC** personnel, such as Commercial Point of Contact (the Buyer), must be included in the 'Cc' field. This is to secure that the NOI is efficiently processed by the correct personnel.

Prior to notifying, **Supplier** shall ensure that relevant procedures are in compliance with the requirements, and when relevant, undergone appropriate review by **TechnipFMC**.

The NOI Form is available on www.technipfmc.com/suppliers and through the INFO link in the heading of the Part Report.

*****Inspection and Test Plan (ITP) may occur on **PO**s for Norway only, but will eventually be replaced by Manufacturing Process Specification (MPS). To identify if the PO is for Norway, refer to the 'Customer address' visible on the PDF version of the **PO**.

8 TechnipFMC Provided Items

Supplier shall perform receipt of **TechnipFMC Provided Items** as per **Supplier**'s own goods receipt process and store under appropriate conditions.

TechnipFMC Provided Items shall only be utilized in the project for which it is intended. If **Supplie**r wants to utilize an item for another project than received for, this must be accepted in writing by **TechnipFMC**.

If the documentation required for **TechnipFMC Provided Item** is not received when receiving the item, **Supplier** shall request this from **TechnipFMC** before proceeding with the **Work**.

When required by the Part Report, **Supplier** shall document traceability of **TechnipFMC Provided Items** within the manufacturing records.