

## QUALITY REQUIREMENTS FOR PURCHASED SUPPLIES AND SERVICES

TO DETERMINE THE REQUIREMENTS INVOKED ON THIS PURCHASE ORDER, REFER TO THE APPLICABLE PARAGRAPHS NOTED ON THE PURCHASE ORDER. (Failure to comply with applicable requirements will be cause for rejection.)

### 1. DEFINITIONS as used herein:

- a) The term "BUYER" shall mean Hydrasearch Company, LLC (Hydrasearch).
- b) The term "SELLER" shall mean the person, firm, or corporation supplying the products described in a purchase order.
- c) The term "ORDER" shall mean the Purchase Order, incorporating by reference these Quality Requirements and all drawings, specifications, and any applicable data incorporated by reference therein.
- d) The term "SUPPLIES," as used herein includes, but is not limited to, raw materials, components, intermediate assemblies, products, supplies, and services.

### 2. RIGHT OF ACCESS AND SOURCE INSPECTION:

- 2.1 The buyer, their customer, and regulatory authorities reserve the right to access the applicable areas of facilities and to applicable documented information, at any level of the supply chain.

The buyer reserves the right to inspect at source all supplies and services at the seller's facility in addition to any supplies or services not manufactured or performed at the seller's facility by a Hydrasearch quality representative. The seller shall furnish, at no cost, the facilities and equipment to the quality representative needed for the required inspection. Notwithstanding the provisions of this clause, all items may be subject to inspection and acceptance at the buyer's facility, including requirement for Hydrasearch's customer to perform inspection and testing at subcontractor facility, perform inspection and testing at all times and places, when applicable. Note: Hydrasearch is responsible for submitting a Vendor Information Request (VIR) to the customer for interpretations, drawing or specification changes, non-conformance acceptance and repair welding authorization. This includes identifying that special processes (welding, NDT procedures, and radiographic film require customer approval before manufacturing or inspection begins.

- 2.2 The Government reserves the right to inspect at source all supplies and services not manufactured or performed within the buyer's facility. Should the Government exercise such inspection at the seller's facility it shall not constitute acceptance; nor shall it in any way replace the seller's inspection or

otherwise relieve the seller of their responsibility to furnish an acceptable end item. The purpose of such an inspection is to assist the Government representative at the buyer's facility to determine the conformance of supplies or services with contract requirements.

- 2.3 Government Source Inspection is required prior to shipment from the seller's plant. Upon receipt of this order, promptly furnish a copy to the Government Representative who normally services the seller's plant. In the event the representative or office cannot be located, notify our purchasing agent immediately.

### 3. QUALITY / INSPECTION SYSTEM:

- 3.1 The seller shall provide and maintain an inspection system acceptable to Hydrasearch, covering supplies and services under this order. This inspection system shall encompass all tests and examinations necessary to verify conformance with technical requirements and shall, as a minimum but not limited to include receiving inspection, manufacturing first piece, in-process, final inspections, and lot / heat segregation. As part of the system, the seller shall prepare records, evidencing all required inspections and tests and the outcome. These records shall be available upon request from the buyer or an alternative authorized representative.
- 3.2 The seller shall provide and maintain an inspection system in accordance with MIL-I-45208, ISO 9001 or equivalent. The seller's documented inspection system shall be available for review by the Government, their representative, and the buyer prior to the initiation of production and throughout the life of the order.

### 3.3 CALIBRATION SYSTEM

- 3.3.1 The seller shall provide and maintain gages and other measuring and testing devices necessary to ensure that supplies conform to the technical requirements. Sellers will calibrate devices at established intervals, and against certified standards which have known valid relationships to national standards, to ensure accuracy. Maintain records of such calibrations, measuring and test equipment, and identify measurement standards with the calibration status.

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3.3.2 In addition to the requirement of Paragraph 3.3.1 above, the seller shall maintain a calibration system that meets the requirements of ANSI/NCSL Z540-1-1994, or ISO 10012.

### 4. DRAWINGS AND SPECIFICATIONS

In the performance of the work under this order, the seller shall comply with the specifications shown or referenced in the order and all drawings, such that specifications are part of the order. The drawings and specifications will have all required information. If any discrepancy, difference, or conflict exists between the provisions hereof, the drawings, specifications or order, the same shall immediately be brought to the attention of the buyer or Quality Manager to resolve such conflict. The customer's contract or purchase order takes precedence in conflicts and disputes, including existing specification requirements. Unless otherwise specified, all specifications referenced within the order, drawings shall be at the current published revision level.

The seller shall include and invoke all information included on the buyer's order to their sub-tier vendor. This information shall include, but is not limited to, Government Source Inspection, Defense Priorities and Allocations System (DPAS) regulations in accordance with 15 CFR 700.17(d)(1)(ii), and this document, *Quality Requirements for Purchased Supplies and Services* (QC58).

The seller is responsible for ensuring that any rated order issued under DPAS is properly identified and flowed down to sub-tier suppliers in compliance with the priority rating, acceptance, and performance requirements set forth in 15 CFR 700.17(d)(1)(ii).

### 5. INSPECTIONS AND TESTS

The Seller shall establish and maintain a Quality System appropriate to the size and nature of its operation, and of sufficient scope to assure that supplies delivered under this purchase order will comply with all applicable drawings, specifications, Hydrasearch quality requirements, and other purchase order agreements. The supplier will maintain adequate material control to assure identification in relation to certification, inspections, tests, heat identification, and buyer's documentation.

### 6. CERTIFICATION

6.1 Certifications, Packing List, and Objective Evidence Reports will accompany shipment, be faxed, or sent electronically to **certs@hydrasearch.com** when any

shipment leaves the supplier's facility. The certificate must stipulate that the items ordered and contained in such shipment meet all drawings, specifications, and other applicable documents as cited in the order. This statement should also specify that required certifications, inspection records, chemical, physical, nondestructive, or any other test reports are on file and available upon request. The certificate must be on the seller's letterhead, and at a minimum, contain the date, Hydrasearch purchase order number, signature, and title of the authorized representative. Statements of material certification documents, including mercury free statements, must be positive, disclaimers such as "to the best of our knowledge" or "we believe the information contained herein is true" are not acceptable.

### 7. OBJECTIVE EVIDENCE

- 7.1 Actual mill chemical and physical test reports which indicate conformance with order requirements for all raw materials used to produce supplies, shall accompany each shipment.
- 7.2 Nondestructive test certification/report (i.e., radiography, magnetic particle, dye penetrant, ultrasonic inspections, etc., as applicable), shall accompany each shipment.
- 7.3 Certification and /or test report of hydrostatic testing per order requirements, shall accompany each shipment.
- 7.4 Functional test report / data per order requirements, shall accompany each shipment.
- 7.5 Chemical test report indicating conformance with order requirements, shall accompany each shipment.
- 7.6 Physical test report indicating conformance with order requirements, shall accompany each shipment.
- 7.7 Inspection results / report – A report is normally generated during receipt, first piece, in-process, or final inspections by the seller's inspection personnel. Documents consisting of inspections, such as alignment checks, visual inspections, dimensional measures, etc., shall accompany each shipment. See Paragraph 10 of these Quality Requirements for sampling inspection.
- 7.8 Heat Treatment Furnace Charts – Furnace charts shall be provided by the supplier, unless otherwise specified within the Purchase Order. Furnace charts shall identify the heat treater, the time of heat

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treatment, the heat treatment lot number, furnace identification, operation (e.g. temper, anneal, etc.) date, quantity, heat numbers, and item description. In addition, the autographic recorder rate (i.e., inches/hour) shall be annotated. The material shall be uniquely re-identified to provide traceability to the final heat treatment and mechanical properties certified for the heat-treated material.

### 8. MERCURY FREE

The material supplied under this order is subject to the prohibition of mercurial contamination, which shall contain no metallic mercury and shall be free from mercury contamination. During the manufacturing processes, tests, and inspections, the supplies shall not have come in direct contact with any mercury containing device employing a single boundary of containment. Mercury contamination of the material shall be cause for rejection. Upon request, the seller will supply a Certificate of Compliance for these requirements. These requirements apply to all sub-tier suppliers and subcontractors. Note: It is prohibited for any component supplied to the Navy or Private Shipyard to come in contact with free or functional mercury as required by NAVSEA INST 5100.3.

### 9. CORRECTIONS & ADDITIONS TO QUALITY DOCUMENTS

All documentation which serves as objective quality evidence shall be legible, reproducible, and documented with an instrument that provides a permanent record (i.e., ink pen, typewriter, etc.).

The process of making corrections and additions to quality documents is as follows:

- a) Draw a single line through the incorrect entry. (This prohibits erasure or obliterations, including "white-out" of information).
- b) Enter the corrected information.
- c) Initial and date each correction.
- d) When additional information is added to a quality document, the entry must be initialed and dated.
- e) Identify copies or changes of a quality document, in portion or completely, to correct or add information. Note the changes, sign, and date the document.

NOTE: A supplier cannot alter another organization's quality document.

### 10. SAMPLING INSPECTION

Unless otherwise specified, Hydrasearch permits the use of sampling procedures for acceptance of material utilized in finished products delivered under this order if vendor supplies sufficient base data to warrant approval of that sampling plan. Hydrasearch requires suppliers to use ANSI ASQC Z1.4 Level II AQL 1.0 as the preferred sampling plan. Hydrasearch's Quality Department must approve the use of an alternative sampling plan. The supplier's use of a sampling plan as an inspection technique does not relieve them of the responsibility of delivering only fully acceptable items to the buyer under the purchase order.

### 11. NONCONFORMING SUPPLIES

The buyer will provide prior approval to ship supplies not in compliance with drawing(s) and/or specification(s) requirements. The seller may request the same by notifying the buyer or Quality Manager in writing of actual discrepancy, reason for discrepancy, and action taken to prevent recurrence. If authorization is given to ship, identify and segregate nonconforming supplies from conforming supplies. Acceptance will depend upon verification of discrepancy and final approval at the buyer's facility.

### 12. RECORDS RETENTION

Seller must retain all inspection records, tests, and other quality related records for a period of seven (7) years after final order delivery. Such records shall be available to the buyer upon request.

### 13. LIMITED SHELF-LIFE (LSL) MATERIALS

- 13.1 Unless otherwise specified, the supplies provided against the requirements of this order shall be certified to have a minimum of five (5) years shelf life and a minimum of 80% shall remain at time of receipt at the buyer's facilities.
- 13.2 The following data shall be furnished by the supplier with shipment:
  1. Cure Date or Date of Manufacture
  2. Lot and/or Batch Number
  3. Shelf-Life Limitation (i.e., suggested shelf life in years of expiration date by "Quarter Year")
  4. Any special storage condition requirements
  5. Manufacturer's name and CAGE Code
- 13.3 Mark the date of manufacture (cure date), batch or lot number, and the shelf-life expiration date (by

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“Quarter Year”) of the supplies on each individual container.

### 14. WELDING, BRAZING, NDT, and SEAMED PIPE

All welding, brazing, and NDT procedures and performance qualification shall be in accordance with Hydrasearch drawings and/or specified purchase order requirements.

Unless specified on the drawing or purchase order, welding repair/rework of materials require approval by Hydrasearch before welding begins.

Usage of seamed pipes is prohibited.

### 15. SPECIAL MATERIAL IDENTIFICATION

Supply/material identifications are to be in accordance with MIL-STD-130 in addition to any other drawing or specification requirements.

### 16. LEVEL 1 REQUIREMENTS

It is imperative to maintain traceability of the material to the material certification test report, and other objective quality evidence. Material certification report(s) must completely and accurately reflect that the material supplied meets the specified requirements.

#### Procurement/Receipt Inspections:

Purchase Orders for raw material shall specify that the material be traceable to material certification test reports by traceability codes, permanently marked on the material in accordance with MIL-STD-792 and identified on the test reports. All suppliers / subcontractors supplying material will invoke the Certification Data Requirements contained in DI-MISC-81020.

Receiving inspection shall include as a minimum:

- a) Verification that the traceability number marked on the material agrees with that on the certification test reports.
- b) Verification that certification test reports are legible and complete.
- c) Verification that the contents of the certification test reports comply with the specifications and requirements invoked.

#### Material Handling:

Mark All raw materials with a unique traceability code (except for nonmetallic parts, welding and

brazing joints, or filler material). Each container will have a label to indicate traceability of consumable materials (weld filler material, silver braze alloys, etc.). Each container in the lot must contain material from the same traceability code, as defined in the applicable specification.

Segregate stored raw materials requiring traceability to preclude intermingling with materials not requiring traceability.

When traceability marking is removed by a manufacturing process, the marking shall be recorded prior to removal. An appropriate material control procedure (such as a bag and tag, tagging, and/or tote box control) must be employed. The material control procedure must provide a method of positive control to preclude commingling of heats or loss of traceability.

The material control process shall include requirements for the maintenance of traceability for items sent out for subcontracted operations.

#### Final Inspection:

Perform the following inspections prior to shipping material:

- a) Maintain material traceability and either mark or segregate material / supplies with adequate identification for each heat or lot of shipped material.
- b) The material certification test reports are traceable to the material and that there is a test report for each heat or lot material shipped. The certification test reports are complete and legible.

#### Material Markings:

All traceability markings shall be permanently applied in accordance with MIL-STD-792. An alternate marking method is permissible, provided it is an available option in the invoked specification or drawing, except in instance where the material differs from that specified in the specification or drawing. Marking shall be legible and shall be located so as to not affect the fit, form and function of the material.

#### Material Certification:

In addition to the Certification Data Requirements specified in DI-MISC-81020 invoked in this order,

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the following material certification requirements apply:

- a) In addition to quantitative chemical and mechanical properties, the material certification test reports shall include the class, form, condition, grade, type, and finish, as applicable, of the material supplied.
- b) Re-identification and recertification of material is required when material is subject to a process which alters its properties. If the starting material or raw stock is processed in a manner that will not affect its chemical composition or mechanical properties, the original certifications for the chemical composition and mechanical properties, as required by the material specification, are acceptable.

Recertification of the chemical or mechanical properties is required if using a process during fabrication that alters the original properties of the material (e.g., alloying, heat treating, or forming). In these instances, the properties of the material must be re-determined and documented to reflect the altered condition. The altered material shall be uniquely re-identified. The properties thus determined and documented are required for final certification and shall conform to the material/procurement specification or order requirements.

When only the mechanical properties are altered, the original certification for chemical composition shall be over-stamped and/or annotated with the unique traceability marking used with the altered material as shown below.

Traceability number \_\_\_\_\_ is fabricated from raw material identified to Heat number \_\_\_\_\_ and Heat treat number \_\_\_\_\_ (when applicable).

\_\_\_\_\_  
(Name and Signature of Auth. \_\_\_\_\_ Date \_\_\_\_\_  
Company Representative)

- c) Material Certification Data forwarded shall contain the signature, printed name, and title of authorized representative of seller. The report's results shall represent the actual attributes of the furnished material and indicate full compliance with all applicable specification and order requirements. Transcription of certification data is prohibited.
- d) Statements on material certification documents must be positive and unqualified. Disclaimers such as "to the best of our knowledge" or "we

believe the information contained herein is true" are not acceptable.

**NOTE:** Material / supplies received without required certification papers, will be rejected.

### 17. ACQUISITION AND USE OF NON-DOMESTIC SPECIALTY METALS

- 17.1 The seller agrees not to incorporate into any articles delivered under this purchase order, specialty metals not melted in the United States, its possessions, Puerto Rico, or a qualifying country. Specialty metals are defined in the Defense Federal Acquisition Regulation Supplement (DFARS) 252.225-7009. Qualifying countries are listed in DFARS 252.225-7002.

Seller furnished material certifications for Specialty Metals ONLY:

1. Description of materials used in the manufacturing of the end-item
2. Material Specifications
3. Lot, heat, or batch number identification
4. Source of procurement
5. Origin of material
6. Name and location of Melting facility
7. Name and location of mill
8. Mill Certification
9. All other requirements as specified in the applicable raw material specification, to include chemical and physical analysis.
10. Retain certification for a period of no less than seven (7) years after final payment.

### 18. Hydrasearch invokes the following on all orders:

Seller understands and complies with the following requirements as defined by the United States government. You can find FAR clauses and definitions at [www.acquisition.gov/browsefar](http://www.acquisition.gov/browsefar).

#### 52.222-03 CONVICT LABOR

#### 52.222-19 CHILD LABOR - COOPERATION WITH AUTHORITIES AND REMEDIES

#### 52.222-50 COMBATTING TRAFFICKING IN PERSONS

#### SUSPECT / COUNTERFEIT PARTS

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"Suspect/counterfeit parts" are parts that may be of new manufacture but are misleadingly labeled to provide the impression they are of a different class or quality, or from a different source than is actually the case. The term "suspect/counterfeit parts" also includes refurbished parts, with or without false labeling, that are represented as new parts. Seller further certifies, to the best of their knowledge and belief, that they will not supply "suspect/counterfeit parts" to Hydrasearch under this order.

Hydrasearch may, at its discretion, turn over to the appropriate authorities (e.g., without limitation, the Defense Criminal Investigative Service, Naval Criminal Investigative Service, Federal Bureau of Investigation, Offices of the Inspector General, etc.) any products suspected of being or containing suspect/counterfeit parts. We reserve the right to withhold payment for the products, pending the results of any investigation or proceedings related to the matter.

Seller certifies an awareness of the potential for counterfeit materials; in addition to counterfeit deterrence plans that include the reporting of confirmed counterfeit materials to appropriate and sanctioned authorities, and communication of confirmed counterfeiting to all affected parties.

### **FOREIGN OBJECT DEBRIS / DAMAGE**

Materials and products shall comply with the Hydrasearch Foreign Object Damage Prevention Plan, which stipulates that items and packaging have been inspected for and are free of foreign objects prior to delivery to Hydrasearch Company, LLC.

### **DFARS CLAUSE 252.204-7012**

Safeguarding Covered Defense Information and Cyber Incident Reporting.

### **Malpractice or Fraud and Falsification**

Hydrasearch suppliers are contractually obligated and expected to meet all purchase order requirements. Suppliers must also be vigilant and aware for Malpractice and Fraud and Falsification as it affects compliance to the orders placed. Any party aware of, or having reason to suspect malpractice, is obligated to report to local supervision or management, purchaser buyer, or call the defense department

Hotline at phone (800)424-9098 or email to [hotline@dodig.osd.mil](mailto:hotline@dodig.osd.mil).

Note: This includes requirements of EB2678 Appendix B (Awareness of Malpractice – Electric Boat Quality Control of Procured Materials, Paragraph 3.1.g).

### **Packaging and protection of products**

The use of yellow wrapping and attached yellow protection devices, such as caps and plugs, is strictly prohibited.