Supplier Quality Requirements

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Document history

Revision	Description of change
K	Revision exclusive to Kongsberg Maritime.
L	Revision exclusive to Kongsberg Discovery – references to Kongsberg Maritime removed and new template used.

References

Ref.	Doc. no. (/ rev.)	Description
[1]	KOG Legal	Non-Disclosure Agreement (NDA)
[2]	KOG-DIR-0070	Data Protection Agreement (DPA)
[3]	KM-TMPL-0134	General Conditions of Purchase (GCP)
[4]	KOG-DIR-0038	KONGSBERG Supplier Conduct Principles (SCP)
[5]	ISO 9001:2015	Quality Management Systems - Requirements
[6]	ISO 14001:2015	Environmental Management Systems- Requirements
[7]	ISO 45001:2015	Occupational Health and Safety Management Systems - Requirements
[8]	ISO 27001:2013	Information security management Systems - Requirements
[9]	EC 1907/2006	Registration, Evaluation, Authorisation and Restriction of Chemicals (REACh)
[10]	(EU) 2011/65	Restrictions of Hazardous Substances (RoHS)
[11]	(EU) 2012/19	Waste Electrical and Electronical Equipment (WEEE)
[12]	(EU) 2023/1542	Batteries and Waste Batteries Regulation
[13]	(EU) 2023/956	Carbon Boarder Adjustment Mechanism (CBAM)
[14]	(EU) 2024/1252	Secure and Sustainable Supply Chain of Critical Raw Materials
[15]	(EU) 2024/1781	Ecodesign and Sustainable Products
[16]	(EU) 2018/852	Packaging and Packaging Waste Directive (PPWD)
[17]	(EU) 1257/2013	European Union Ship Recycling Regulation (SRR)
[18]	(EU) 2017/821	European Union Conflict Minerals Regulation
[19]	(EU) 2022/2464	Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS)
[20]	(EU) 2024/1760	Corporate sustainability due diligence (CSDDD)
[21]		United States Dodd Frank Act - Section 1502
[22]		Export Control Regulations
[23]	KM-FORM-0040	First Article Inspection Report
[24]	KM-MAN-0012	Packaging and Shipping Requirements
[25]	KM-FORM-0092	Concession
[26]	KM-FORM-1100	8D A3 Problem Solving

Disclaimer

Kongsberg Discovery endeavours to ensure that all information in this document is correct and fairly stated but does not accept liability for any errors or omissions unless and to the extent otherwise is expressly agreed in writing between the parties under contract.

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Abbreviations and definitions

Abbreviation	Definition
8D	8 Disciplines (Problem Solving Method)
BCM	Business Continuity Management
BCP	Business Continuity Plan
CSRD	Corporate Sustainability Reporting Directive
CBAM	Carbon Border Adjustment Mechanism
EU SRR	European Union Ship Recycling Regulation
ESG	Environment, Social, Governance
ESRS	European Sustainability Reporting Standards
FAIR	First Article Inspection Report
FAT	Fatal Injuries: Any injury or incident occurring in the workplace or during work-related activities that results in the death of an employee or worker.
GCP	General Conditions of Purchase
GDPR	General Data Protection Regulation
HRI	High Risk Incident: an incident resulting in personnel injury/incident or near miss incident with high-risk potential. An incident that, under slightly other circumstances, could have resulted in a serious personnel injury or fatal injury.
HSE	Health, Safety and Environment
IHM	Inventory of Hazardous Materials
ILO	International Labour Organization
INX	IntegrityNext digital sustainability supplier portal
ILO	International Labour Organization
ISMS	Information Security Management System
KD	Kongsberg Discovery
KD Technical Authority	KD Product or Engineering Technical Authority
KONGSBERG	Kongsberg Group
LCA	Life Cycle Assessment
NDA	Non-Disclosure Agreement
NCR	Non-Conformance Report
OECD	Organisation for Economic Cooperation and Development
PO	Purchase Order
PPWD	Packaging and Packaging Waste Directive
REACh	Registration, Evaluation, Authorisation and Restriction of Chemicals
RMI	Responsible Minerals Initiative
SA	Supplier Agreement
SCP	KONGSBERG Supplier Conduct Principles (KOG-DIR-0038)
SP	Supplier Portal
SQR	Supplier Quality Requirements
TSCA	Toxic Substances Control Act
UN	United Nations
WEEE	Waste Electrical and Electronical Equipment

DOCUMENT DESCRIPTION

The Supplier Quality Assurance Requirements (SQR) are the mandatory requirements and expectations for all Kongsberg Discovery (KD) external Suppliers. The SQR is to ensure high levels of Supplier performance, compliance, and sustainability and applies to all companies who supply products and/or services to KD.

KONGSBERG Values

KONGSBERG has the following core values as part of the Company strategy, achieving a world-class reputation through our people, working together and sharing ideas with a dedication to technical excellence, these are:

Determined

We are known for our drive and our persistence. We work hard to support our customers' missions and to meet our stakeholders' expectations. We set ambitious goals where our purpose is to make a difference for people and the planet.

Innovative

We have been an industrial pioneer for more than 200 years. On our journey we have always pursued improvements and redefined the standard of excellence in everything we do. We are dynamic by heart and being curious lies in our very core. We constantly strive to create value for our customers, shareholders, and the society at large by pushing the boundaries of what is possible.

Collaborative

Our collaborative and inclusive behaviour is fundamental to our business. We work closely with our customers and share knowledge with our colleagues, suppliers, and partners across the globe - to the benefit of our customers and our own competitiveness. Our people are our most valued asset, and we pride ourselves to attract and develop world class employees. We are ONE KONGSBERG - making the impossible possible by performing together.

Reliable

Our customers and partners can trust us to deliver - always. We are an organization characterized by our corporate responsibility, integrity, and concern for health, safety, and the environment. We are part of the solution - proudly creating products for a safer and more sustainable future.

Documentation and Systems

All parties supplying to KD are responsible for adherence to the latest version of the Supplier Quality Requirements and associated documents, that are available to view and download from the:
[Kongsberg Discovery - Supplier Portal]

Digital Sustainability Supplier Portal

KD have established IntegrityNext (INX) as the strategic digital sustainability and ESG supplier portal. All KD Suppliers should report through INX including mandatory modules defined in the portal and the data should be accurate, available for further review and should be reported regularly, as a minimum annually. These modules include, but not limited to:

Environment:	Environmental Protection, Carbon Footprint (GHG), Energy Management, REACh, RoHS, EU Ship Recycling Regulation (SRR), PBT5 (TSCA)
Social:	Human Rights & Labour, Health & Safety, Conflict Minerals, Cobalt & Mica, Supply Chain Responsibility
Governance:	Code of Conduct, Management & Owners, Anti Bribery & Anti-Corruption, Extended Company Information, Cyber Security, Conflict of Interest, GDPR, Quality Management, Business Continuity Management

Structure

Chapter 1: General Requirements

The KD mandatory requirements and expectations that a Supplier must comply with when conducting business activity, including regulation or supervision by the licensing authority.

Chapter 2: Additional Quality Management Requirements

Quality management requirements in accordance with ISO 9001, to improve the quality of the product or service delivered.

1 GENERAL REQUIREMENTS

1.1 Supplier Responsibility

KD requires all its Suppliers to comply with the requirements as defined in this document, in accordance with any existing Supplier Agreements (SA) and Purchase Orders (PO) in place. KD first tier suppliers are responsible for ensuring these requirements are complied with at all levels of the supply chain.
As part of the KD procurement process, KD will continuously verify the Supplier's compliance to the SQR through Supplier reviews, assessments and audits. KD has high expectations of our Suppliers to ensure adherence to KD policies, processes and requirements. All results will be integrated into the KD procurement process including sourcing evaluation and Supplier selection.
The Supplier is required to:

- Ensure all requirements are flowed down within their company and communicated to sub-tier suppliers and sub-contractors.
- Inform their KD procurement contact immediately about any changes or issues, related to product and services to KD.
- Show a proactive engagement in addressing all KD requirements including any changes in Customer and Regulatory requirements that may occur.
- Notify their KD procurement contact immediately when they become aware of any potential safety issue(s).
- Support KD as required to resolve any identified issues related to the Supplier's products and services.

1.2 Supplier Conduct Principles

All Suppliers to KONGSBERG are required to follow the Supplier Conduct Principles (SCP) to ensure that all business is conducted in accordance with internationally recognised requirements as listed below, including but not limited to, human rights, diversity and equal opportunity, occupational health and safety, labour rights and working conditions. Internationally recognised principles and conventions include UN global Compact, ILO conventions, OECD Guidelines for Multinational Enterprises, United Nations Guiding Principles on Business and Human Rights, and UN Conventions on Children's Rights.
The KONGSBERG SCP is applicable at all levels of the supply chain. KD will regularly conduct assessments of Suppliers through business reviews, questionnaires, and audits. KD expects its Suppliers to collaborate in the identification and mitigation of risks and provide any relevant information to KD that is identified.

1.3 Export Control

Suppliers shall provide required information and documents to enable KD to comply with national and international applicable laws and regulations on export control, incl. notifying KD of the export control classification for the Goods or Services. The Supplier will not use or permit the use of export or transfer (by any means, electronic means or otherwise), any information or Products which are subject to export control laws and regulations without complying in all respects with the applicable export control laws and regulations.

1.4 Conflict Minerals and Product Content

Suppliers are required to comply with European Union Conflict Minerals Regulation (EU) 2017/821 and the United States Dodd Frank Act. Suppliers shall only deliver materials or components to KD that contain substances that do comply with the laws and regulations regarding Conflict Minerals.
Suppliers are required to comply with Registration, Evaluation, Authorisation and Restriction of Chemicals (REACh), Restrictions of Hazardous Substances (RoHS) and European Union Ship Recycling Regulation (EU SRR). KD requires its Suppliers to collaborate in the identification of materials of concern and provide necessary information to KD.

1.5 Health, Safety and Environment

Suppliers shall secure a healthy and safe working environment, addressing workplace risks to both mental and physical health, for all its workers (employees and subcontractors) and follow regulatory standards and industry norms and the ILO Conventions to minimize health, safety, and environmental risks. Suppliers should comply with ISO14001 and ISO45001 or equivalent and it is our preference that Suppliers are certified according to these standards. Suppliers should conduct audits and/or assessments of sub-tier Suppliers to evaluate their HSE performance and compliance.
Suppliers shall:

- Ensure that its employees and subcontractors understand HSE hazards and safe working practices and that they have the authority to refuse or stop unsafe work.
- Establish proactive HSE goals and KPIs suitable for their business and supply chain including having a HSE risk management process in place.
- Based on the Supplier's HSE risk management plan, flow down HSE requirements to critical sub-suppliers including HSE safe working practices and the authority to refuse or stop unsafe work.

Notify within 24 hours their KD contact in case of HSE incidents defined as Fatal Injuries/Fatalities (FAT) or High-Risk Incidents (HRI) applicable to their own facilities, personnel, and supply chain.

- Whenever necessary, employees, subcontractors and visitors are to be provided with, and instructed to use, appropriate personal protective equipment.
- Provide adequate and regular training to ensure that, employees, subcontractors and visitors are adequately educated on health and safety issues.
- Where Suppliers provide accommodation for their workers or sub-suppliers' workers, it shall be clean, safe, and meet the basic needs of the workers, and, where appropriate, for their families
- Suppliers shall strive to minimize the adverse environmental and social impacts of its activities, supply chain, products, and services.

1.6 Sustainable Supply Chain

KD expect all Suppliers to be committed to delivering our Sustainability and ESG requirements, improvement goals and KPIs.
To deliver KONGSBERG Sustainability commitments to be net zero by 2050, KD Suppliers should have plans to deliver net zero by 2050 and should have in place science-based targets or equivalent targets to deliver this goal. KD Suppliers should report to KD their scope 1, scope 2 and scope 3 carbon emissions data at company level, using our designated digital sustainability supplier portal (INX) and provide information to support the specific allocation of carbon emissions to KD businesses and products, including product LCA information requested. The carbon emissions data should be accurate, available for further review and should be reported to KD regularly, as a minimum annually. Carbon credits and carbon offsets cannot be used to contribute to KD Suppliers carbon emissions reduction.
KD Suppliers should work with KONGSBERG in the implementation of new legislation globally, including new Norwegian and EU legal requirements.
Suppliers shall seek to implement technologies and processes in their operations that promote the sustainable use of natural resources and safe handling of waste and chemicals and reduce the impact upon biodiversity, the ecosystem, and the environment.
Suppliers should have environmental improvement plans in place including the reduction of pollution and emissions. KD is looking for its strategic Suppliers to achieve best practice in this area including:

- The evaluation and mitigation of the environmental impact of its own services throughout the product lifecycle, including its own Operations and Supply Chain

- The implementation of circularity improvements that reduce the impact on the environment and seek to re-use and recycle material. Any circularity improvements must ensure compliance to KD technical, quality and business requirements.
- The evaluation of Climate related risks and/or Nature related risks in the Supplier's operations and supply chain, as part of the risk management process
- Sustainable consumption of resources in their business operation, to achieve sustainable growth that respects the environment and the rights of future generations.
- Development of new capabilities and technologies to support environmental improvement and the achievement of net zero through the green transition.

1.7 Quality Standards

Suppliers are required to have a quality management system according to ISO 9001 or equivalent and should preferable be certified according to the standard.

1.8 Information Handling

The Supplier shall treat all information exchanged with KD in accordance with and as defined in a valid Non-Disclosure Agreement (NDA) or the General Conditions of Purchase (GCP) referenced to in a PO.
Suppliers that handle KD business information as part of the delivery or service shall maintain an Information Security Management System (ISMS). It is recommended that the ISMS is compliant with ISO/IEC 27001 or equivalent and should preferable be certified according to the standard.
The Supplier shall ensure that all information received from KD shall be protected according to KD's requirements. The Supplier must provide suitable controls, which effectively prevent that assets and parts containing KD information can be unauthorized accessed or in other ways become subject to information security breaches. It lays in the responsibility of the Supplier to apply this to the relevant Suppliers' sub-tiers and service providers. Agreements shall be established and maintained in the Supplier's supply chain to ensure that relevant information security requirements are implemented on both sides.

1.9 Business Continuity and Disaster Recovery Management

The Supplier shall:

a) Regularly review their Business Continuity Risk Assessments and that they are valid.
b) Establish Business Continuity Plans that ensure the organisation can continue to operate in the event of a major incident and can recover to an operational state within a reasonable period, ensuring that all obligations towards KD will be fulfilled.
c) Inform KD Procurement as soon as possible regarding, including but not limited to the following:
    - Risks that could impact upon the continuity of the Supplier's business / operations
    - Any change in ownership structure or discontinuation of business activities
    - Changes to Third party or other party certification including, lapse / withdrawal (e.g. changes in ISO9001)
d) Submit risk register and business continuity plans, based on written request from KD. Regularly review their risk assessments that they are still valid. The Supplier shall provide a risk register and business continuity plan to KD as requested.

2 ADDITIONAL QUALITY MANAGEMENT REQUIREMENTS

2.1 Infrastructure

Suppliers are required to have a process in place to ensure all infrastructure(s) is determined, provided, and maintained to a level that products and or services are supplied in conformance to KD requirements. This process shall consider matters including but not limited to people, capability, property, facilities, equipment, material, and software. These requirements are consistent with ISO9001.

2.2 Control of Documented Information

Suppliers are required to:

a) Comply with KD's standard configuration and revision control on all documented information, in relation to products and services provided to KD.

b) Control records related to KD Product and or Service in a manner that will allow the timely recovery of a readable version of any records (including electronic records) by ensuring that:

- Records are retrievable on request within a reasonable time. In the event of a product safety incident, records are retrievable on request within 48 hours.
- Documents / records requiring authorisation by KD are written in English or dual language (i.e., the Supplier's national language plus an accurate English translation made from the original document / record)

c) Ensure that hand-written amendments to records are dated, named, and signed in ink, with the original information being legible after the change.

d) Ensure that, where reasonably possible Supplier's employees that interface with KD can communicate in English.

2.3 Design and Development of Products and Services

If the product design is owned by the Supplier, all design and development activities needed for products and services are required to be planned and controlled through an established, implemented and maintained process, including but not limited to the following:

a) Planning design stages
b) Determination of design inputs required.
c) Design and development controls (review design outputs meet input requirements)
d) Change control/ Controlling Risks according to SQR section 2.11
e) Engineering competence and design tools according to SQR section 2.1.1

2.4 Control of Externally provided Processes, Products and Services

Suppliers are required to:

a) Select, manage, and monitor key sub-contractor / sub-tier suppliers through the following controls:
   - Assess sub-tier suppliers' capability prior to placing orders
   - Undertaking oversight prioritised based upon risk
   - Communicate (flow down) relevant selection of requirements to key sub-contractors and/or key sub-tier suppliers.
   - Ensure sub-contractors / sub-tier suppliers should fulfil ISO9001 requirements
   - Evaluate root cause activities where non-conformances occur
   - Measure performance:
     - Delivered product quality
     - Customer disruptions / customer returns
     - Delivery schedule performance

- Conduct load and capacity reviews with key subcontractor / sub-tier suppliers annually or following significant load increase
- Identify areas for continuous improvement in cost, quality, and service including the key sub-tiers to our operations and products
- Take appropriate containment and corrective action with poorly performing subcontractor / sub-tier suppliers

b) Specify the supporting documents required with the purchased product or service confirming compliance to specifications
c) Maintain records of procurement and sub-contracting

2.5 Supply Chain Operations

Suppliers are required to establish a planning and manufacturing process to deliver the product or services to KD. The process shall include, but not be limited to:

- The planning, scheduling, and management of production and/or service capacity
- The availability of resources (incl. employees' competence, backup plan)
- The monitoring of the effectiveness of process, labour, equipment
- The control of purchase activities

2.6 Prevention of Counterfeit Parts

A counterfeit part is defined as an unauthorized copy, imitation, substitute, or modified part (e.g., material, part, component), which is knowingly misrepresented as a specified genuine part of an original or authorized manufacturer.
Suppliers shall ensure that only new and authentic materials are used in deliveries to KONGSBERG.
The Supplier shall plan, implement and control appropriate counterfeit parts / material prevention and control processes to ensure that counterfeit or suspect counterfeit parts are not used in the manufacturing of, or included in, products delivered to KD. Without delay upon retrieval of information on suspect counterfeit parts, the Supplier shall inform KD of their corrective action and risk mitigation plan.

2.7 Product and Production Validation and Verification

The Supplier is required to have a process in place to verify that products have been produced, tested, and inspected according to the KD Technical Specification, the Supplier's quality assurance procedures and KD defined requirements.
The Supplier is responsible for conducting all product & production verifications and testing both in house and at sub-tiers suppliers in line with the contractual agreement with KD.
KD may require additional documents to be provided prior to the delivery. Any exceptions, limitations, or changes from this shall be communicated, recorded, and documented.
Form can be found on [Kongsberg Discovery - Supplier Portal]

2.8 Measurement Management

The Supplier is required to have had experience of delivering in accordance with KD defined specifications. The equipment used for the final verification shall ensure independence to the measurement management used during manufacturing.

2.9 Identification and Traceability

The Supplier is required to ensure that in the event of a defect with products and or services, all applicable information required to identify potential root cause, and for containment related to component/material including any batch which may be impacted (unless defined otherwise in the specification), can be accurately identified, and recalled at KD's request. The Identification and Traceability requirements includes the following:

a) Maintaining traceability of raw material to component(s) level or final product and PO
b) Unique identification

2.10 Packaging Requirements

The Suppliers are required to ensure that products are packaged, marked and shipped to a defined international standard for applicable goods and means of transport or as expressly defined in the contract agreed with KD, such that it provides adequate protection against damage, deterioration and tampering during shipment, storage and distribution.
Where the size and/or weight of the package may pose a risk to safe manual handling, the Supplier shall ensure safe loading instructions are in place for the safety of the employees and to protect the integrity of the product, unless those instructions have been provided by KD.
KD Suppliers shall comply with all packaging legislation including sustainability and environmental requirements and should manage green packaging improvements to reduce the impact on the environment.
Requirements can be found on Kongsberg Discovery - Supplier Portal

2.11 Change Control and Controlling Risks

Prior to manufacturing a product and or developing a service for delivery to a KD Customer, the Supplier is required to provide:

a) An inspection and test plan related to product measurement
b) Project/quality plans agreed with KD

These requirements shall be agreed with the KD Technical Authority prior to commencing work to ensure the Suppliers' manufacturing processes are capable of maintaining tolerance levels required by KD Technical Authority.
The Supplier is required to assess any change with respect to its effect on quality, delivery and costs of products and services agreed with KD. Whenever a change affects these aspects or other agreements with KD, KD Procurement must be contacted immediately in writing.

- Process including key sub-tiers (as agreed for the product & production verification and validation, and reflected in the inspection and test plan)
- Organisation
- Design & materials
- Facilities

2.12 Control of Non-conforming Output

The Supplier shall have a process in place to ensure that any product and services output which does not conform to KD requirements is identified and controlled to prevent its unintended use or delivery to KD.

2.13 Concessions

A concession is required in any case a Supplier need to request the approval from KD to deliver a whole product or part of a product or service (for delivery to a KD Customer) which does not conform to KD specified requirements.
The Supplier is required to:

a) Segregate and identify the products under concession following the non-conformance product requirement until the decision has been received from KD in writing
b) Complete and submit the concession form associated with this activity to KD procurement
c) Ensure that written authorisation by KD Technical Authority prior to the shipment of a product which does not conform to specified requirements
d) Take appropriate corrective action and document the same within the concession form
e) Mark the product as indicated on the concession

Form can be found on [Kongsberg Discovery - Supplier Portal]

2.14 Control of Reworked Products

The Supplier is required to:

a) Segregate and identify the products to be re-worked following the non-conformance product requirement.
b) Rework product such that it complies with KD specifications or to an agreed rework procedure as expressly authorised by KD in writing.
c) Ensure that instructions for rework, including re-verification/inspection requirements are accessible to and utilised by the appropriate personnel.
d) Work actively on improvements to reduce proactively the number of reworked products.

2.15 Non-Conformity and Corrective Actions

All Suppliers should aim to ensure Zero Defects on all KD Products and services supplied.
In the event of a Non-Conformity that affects KD, the Supplier is required to:

a) Inform KD immediately of the issue and any impact on product delivered and customers affected
b) Put in place immediate containment actions related to the Non-conformity and communicate those actions to KD.
c) Perform thorough root cause analysis of nonconformities for KD Products and Services.
d) Ensure that any root causes identified are addressed with mitigating and corrective action plans that are approved in writing by KD.
e) On written request by KD submit an additional 8D-report (or similar)
f) Submit a 8D-Report for all product quality escapes.
g) Ensure the continuity of supply of conforming product to KD, while all non-conformities are being investigated.
h) Constantly work on improvements to reduce proactively the number of non-conformances.

Template can be found on [Kongsberg Discovery - Supplier Portal]

Contact

For queries regarding the Supplier Quality Requirements, please contact us at:
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