

Valmet minimum quality and HSE requirements for suppliers

For manufacturing with Valmet drawings



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Suppliers of Valmet drive high performance

Responsibilities and expectations of a Valmet supplier

Performance

- Delivers products and services as promised and aims for short lead times
- Actively keeps Valmet updated on progress and timetables
- Is competitive in costs, quality, sustainability, HSE, reliability, lead times and innovations
- Strives for high performance and continuous development
- Evaluates own performance and identifies and mitigates risks in the whole value stream
- Ensures own suppliers' compliance and performance
- Implements decisions in a timely manner.



Engagement

- Keeps Valmet as preferred customer
- Shows flexibility and adapts to changing business needs
- Shows trust and is trustworthy
- Promotes collaboration and open dialogue
- Shares knowledge with Valmet and actively learns from and teaches Valmet
- Complies with Valmet Sustainable Supply Chain Policy and Code of Conduct.



Development

- Proactively offers new ideas and innovations for Valmet so that both can renew and grow
- Participates in design-to-cost projects
- Accepts feedback, notifications and claims from Valmet as input for improvements in the value stream
- Is agile and willing to change
- Proactively enhances own competence and skill development
- Takes care of own personnel health, safety and well-being.





1. Purpose

Valmet seeks to develop lasting partnerships with our suppliers based on respect, collaboration, and excellence.

The purpose of this document is to establish clear and standardized minimum requirements for suppliers regarding their quality and health, safety, and environment (HSE) management and performance. Product-specific quality, safety and other requirements are specified separately in purchase contracts and are not addressed within this document.

Recognizing that many suppliers may lack certified management systems, this documentation serves as a baseline for the compliance. Additionally, these requirements act as a reference for both the selection of new suppliers and the evaluation of existing ones.

Additional requirements and instructions from Valmet shall always be followed in addition to these minimum requirements.

2. Scope

The scope of the requirement is limited to manufacturing, based on Valmet drawings. Requirements shall be followed when conducting manufacturing within the scope.

3. General requirements

3.1. Code of Conduct and Sustainable Supply Chain requirements

Valmet requires that all its suppliers comply with the principles set in Code of Conduct and in the Sustainable Supply Chain policy. This is the starting point for entering into and maintaining all business relationships with Valmet.

3.2. Authority to assess operations and premises

Supplier shall permit Valmet, its authorized representative or Valmet customer to make inspections and audits at the premises of the supplier (and of its sub-supplier) if requested by Valmet.

3.3. ISO management system standard certifications

Valmet recommends suppliers to certify their operations according to latest version of standards ISO 9001, 14001 and 45001. In addition to the benefits for the supplier, it's also a demonstration of supplier's commitment to quality, environmental responsibility and occupational health and safety.

A certified management system also acts as proof that certain requirements stated in this document are met, making the new supplier approval process more straightforward.

The ISO 3834 certificate can be used instead of ISO 9001 for welding workshop quality management.

3.4. Protection of proprietary information

The supplier bears the responsibility of safeguarding Valmet's intellectual property, ensuring its secure storage and handling to prevent unintended dissemination. Additionally, the supplier must uphold the intellectual property rights of others. All forms of communication, whether written, visual, or oral, are to be treated as strictly confidential. Unauthorized disclosure of confidential information or its utilization for purposes beyond those defined by the Valmet is strictly prohibited. Upon termination of the supplier relationship, the supplier must return or destroy all confidential information in their possession.

3.5. Supplier performance expectations

The supplier is expected to consistently deliver products of the required quality within the agreed-upon timeframe, while also adhering to high standards of HSE practices. It is essential for the supplier to maintain agreed-upon performance levels by continuously monitoring operational performance and actively seeking avenues for improvement in both quality and HSE.

3.6. Self-monitoring for quality and HSE performance follow-up and evaluation

The supplier must establish robust processes, tools, and metrics to monitor performance across various parameters, including HSE, quality, delivery reliability,

and cost efficiency. Any deviations from expected performance must be promptly communicated to the Valmet.

3.7. Quality and HSE roles, responsibilities, competency, and training

The supplier must clearly define the roles, responsibilities, and authorities related to Quality and HSE. The required competences must be defined, and it must be ensured that people performing the work are competent based on appropriate education, training, or experience. The supplier shall ensure that needed resources are allocated for the tasks.

Appropriate documented information must be retained as evidence of roles, responsibilities, authorities, and competences. This information must be consistently maintained and updated, as necessary.

3.8. Control of sub-suppliers

Suppliers are accountable for ensuring the quality and HSE performance of their own sub-suppliers.

Supplier needs to establish acceptance criteria and a documented process for evaluating and approving their own suppliers. The list of approved suppliers needs to be stored as a documented information. Valmet reserves the right to evaluate any supplier's supplier and limit usage of them.

The supplier must ensure the following measures towards their own suppliers:

- Valmet's sustainability-related minimum requirements and the requirements of the Code of Conduct are effectively communicated, and they comply with these.
- Technical requirements and specifications are forwarded, and their fulfillment is ensured.

- The supplier is compliant to all relevant legislative requirements, for example relevant workers compensation insurance.
- The service or product received from suppliers is compliant to all relevant legislative and other requirements.
- The supplier's workforce has relevant competency to be able to complete the task safely and maintain quality standards.
- The subcontractor's workforce is following the safe systems of work.
- Providing any other information that may impact the supplier's quality performance, HSE level or product manufactured for Valmet

3.9. Continuous improvement

Suppliers are expected to actively seek opportunities for improvement in their processes, products, and services. This includes regularly reviewing their performance, identifying areas for enhancement, implementing corrective actions, and utilizing lessons learned. The organization shall consider the results, and to determine if there are needs or opportunities that shall be addressed.

Valmet encourages suppliers also to initiate improvement suggestions to Valmet by using Valmet's HSE and Quality reporting portal.

3.10. Change management

The supplier must have a documented change management process implemented to prevent the impact of unforeseen changes on the products delivered to the Valmet and to ensure continued compliance with the requirements of this document. Any of the changes with this nature must be communicated to Valmet.

The change management process must identify situations that may affect the products offered to the Valmet and establish protocols for controlling these situations. These situations may include, but are not limited to, changes in processes, equipment, and personnel.

Any changes that have impact on the contract value, schedule or product design requires a written Change Order Report (COR) and approval from the Valmet before starting or continuing the work.

3.11. Business continuity planning

The supplier must have a Business Continuity Plan (BCP) in place to ensure uninterrupted production after potential interruption scenarios such as facility fires, natural disasters, machinery breakdowns, supply chain disruptions, pandemics, and other major concerns.



In the BCP, the supplier needs at minimum to identify the most critical operating processes and evaluate the risks that different interruption scenarios pose to business continuity. The plan must include strategies and actions for recovering from disruptions and ensuring operational continuity during and after those. This may involve, but is not limited to, identifying backup manufacturing facilities or contract manufacturers that can quickly ramp up production in case of disruptions in primary facilities.

The BCP must be documented, and documents kept up-to-date. Regular review and updates to the BCP are essential following any changes in critical operational processes, potential scenarios, or risks related to them.

3.12. Packing, shipping and marking requirements

The products must be clearly marked with the Valmet item code and order references for easy identification. The delivery must clearly specify the contents corresponding to each item code.

Products shall be packaged in a way that it will be safe for it to be transported, handled and unpacked. Packaging must include any relevant safety instruction or other documentation that is required to handle and/or unpack the product at the destination. The packaging and shipping process must always comply with all relevant legislative requirements.

Suppliers shall provide any relevant risk assessment and safety instructions to Valmet for safe handling of packaged products

Additional packing and shipping instructions can be provided by Valmet and shall be implemented.

3.13. Communication

The supplier should maintain proactive communication with Valmet, ensuring timely updates on any upcoming changes that might affect supplier performance or product delivery. The supplier should always seek to clarify as soon as possible any uncertainties regarding Valmet requirements.

It's crucial for the supplier to communicate instantly, without delays, regarding any issues related to competence, delays, quality, or other factors affecting product quality or safety, or meeting customer expectations.

In addition, establishing clear two-way communication channels is vital for fostering collaboration and continuous improvement between the Valmet and the supplier.

3.14. Control of documented information

The supplier must manage documents specified in this document. Supplier needs to ensure these documents are accessible and appropriate for use whenever and wherever they're needed. Additionally, the supplier must ensure these documents are adequately protected.

4. Quality requirements

4.1. Legislative compliance

The product shall be designed, manufactured and inspected in accordance with the applicable laws, legislations and standards in the country of end destination. The supplier is the manufacturer of the product and responsible for the conformity assessment and affixing needed markings. The standard editions which are valid at the time of signing the Contract shall be followed, if not otherwise agreed.

In addition, the requirements of Valmet technical specifications shall be followed.

4.2. Handling of non-conforming products and services

Supplier shall have a valid system for handling of Non-conformities. Written Nonconformity Report (NCR) shall be prepared concerning all defects in the products or deficient information in the Purchaser's documents, material delivered by the Purchaser or Supplier, or in the product itself. The NCR shall be prepared immediately after finding of the nonconformity.

The Supplier shall use the Valmet Valmet's HSE and Quality reporting portal for reporting of non-conformities requiring Valmet approval.

Immediately after noticing a nonconforming material, item or part, the Supplier shall separate it from the faultless ones and mark it with a "Hold" label or equal. The Hold label can only be removed after completing the NCR.

Supplier shall make needed actions after noticed product nonconformities to ensure continuous improvement and avoid similar incidents in the future.

4.3. Quality assurance plan

Supplier is required to define and document Part Quality Assurance plan or Inspection Test Plan (ITP) in following situations:

- a** When product is manufactured first time by the supplier (new product with existing supplier or existing product with new supplier to Valmet).
- b** If there have been any changes to the product
- c** Or requested by Valmet

Before the manufacturing is started, the plan needs Valmet approval.

The plan shall, as a minimum, cover:

- Scope of inspection
- Reference Documents and Procedures
- Inspection Points
- Inspection & Testing Methods
- Acceptance Criteria
- Responsibilities
- Documentation and Reporting

In addition to these, any other requests for measurement protocols defined in other documents needs to be fulfilled.

4.4. Material traceability and raw material control

To ensure comprehensive traceability throughout the entire product lifecycle the supplier needs to collect the traceability information agreed, including for example, grades, and heat numbers of the internal parts, components, and auxiliaries.

This information needs to be stored as a documented information and needs to be provided to Valmet as agreed or if requested. Documentation needs to be stored 10 years, and any deviation of this needs to be separately agreed with Valmet.

4.5. Control of incoming materials and in-process goods

The supplier is responsible for ensuring the quality of received components and materials. To achieve this, the supplier must have a documented process in place that defines the procedure for ensuring the quality of incoming goods and preventing defects from entering production.

For ensuring traceability, supplier needs to keep records of incoming inspections as a documented information and provide them to Valmet by request. The documentation must include as minimum the parts & materials inspected, results, activities performed, and dates.



Any more detailed requirements set in PQAP/ITP for inspecting incoming goods shall be followed.

4.6. Control of finished goods

The supplier is responsible for securing the quality of the finished goods. To achieve this, the supplier must have a documented process in place defining the quality assurance and quality control methods during the manufacturing. In addition, the process must define the final inspection protocol.

For ensuring traceability, results of any inspections and/or tests performed during or after manufacturing must be stored as a documented information. The inspection record must be provided to Valmet by request.

Any more detailed requirements set in PQAP/ITP shall be followed.

4.7. Equipment and tool maintenance and calibration

The supplier must have a list of all in-house machinery, tools and equipment's that are used for manufacturing and inspection of the parts / products. Each listed item must have an individual identification number.

All manufacturing machinery to have a preventive maintenance check as per their internal written practice and must

have a defined process for maintenance of machinery in case of emergency breakdown so that there is no delay in the manufacturing process of parts / products.

All instruments and gauges used for the measurements shall be calibrated at their specified frequencies using master gauges / instruments, as per a defined Calibration procedure of supplier, in accordance with National or International Standards. The calibration of the master gauges are to be done by external accredited agencies. The frequency of calibration and required accuracy of any instrument shall be determined from instrument manufacturer's recommendation and / or from the supplier's experience in use of the instrument and documented in the supplier's Calibration Procedure.

4.8. Welding requirements

If supplier is doing welding work for Valmet, it's recommended that the welding processes are certified according to according to the latest version of globally recognized standards such as - ASME Sec IX, AWS D 1.1, AWS D 1.3, AWS D1.6, ISO 3834, BS EN 287, EN 15609, AS/NZS 2980, CSA W47.1 and W59.

Valmet can specify the used standards in project/order requirements.

Supplier needs to prepare WPS (Welding Procedure Specification) and PQR (Welding Procedure Qualification Record). If required, these documents need to be approved by Valmet before manufacturing. If separately agreed, Valmet can provide procedures to supplier.

Welders / welding operators performing welding work to Valmet's orders, are recommended to be certified in accordance to same standard of which the processes are certified.

4.9. NDE certificate

For ensuring the safety, reliability and quality of the products delivered to Valmet, supplier is to recommend having NDE certificates according to latest version of ISO 9712 or some equivalent standard.

5. HSE requirements

5.1. Sustainable Supply Chain Policy requirements

The HSE requirements in the Sustainable Supply Chain policy shall be followed by all suppliers.

5.2. Legislative compliance

Suppliers shall comply with all applicable HSE legislative requirements relevant to the operation of their business, as well as the product and services they provide.

Suppliers shall have a system of ensuring legislative requirement and the compliance status must be kept current at all times. All required HSE permits shall be obtained and kept valid.



5.3. Handling of HSE non-compliance and incidents

Suppliers shall have a documented system of handling and managing HSE non-compliance and incidents. They must communicate to Valmet the relevant non-compliance and incidents that have potential or actual impact on Valmet's products and services

If the HSE incidents are raised by Valmet in relation to supplied products and services, then the suppliers shall ensure they are investigated, corrective and preventive actions identified and implemented.

Suppliers shall participate in HSE incident investigation if requested by Valmet. This is expected if any significant incidents involve their products and/or services.

5.4. Safe system of work

Suppliers shall ensure documented safe systems of work that are developed, implemented and maintained in order to meet Valmet's need of product and services and to ensure the safety of all people in the workplace.

A safe system of work is one that ensures the identification of hazards and implementation of appropriate safety control measures arising from risk assessments, to eliminate or mitigate risks and complete the work with minimum risk.

5.5. Product safety and compliance

Suppliers shall ensure the products they design, manufacture or import for Valmet are without HSE risks, so far as is reasonably practicable – or minimise risks if that's not possible.

Suppliers shall communicate relevant HSE information on the handling, installation, use, maintenance and disposal of their product.

Suppliers shall ensure their products and services to Valmet fulfill required product safety and compliance requirements for the destination market.

Additional product safety and compliance instructions can be provided by Valmet and shall be implemented.

5.6. Hazardous substance control

Suppliers shall have a system to ensure mandatory requirements in relation to use, handling and disposal requirement of any relevant hazardous substance is kept current at all times.

Suppliers shall ensure the purchasing, handling, storage, use and disposal of any hazardous substance meets legislative requirements including all required authorizations. Hazardous substances that are banned or restricted legally must never be used in any products intended for Valmet.

All waste, including hazardous waste, shall be handled according to permit requirements and rules.

Suppliers shall provide all relevant risk assessments and Safety Data Sheets to Valmet.

Suppliers shall follow Valmet's guidance on hazardous substances.

APPENDIX 1: Terms and definitions

HSE	Health, Safety and Environment
ITP	Inspection and Test Plan
NDE	Non-Destructive Evaluation
PQR	Welding Procedure Qualification Record
PQAP	Part Quality Assurance Plan
WPS	Welding Procedure Specification

APPENDIX 2: Links

Related section	Description and link
3.1. Code of Conduct and Sustainable supply chain requirements 5.1. Sustainable Supply Chain Policy requirements	Sustainable supply chain policy: https://www.valmet.com/sustainability/sustainable-supply-chain/
3.1. Code of Conduct and Sustainable supply chain requirements	Code of conduct: https://www.valmet.com/about-us/code-of-conduct/
3.9. Continuous improvement 4.1. Legislative compliance 4.2. Handling of non-conforming products and services	Valmet Spotlight HSE and Quality reporting portal https://www.valmet.com/sustainability/health-and-safety/hse-and-quality-reporting-portal/
5.7. Hazardous substance control	Valmet's guidance on hazardous substances Sustainable supply chain https://www.valmet.com/sustainability/sustainable-supply-chain/