Suppliers are key to ESAB’s ability to reliably fulfill our Mission and to satisfy customer requirements. Suppliers are encouraged to obtain third party registration to ISO9000 quality system, or equivalent national standards. ESAB’s expectations of the key suppliers include:

1. General Requirements
   a. **Purchase Order Conditions** - The supplier must agree to the terms and conditions set forth with the Purchase Order, Supplier Quality Manual or applicable contract conditions.
   b. **Confidentiality** - The supplier must sign a Confidential Disclosure Agreement (CDA), Non-Disclosure Agreement (NDA), or Mutual Confidentiality Agreement (MCA), when requested.
   c. **Specification and Document Review** - Prior to acceptance of the purchase order, the supplier shall review all engineering drawings and specifications to ascertain that they are to the engineering revision level specified on the purchase order.
   d. **Delivery** – Products are expected to be delivered to the agreed upon schedule, with 1 days early and 0 days late allowable, or where applicable, at the Commodity Managers or Sourcing teams discretion.
   e. **Forms** – Forms referenced through this document can, where necessary be accessed through the ESAB Sourcing contact.
      - PPAP (Production Part Approval Process) Submission Forms which include Pfmea and control plan templates
      - Supplier Change Request Form or through registration and access through the ESAB supplier Portal. Details on how to register can be provided as necessary

   **NOTE 1:** Where deemed necessary by the Sourcing or Supplier Quality Team, a documented Supplier Quality Plan will be required of the supplier. An example of items required in a Quality Plan is found in Appendix A.

   **NOTE 2:** In the case where there is a conflict between the requirements in this procedure and as defined within the Contract, the contract will take precedence.

   **NOTE 3:** The mechanism by which these expectations will be conveyed to the Supplier can be through the following options:
      - Initial Contract or purchase Order negotiations through Sourcing
      - Through Sourcing / Quality agreed intervention based on periodic update, follow on orders or as a result of quality or performance issues being identified
      - Through changes to standard Terms and Conditions within the Purchase Order or contract

2. Handling and Storage Requirements
   a. The supplier is responsible for the proper handling and storage of any item supplied or consigned from ESAB including all raw materials, components, and tooling.
   b. Prior to processing, the supplier is responsible for the verification the quality of ESAB supplied material through inspection or other means (as applicable through Quality Plan or PPAP requirements) and confirmation of the correct quantity. If in the event of supplied free issue material or ESAB sourced material being supplied by ESAB to the Suppliers which is nonconforming then the supplier shall be responsible for notifying the respective ESAB buyer/authorized purchasing personnel of the receipt of nonconforming material.

3. Process Controls - The supplier is responsible for adopting the necessary techniques and controls during all phases of manufacturing to ensure that the quality of the product being produced is both known and controlled. This will often involve the use of Quality or risk techniques such as, but not limited to, Pfmea (Process Failure Modes Effects Analysis), Control plans or SPC (Statistical process Control) techniques.
4. **Notification of Product or Process Changes** - Supplier must notify and receive approval from ESAB using the Supplier Change Request Form prior to any change that might affect form, fit or function of the purchased material including but not limited to:
   a. Manufacturing Process or Process Parameters
   b. Manufacturing Location
   c. Manufacturing Equipment (modifications or replacements)
   d. Material Sourcing

   These change options can be selected from a “pull down” menu within the ESAB Supplier Portal (as advised above)

5. **Sub-tier Supplier Selection and Management** - ESAB tier one suppliers are expected to manage their own supply base. ESAB may request verification (such as FAI) information along with other process control data from you about your supplier, but these actions in no way remove your responsibility to manage your supply base

6. **Packaging and Labeling** - Product must be packaged to protect the parts during normal shipment and labeled for easy identification. Packaging and labeling shall be in accordance with ESAB Supplier Purchase Order Document /Packaging Requirements.

7. **Technical Requirements**
   a. PPAP data approval shall be obtained from the supplier prior to initiation of full production, see procedure GQM0002. (Where agreed applicable). The level of applicability of this will be based on the commodity in question (Bulk materials, Code, or Equipment parts as examples). This will be agreed in advance through the nominated Quality representative.
   b. When specified on the ESAB purchase order, one copy of a C of A or C of C shall be submitted by the supplier to the designated location.

8. **Calibration System** - The supplier is responsible for the supply, maintenance, and calibration of standard measurement and test equipment, such as pin gages, thread gages, micrometers, comparators, multi-meters, etc.

9. **Verification of Quality**
   a. The supplier will allow ESAB to perform any testing or inspection that may be necessary, including verification at the supplier's location if required.
   b. If required on purchase order, the supplier will submit test or inspection data for the shipment.
   c. The supplier shall permit access by representatives of ESAB to the supplier’s premises (and the premises of Supplier's subcontractors and supplier(s)) for the purpose of evaluating Supplier's facilities, processes, goods, systems and records.
   d. Product accepted at receiving inspection may be found to be nonconforming during the manufacturing process. The supplier is liable for such product regardless of when a nonconformance is found.

10. **Product/Material Nonconformance**
    a. The supplier will not knowingly ship nonconforming product to ESAB and will notify ESAB purchasing agent if nonconforming product was inadvertently shipped.
    b. If a supplier responsible nonconformance is found at ESAB, its customer, or an agent of ESAB, the supplier is responsible for determining the necessary actions to establish an effective containment plan.
    c. Suppliers may be charged back for all expenses incurred by ESAB as a result of delivery or quality problems attributed to that supplier. Charge backs may be transacted as a debit against open invoices. Expenses may include but are not limited to:
        - Rework Costs
        - Replenishment Costs
        - Testing Costs
        - Recall Costs
        - Freight Costs
11. **Request for Deviation (Waiver / Concession)**
   a. The supplier is responsible for meeting all the requirements of the purchase order, drawings, and ESAB specifications. Material that does not conform to these requirements shall not be shipped without prior written approval having been given in the form of an approved deviation (waiver / concession) request for known nonconformance.
   b. Request for deviation from requirements shall be brought to the attention of the ESAB buyer/authorized purchasing personnel. Approval or disapproval of supplier deviation (waiver / concession) requests will be documented and communicated to the supplier.
   c. Place copies of the approved deviation (waiver / concession) in every box/skid of the parts affected so that the shipment will not be rejected.

12. **Corrective Action** - When requested, the supplier will submit a corrective action plan that provides the details of how the nonconformity will be resolved. ESAB expects a supplier to investigate the root cause(s) and respond to the ESAB buyer/supplier quality engineer with a corrective action plan in accordance with the Supplier Corrective action process which is nominally 48 hours for containment and 30 days for implementation of agreed corrective action. The details of the investigation, corrective action plan, verification of the effectiveness of the corrective action and preventive actions shall be documented.

The requirements of the Supplier Corrective Action reporting process detailed within ESAB document GQM 0001 will apply.

13. **Quality Records**
   The supplier is responsible for maintaining the following records for each production part number manufactured or provided, as applicable:

<table>
<thead>
<tr>
<th>Inspection Records</th>
<th>Laboratory analysis test results</th>
</tr>
</thead>
<tbody>
<tr>
<td>- First article inspection results</td>
<td>Purchase orders</td>
</tr>
<tr>
<td>- Incoming inspection</td>
<td>Approved deviations</td>
</tr>
<tr>
<td>- Set up inspection records</td>
<td>Calibration records</td>
</tr>
<tr>
<td>- In process inspection records</td>
<td>Nonconforming material records</td>
</tr>
<tr>
<td>- Final inspection records</td>
<td>Corrective action responses</td>
</tr>
<tr>
<td>- Dock audit results</td>
<td>Shipping records</td>
</tr>
<tr>
<td>Certificates of Analysis</td>
<td>Production record</td>
</tr>
<tr>
<td>Certificates of Compliance</td>
<td>EHS Records</td>
</tr>
</tbody>
</table>

   These records shall be maintained for a minimum of six years or as specified by the business unit purchasing. When PPAP is applied for initial part proving then the same retention requirements will exist.

14. **Continual Improvement** - ESAB expects that each of its suppliers support continual improvement in quality, cost, service and technology by formulating and implementing continual quality and deliver improvement plans.

15. **Security Requirements (i.e. C-TPAT, AEO or equivalent)** - Several ESAB businesses are certified C-TPAT (Customs Trade Partnership against Terrorism) members. ESAB is committed to supply chain security for all items shipped and delivered to any ESAB facility. Consistent with the Company’s obligations and responsibilities under C-TPAT, ESAB recommends the following for its suppliers:
   a. To maintain its own C-TPAT Certification, Authorized Economic Operator (AE) Certification or equivalent Supply Chain Security Program status (if applicable).
   b. To immediately notify ESAB in the event of a change in C-TPAT or equivalent program status (if applicable).
   c. To immediately notify ESAB in the event of any actual breach in security or suspected breach in security.
d. To secure its facilities through the use of sufficient access controls, fencing, security guards, security cameras, lighting and so forth.

e. To properly educate its shipping staff on properly inspecting a container/trailer prior to loading according to the C-TPAT Supply Chain Security Criteria (if applicable).

f. To properly secure all cargo loading and handling areas and all transportation equipment storage areas restricting access to authorized personnel only.

g. To verify and ensure that ISO/PAS 17712 Certified high security seals are properly placed on all containers/trailers bound for the United States. (If applicable)

h. To regularly evaluate and self-assess its supply chain security procedures and internal controls

i. To secure, protect and restrict access to all electronic data systems, documentation and other information relating to the ESAB activities, which might be transmitted to ESAB or other third parties to affect the international movement of cargo to ESAB.

16. Environmental Health and Safety (EHS) and Conflict Minerals

Suppliers are a critical partner to ESAB and our customers who all strive for compliant and sustainable products with minimal toxicity or hazard. Because the requirements differ by nation and customer, the details of the specific expectations and Supplier survey are articulated in ESAB EHS Survey Form. The completion and return of the ESAB EHS Survey Form is required to maintain a business relationship with ESAB.

A. Supplier EHS Responsibilities

- Suppliers must promptly notify ESAB upon any modification that materially affects the information on ESAB EHS Survey Form…or that is otherwise significant to the EHS aspects of the Supplier/ESAB relationship. Material modifications to product composition shall be communicated through a revised ESAB EHS Survey Form submitted to ESAB within 48 hours.

- Suppliers must maintain the systems, programs and formal responsibilities required to understand, characterize and communicate their applicable EHS statutory obligations covered by the elements of ESAB EHS Survey Form.

B. Supplier EHS Competency

As an ISO 14001/OSHAS 18001 certified company, ESAB has committed to the extension of our management of safety and environmental protection to our supply chain in order to reasonably control and influence liabilities and risks impacting ESAB and our customers. As a consequence, we request basic EHS information to establish our due diligence with regard to Supplier EHS competency. ESAB will evaluate Supplier responses and will follow-up on any detected issues of concern. ESAB will make reasonable accommodation, within reason, to a Supplier demonstrating a commitment to EHS. ESAB reserves the right to decline a relationship with any Supplier found to have a substandard EHS performance, at ESAB’s sole discretion.

C. Restricted Substances

ESAB incorporates the Supplier goods into our product(s) so the composition of Supplier components and raw materials must be communicated in order to operate safely and to meet government and customer requirements. Suppliers know their products most expertly, so ESAB will rely on the provided information. Accuracy is vital to our mutual EHS interests and success. Suppliers should regard these responses as mandatory.

a. STATUTORY Restricted Substances or Chemical Hazards

There are a diversity of legal limits, restrictions and prohibitions on specific chemical compounds that may be present in Supplier goods. ESAB provides a list of the known and potentially applicable statutory requirements and thresholds in ESAB EHS Survey Form. Suppliers should regard these responses as mandatory.

b. NON-STATUTORY Restricted Substances
In addition to legal requirements, parties may establish chemical compounds of concern for internal, industry, application or other reasons. Because these impact our mutual ability to market the products, these also require a mandatory response. ESAB provides a list of the known and potentially applicable statutory requirements and thresholds in ESAB EHS Survey Form. Suppliers should regard these responses as mandatory.

D. Conflict Mineral
Pursuant to the requirements of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules of Form SD associated with Section 13(p) of the Securities Exchange Act of 1934, all ESAB Suppliers must comply with the Colfax Conflict Minerals Policy found at http://ir.colfaxcorp.com/governance.cfm and with all expectations and requirements mandated thereunder.

The Colfax Conflict Minerals Policy applies, regardless of form and location of ownership, to all ESAB suppliers of materials or products consisting of or containing “conflict minerals” (cassiterite, columbite-tantalite (coltan), gold and wolframite and the following derivatives: tantalum, tin and tungsten). These requirements must also be passed through by Supplier to all of its suppliers of materials or products containing conflict minerals within the Supplier’s supply chain for materials or products purchased by ESAB. Failure to cooperate regarding these requirements, including timely responses to periodic survey requests and related due diligence inquiries by Colfax, could lead ESAB to source from alternative suppliers.

17. Code of Conduct for Business Partners
Suppliers are a critical partner to ESAB and, as such, are required to conform to our Code of Conduct for Business Partners as specified in [GM0007]. [Please return the signed Code of Conduct to the appropriate Sourcing Agent.]

18. Country of Origin and Free Trade Agreements
ESAB requires its suppliers to identify the country of origin of each article (product/component) on both the product itself and on every level of packaging and to provide proper documentation on every shipment to comply with all applicable laws and regulations. ESAB depends on its Suppliers to provide information to enable our own products to comply with select free trade agreements, where applicable. Accordingly, Suppliers must provide a clear statement of whether or not its products qualify for any free trade agreements.

Country of origin information is mandatory for doing business with ESAB. Unmarked articles may be subject to additional duties or may be seized or destroyed by the Customs Authorities. Moreover, non-compliant shipments and paperwork can cause significant audits, penalties, and forfeitures. Country of origin documentation and product marking is required at first shipment of any product and must be updated at least annually or earlier if the applicable origin changes before the year is through.

Contrary to a common misconception, the following rules usually apply to both domestic and international transactions.
1. Products must be marked with country of origin (unless ESAB agrees item qualifies for a clearly applicable exception).
2. All levels of packaging must be marked with country of origin.
3. All sales invoices and packing lists must provide country of origin information.

19. Import and Export Compliance
On international shipments, Suppliers must ensure that the export controls laws of both the U.S. and the originating country (if non-USA) are met. For all destination countries that require pre-shipment inspection, consular legalization, or import security Importer Security Filing (ISF) or Entry Summary Declaration (ENS)-type destination Customs filings, Supplier shall ensure that these programs are performed accurately and timely to be fully compliant at least three (3) days before the respective deadlines, or Supplier shall accept the resulting penalties.
Suppliers must file import and/or export paperwork in a timely and accurate manner that declares full and appropriate values to ensure accurate duty assessment. Without limiting the foregoing, if pre-payments, customer-provided tooling, or other dutiable assists have been provided, Supplier shall ensure that they are properly declared.

Finally, Suppliers must ensure compliance with our Corporate Supplier Import Requirements Notice Collfax GTC-ICP-02-001 trade compliance initiative. Refer to this Notification for full import requirements by the Supplier.

20. Product Compliance Classification Codes
For each product supplied, Supplier should provide the associated Harmonized System (HS) Tariff Commodity Code and Export Control Number (ECN) under the export laws and regulations of the exporting country. If the product is not listed under the exporting country’s Export Control Dual Use or Military listing, the Supplier should indicate “ECN Not Listed” or if a U.S. product, EAR99 if applicable. Product HS and ECN classification codes should be listed on the commercial invoice or per an agreed upon procedure with ESAB.

All material delivered to any U.S. seaport on ocean carriers requires an advance security notification to the U.S. Customs and Border Protection (CBP), known as an Importer Security Filing (ISF), and must be accepted by CBP at least 24 hours prior to cargo loading aboard a vessel in the Foreign port. This process generally requires at least a week of careful cooperation between the Supplier, freight forwarder and Customs import broker in advance of pickup. Therefore, Supplier must be prepared and submit required cargo details in accordance to the ESAB ISF instructions and in prescribed format. All ESAB Suppliers who require ocean shipment of material must comply with this directive in order to continue to be a Supplier to ESAB. ISF Guidelines are available at the following site: http://www.cbp.gov/border-security/ports-entry/cargo-security/importer-security-filing-102.

Many other destination countries have programs similar to ISF; ESAB requires the Supplier’s full compliance with such programs.

22. EU Advance Security Filing (ENS)
The European Union (EU) requires the electronic filing of an Entry Summary Declaration (ENS) for all imports into EU member countries. Similar to the ISF for the U.S., the ENS is lodged electronically at the Customs office of the member country port of entry before the goods are brought into the customs territory of the EU. The Supplier must ensure that the Carrier lodges the ENS. ENS guidelines are available at the following site: http://ec.europa.eu/ecip/security_amendment/procedures/index_en.htm.

Timing requirements, as of date of this publication, are as follows:

- For ocean freight, the European 24 Hour Rule requires that the ocean carrier file an ENS with the relevant national Customs authority in the EU for all shipments that will be carried on a vessel that will call one or more ports in the EU
- For airfreight, 4 hours before entering the EU
- For road transport, one hour before entering the EU

The EU rules prescribe the data elements that must be included in the ENS. An incomplete ENS will be rejected by the Customs authorities. A shipment for which an ENS has not been filed and accepted by Customs may not be loaded.

Many other destination countries have programs similar to ENS; ESAB requires the Supplier’s full compliance with such programs.
23. Prohibited Countries and Entities

ESAB policy prohibits any ESAB Business from conducting business with any countries or entities restricted by U.S. law and other applicable National law to the transaction, if not in conflict with U.S. law. ESAB requires all Suppliers, both domestic and international; to ensure that they do not sell ESAB anything manufactured or shipped, directly or indirectly, by a prohibited country or entity.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Change</th>
<th>By whom</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Initial Release</td>
<td>M. Ward</td>
<td>February 2016</td>
</tr>
<tr>
<td>2</td>
<td>Advise use of Supplier Portal and impacts on change requests</td>
<td>M. Ward</td>
<td>June 2018</td>
</tr>
</tbody>
</table>