



# STANDARD PURCHASE ORDER QUALITY CLAUSES

## A. Policy

It is the policy of Veridiam to purchase only from those Suppliers who consistently meet Veridiam's requirements for quality, delivery, and reliability. Failure to comply with any requirement invoked by the purchase order may be cause for rejection of the material and/or processing of material included in the Purchase Order. Corrective action measures for product and systems issues may be requested of the Supplier. Failure to respond in a timely or effective manner may result in removal of the Supplier from Veridiam's Approved Supplier List, Purchase Order hold, or source inspection.

## B. Mandatory Clauses

When Standard Purchase Order Quality Clauses are referenced in the Purchase Order, Clauses 1 through 12 apply for direct material purchases or direct material outside processing:

## C. Base Quality Clauses

### 1. Quality System Requirements

- 1.1 Supplier shall, in performance of this Purchase Order, maintain a Quality System that meets the following requirements:
  - a. Compliant to International Standards ISO 9001, ISO 13485 or AS9100 or equivalent, or be approved by Veridiam.
  - b. Provides records that indicate dates of inspection, inspector name or number, characteristics inspected and whether or not the characteristics were acceptable or nonconforming.
  - c. Veridiam reserves the right to audit or review the Supplier's Quality System or records as deemed necessary. Veridiam may, upon request and during regular business hours, conduct a survey of the Supplier's facility to evaluate its ability to comply with Purchase Order requirements.
- 1.2 All work performed for this Purchase Order must be in accordance with the quality manual and/or other documents approved by Veridiam. Any changes to the approved quality manual or approved documents that may affect the quality of materials, products, and/or services for this Purchase Order must be submitted to Veridiam for review and approval.

### 2. Control of Measuring and Test Equipment

- 2.1 A documented program shall be established and maintained to ensure that tools, gages, instruments and other measuring and testing devices, which are used during inspection are controlled, calibrated and adjusted at a stated frequency to maintain accuracy within specified limits.
- 2.2 The measuring and test equipment shall be maintained in accordance with ISO 10012-1, "Quality Assurance Requirements for Measuring Equipment," or equivalent.
- 2.3 Measuring and test equipment used by the Supplier shall have current calibrations that are traceable to the National Institute of Standards and Technology (NIST) or equivalent national standard.

### 3. Quality and Inspection Records

Quality and Inspection records must be maintained for the period of time indicated below as a minimum, unless otherwise stated in the Purchase Order, and shall be made available for examination by Veridiam upon request. These records must be accurate, clear and legible. When applicable, signatures, dates and stamps shall be available and must be clear.

- 3.1 Aerospace: Records related to product quality, manufacturing and testing should be retained permanently or until Veridiam instructs the supplier to dispose of the records. All other records, 7 years.
- 3.2 Medical: All quality Records are expected to be retained for a period of time equivalent to the design and expected life of the device.
- 3.3 Nuclear: Records related to product quality, manufacturing and testing are required to be maintained for the life of the particular item while it is installed in the plant or stored for future use.

### 4. Compliance to Purchase Order Requirements

- 4.1 Objective evidence validating conformance of purchased items or services to Purchase Order requirements shall be kept on file for a period of seven (7) years, and shall be made available for examination by Veridiam upon request
- 4.2 Suppliers shall flow-down the applicable requirements to Sub-tier supplier as required by the purchase order either specifically or by reference.

### 5. Certificate of Conformance

- 5.1 Supplier shall furnish with each shipment a separate and specific Certificate of Conformance (or equivalent, such as "Certificate of Processing", or "Certified Test Results", or "Certified Calibration Report").
- 5.2 This document shall be on company letterhead and signed by the Quality Manager or responsible company official. This document shall constitute certification by the Supplier that the articles were manufactured, inspected, and/or tested in accordance with the Purchase Order, specifications and/or drawings as applicable.
- 5.3 The Certificate of Conformance shall include, as a minimum, the following information:
  - a. Purchase Order Number
  - b. Purchase Order Revision Level (if applicable)
  - c. Heat Number (if applicable)
  - d. Drawing Number & Revision Number (if applicable)
  - e. Description of Part (or service provided)
  - f. Serial Number(s) of Parts (if applicable)



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- g. Type of Material
- h. Number of Parts Provided (or quantity of material provided)
- i. Specification Number, Code or Standards & Revision (if applicable)
- j. The procurement requirements identified shall include any approved changes, waivers or deviations applicable to the subject material or service.
- k. Identify any procurement requirements that have not been met, together with an explanation and the means for resolving the nonconformances.
- l. Process performed (if applicable)

### 6. Traceability

- 6.1 Supplier shall maintain a system of traceability on all raw materials, purchased components and manufactured parts used to supply items on this Purchase Order. This requirement shall also apply to samples sent to the Supplier for testing, analysis or inspection and to Veridium owned monitoring and inspection equipment sent for calibration.
- 6.2 Supplier shall ensure that identification of material, components, parts, samples and/or Veridium owned equipment is in effect upon receipt. The Supplier shall provide continuous control throughout fabrication, testing or calibration. The material identification, traceability and current status shall be with the material at all times. This may be accomplished by the use of follower, or routing cards, or an equivalent method. Material identification shall provide easy traceability to receiving inspection reports, purchase orders, specifications, drawings, and other documented data.

### 7. Identification/Shipping

- 7.1 Supplier shall ensure that all items shipped under this Purchase Order are adequately packaged to prevent damage, contamination, or deterioration. Supplier shall use best commercial shipping practices.
- 7.2 Material shipped to Veridium shall, as a minimum, be identified with the Veridium Part Number (if applicable) and Purchase Order Number on the outside of the shipping container. Additional marking and/or identification shall be as required by specification, drawing, or Purchase Order.

### 8. Deviations/Discrepancies

Suppliers must immediately notify Veridium in writing of any significant deficiency and/or defect(s) found in any product or service or any processing that deviated from the Veridium approved procedures which would adversely affect the performance of the product or service provided to Veridium. This requirement also includes previously unknown deviations that affect results already submitted to Veridium. The notification is to be followed by a timely formal report defining the nature and extent of the deficiency or defect and corrective actions later to prevent recurrence.

Disposition of such deviations/discrepancies must be approved by Veridium prior to shipment. A copy of this approved disposition must accompany each affected shipment.

Any rejected material that is being resubmitted by a Supplier shall be clearly identified as such on the shipping documentation and must reference Veridium's rejection document.

### 9. Required Specifications

Supplier is responsible for obtaining all specifications needed to complete the Purchase Order. Veridium Purchasing will, upon request, furnish any Veridium specifications needed and may assist in obtaining any other specifications required. All materials or services supplied to a specification must meet the latest published revision of the issuing agency unless otherwise specified in the Purchase Order.

### 10. Resubmitted Material

Any material rejected by Veridium and resubmitted by the Supplier must be clearly identified as such on the shipping document. The Supplier shall reference the Veridium rejection document and make available upon request, evidence that the initial cause for rejection has been corrected.

### 11. Right of Entry

Veridium, its customers and applicable regulatory agencies reserve the right to witness the manufacture or processing of any items in this Purchase Order to determine and verify the quality of work, records and material at any location including the Supplier's facility. When visits are made to the Supplier by personnel other than Veridium employees, and when such visits are for the purpose of witnessing the manufacture or processing of work, and/or related documentation, pertaining to this Purchase Order, Veridium reserves the right to refuse such visits based upon proprietary design, or processes. Furthermore, a Veridium representative shall be present during such visits.

### 12. Veridium Receiving Inspection

Parts will be subject to receiving inspection of all characteristics. Material that does not conform to specification will be returned, at Supplier's expense, for replacement. Latent defects not discovered during source inspection or receiving inspection, but disclosed during assembly or use, shall be cause for rejection and replacement.

## D. Specific Quality Clauses

The following clauses apply only when specifically referenced on the Purchase Order:

### 13. Quality Program-Nuclear

Supplier shall provide and maintain a Quality Assurance Program. The program shall comply with 10CFR50 Appendix B- Quality Assurance Criteria for Nuclear Power Plants, except Criterion III, Design Control, and Criterion XI, Test Control and NQA-1-2008/2009a.



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### 14. Quality Systems-Aerospace

Supplier shall provide and maintain a Quality Management System (QMS). The QMS shall comply with the latest revision of AS9100, Quality Management Systems-Aerospace-Requirements.

### 15. Veridium Source Inspection

Veridium inspection of the purchased items or services at the Supplier's facility is required prior to shipment. Supplier is to contact Veridium Purchasing at least 5 days prior to the time that the items will be ready for Veridium inspection. Acceptance by Veridium shall not be construed as evidence of effective control of quality by the Supplier and shall not absolve the Supplier of the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by Veridium or its customers.

### 16. Chemical/Physical Test Reports

A copy of the actual chemical and physical test report shall accompany material delivered under this Purchase Order, as required by the applicable material specifications.

### 17. Test/Inspection/Analyses

17.1 Certified test data, or a copy thereof on the testing organization's letterhead, shall be supplied with each shipment. This report must contain all factual information necessary to demonstrate conformance to the requirements reflected in the applicable specification, on the drawing or in the Purchase Order. The test data shall show quantitative requirements and permissible tolerances for all values measured versus quantitative test results. When specifically allowed by the Purchase Order or Veridium specification, statistical data may be provided. Certificates of tests/analyses shall indicate the specification, revision level, type of test performed, total quantity tested, total quantities accepted and rejected.

17.2 Veridium requires suppliers the use of statistical techniques for product acceptance. The following techniques can be used and will be specified by Veridium via Purchase Order, Contracts, Drawings, etc.

17.2.1 100% Inspection is required with actual recorded results for all characteristics on all parts. A copy of the inspection report is required with the shipment of product

17.2.1 Sampling plans: Use AQL 1.0 for normal inspection and AQL 0.65 for parts categorized as high severity and/or indicated by Veridium.

### 18. First Article Inspection Required

First Article Sample and Inspection Report shall be submitted to and accepted by Veridium prior to the first production shipment. First Article documentation shall include, as a minimum, (1) actual dimensions for each drawing characteristic, (2) date performed, (3) Purchase Order number, (4) Inspector signature/stamp, and (5) the unique marking that identifies the sample part.

### 19. Qualification Lot Required

Qualification Lot and Inspection Report shall be submitted to and accepted by Veridium prior to the first production shipment. Qualification Lot documentation shall include as a minimum, actual dimensions for each drawing characteristic for each part in the Qualification Lot, date performed, Purchase Order number, Inspector signature/stamp, and the unique identification of the Qualification Lot. The Qualification Lot size shall be defined in the Purchase Order.

### 20. Veridium Approved Processes

Prior to fabrication, a Manufacturing Process Control Plan shall be submitted to Veridium for review. This Control Plan shall list, in sequence, the manufacturing and special process operations to be performed and all inspections and tests that will be conducted. Veridium must approve the plan, and any subsequent changes, prior to implementation.

### 21. Nadcap Approved Processes

Suppliers who perform special processes such as Heat Treat, Welding, and Non-Destructive Testing are required to maintain a Nadcap accreditation for those processes.

### 22. Reporting of Significant Deficiencies and Defects

10CFR21 Reporting Requirements: Items on this purchase order are subject to Title 10 of the Code of Federal Regulations, Part 21 (10CFR21) Reporting of Non-Conforming Materials, and/or Service.

### 23. Veridium Supplied Material

Veridium will supply material at no cost to Supplier in the form described in the Purchase Order. Supplier must maintain strict control of material and use only material furnished by Veridium. **Substitution of other material by Supplier is strictly prohibited.** Heat traceability (or serial number traceability) is required.

### 24. Veridium Owned Property

All material of every description furnished to the Supplier by Veridium, and any replacement thereof, remain the property of Veridium. Such property, whenever practical, shall be plainly marked or otherwise adequately identified by the Supplier. Supplier shall not substitute any property for said material in filling the Purchase Order. In addition, if stated in the Purchase Order, all scrap resulting from the utilization of said material will be delivered to Veridium before and/or with the final shipment of the Purchase Order. Turnings, shavings, saw and grinding dust are excluded from accountability.

### 25. Contamination Control/Foreign Object Debris (FOD)

25.1 Supplier is required to establish and maintain a Foreign Object Debris (FOD) prevention program that employs appropriate housekeeping practices to assure timely detection and removal of residue/debris generated during operations and normal daily tasks.

25.2 Stainless Steel and Nickel-Base Alloys: Starting material, components being manufactured, or products being inspected SHALL NOT come in direct contact with: (1) unhardened carbon steel, (2) low alloy steels (steels having less than 5%



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alloying elements), (3) zinc (4) tin, (5) compounds containing halogens, (6) cadmium, (7) mercury, (8) gallium, (9) lead, (10) arsenic, (11) antimony, (12) aluminum, or (13) bismuth. Furthermore, no item shall contain any leachable chlorides in excess of 200 PPM by weight. In regard to mercury, no item shall contain any mercury in excess of trace amounts considered to be negligible. If oils containing halogens are used during fabrication of nickel-based alloys, the oils shall be removed from the component using a suitable cleaning process. Certification shall include a statement of compliance to this requirement.

### 26. Non-Destructive Testing and Level III Services

- 26.1 Penetrant and developer materials shall have sulfur and halogen less than 1/2% by weight. Certificate of Conformance shall include a statement on compliance to this requirement.
- 26.2 Do not ink-stamp parts.
- 26.3 Provide NDT Level III Services for training of qualification of Level 1 & 2 NDT inspectors.
- 26.4 Provide NDT testing and material tests for PT, MT, RT, UT, VT.

### 27. Calibration Services

- 27.1 Suppliers providing calibration services shall have current ISO/IEC 17025 accreditations by one of the following: NVLAP, A2LA, ACLASS, IAS, L-A-B, or PJLA.
- 27.2 As-found conditions must be reported as part of the certificate of calibration or as accompanying data.
- 27.3 Where relevant, a statement of the estimated uncertainty of the calibration result shall be reported.
- 27.4 Calibration service Suppliers must provide recall labeling and a certificate of calibration with traceability to NIST.
- 27.5 System Accuracy Tests (SAT) shall comply with AMS2750. SATs shall also comply with Veridium OP 4.1.14 for Vacuum Furnaces and OP 4.1.16 for Bright Annealing Furnaces.
- 27.6 Temperature Uniformity Surveys (TUS) shall comply with AMS 2750. TUSs shall also comply with Veridium OP 4.1.12 Vacuum Furnaces and OP 4.1.17 Bright Annealing Furnaces. .

### 28. Laboratory Testing Services

- 28.1 Laboratory testing service Suppliers shall be accredited per ISO/IEC 17025.
- 28.2 Laboratory testing service Suppliers shall identify:
  - 28.2.1 Procedure or method used, including revision number
- 28.3 Sample identification
  - 28.3.1 Material type
  - 28.3.2 Actual results
  - 28.3.3 Statement of compliance or non-compliance to requirements

### 29. Heat Treat Services

Heat treat service Suppliers shall provide objective evidence (chart, or digital readings) that heat-treating was performed in accordance with Purchase Order Requirements.

### 30. Subcontractors

- 30.1 The Supplier shall provide to Veridium a list of all subcontractors who perform a process, inspection, or test on materials or parts for this Purchase order.
- 30.2 The Supplier shall only use subcontractors who have been approved by Veridium.

### 31. DFARS

Supplier shall provide material in compliance with DFARS 252.225.7008 & DFARS 252.225-7009. The origin of the material shall be from a qualified country in accordance with these clauses.

### 32. Country Of Origin

The country of origin of raw material supplied shall be indicated on the Certificate of Conformance.

### 33. ITAR

This purchase order may contain and/or reference documents containing information subject to the International Traffic in Arms Regulations (ITAR). Suppliers may not export, release, or disclose such information to foreign nationals without first complying with export license requirements of ITAR.

### 34. Chemical Process Changes

Any changes in chemicals and/or chemical processes must be approved by Veridium.

### 35. Terrorism Sanctions

Supplier will adhere to the directions provided in Executive Order (EO) 13224 for terrorist financing. This order authorizes the U.S. government to block the assets of individuals and entities that provide support, services, or assistance to, or otherwise associate with terrorists and terrorist organizations

### 36. Certificates and supporting documentation

Supplier shall submit all certifications and supporting documents e.g. Certificates of Conformance, Mill Certs, Inspection Reports, First Article Inspection Report (FAIR), Laboratory Test Reports, etc. to [Quality-Supplier@Veridium.com](mailto:Quality-Supplier@Veridium.com). These Certification records must be accurate, traceable, clear and legible. When applicable; signatures, initials, employee names or numbers, dates and stamps shall be available and must be clear.



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### **37. Employees and people working on supplier's behalf**

- 37.1 Competence and any required qualification: Supplier will ensure that employees and people working on its behalf are competent and trained in accordance with the requirements of the applicable standards. (e.g. ISO9001, AS9100, ISO13485, Nadcap, NQA-1, etc.)
- 37.2 Awareness: Suppliers must ensure that those persons in their organization are aware of their contribution to product or service conformity, their contribution to product safety and the importance of ethical behavior.

### **38. Suppliers interactions with Veridiam**

In addition to other requirements recorded within this document, Suppliers shall hold all information received from Veridiam confidential and no third party request for information will be authorized unless approved, in writing by Veridiam.

### **39. Control and Monitoring of Suppliers performance**

Veridiam will evaluate suppliers based on Quality and Delivery. Suppliers that fail to perform in these areas may receive a SCAR (Supplier Corrective Action Request) and may be considered for probation (Conditionally approved) or removal from Veridiam Approved Supplier List (ASL).

### **40. Counterfeit and Fraudulent Parts**

- 40.1 Supplier must take special care to ensure that counterfeit and fraudulently provided items are not allowed into the system or supplied to Veridiam.
- 40.2 In the case that a shipment includes items that are suspect to be counterfeit or fraudulent need to be reported to Veridiam for immediate containment and segregation.