



CONTRACT QUALITY CLAUSES

SPIRA PURCHASE ORDER QUALITY CLAUSES

Purpose:

To assure minimum customer requirements are communicated to vendors when goods or services are procured.

Application:

Spira's purchase orders shall flow-down requirements to its sub-tier vendors and/or process suppliers by using the following alphanumeric "quality clauses" when purchasing services and/or goods from outside suppliers.

- ❖ **SQC1 – CERTIFICATE OF CONFORMANCE (C OF C)**
 - A Certificate of Conformance attesting compliance to all related specifications and/or general requirements must accompany services and/or goods procured under this purchase order.
- ❖ **SQC2 – INSPECTION AND TEST RECORDS**
 - Dimensional characteristics produced in part or in whole of this purchase order shall be recorded on inspection forms and shall accompany the products at time of shipment. Unless otherwise specified, all dimensions will be recorded 100% actual for each character and each individual part. No sampling allowed. All dimensions shall bear the stamp of a quality assurance representative.
 - Test records of any process that are performed under the purchase order are to be documented and shall accompany all products at time of shipment and shall bear the stamp of qualified personnel performing test.
- ❖ **SQC3 – MATERIAL TEST REPORTS AND TRACEABLE DOCUMENTATION**
 - All deliverable products shall have a material test report containing the chemical composition and physical properties of raw materials used in fabrication of products under purchase orders. These records must objectively maintain traceable documentation to final product, including all heat lot, serial numbering and record retention throughout the entire manufacturing process.

- ❖ **SQC4 – PART MARKING**
 - All details and/or assemblies shall be part marked according to drawing and/or specifications referenced.
- ❖ **SQC4a – TEMPORARY PART MAKING**
 - Each article of purchase order shall have temporary identification applied at time of shipment. The method of identification shall be of a nature, which is secure, yet can be easily removed by personnel without mechanical means. The preferred default method shall be the use of tags, which contain pertinent information to the detail and/or assembly.
 - The minimum information temporary identification should contain shall be as follows:
 1. Purchase order number. (Item no. if applicable)
 2. Main tool number. (parent tool)
 3. Detail or assembly number.
 4. Quantity of pieces being delivered.
- ❖ **SQC5 – MANDATORY SOURCE INSPECTION**
 - Source inspection shall be performed at supplier facility prior to shipment of final product. When applicable any in-process operations to occur before final shipment shall be source inspected prior to final buy-off. Anticipation of pending source shall be given to *Spira* representative a minimum of 24 hrs prior to in-process or final inspection of purchase item(s).
 - All items shipped under the purchase order shall bear the stamp or signature of source representative authorizing shipment.
 - All pertinent customers of Spira reserve the right to be present during any source inspection performed per this clause.
- ❖ **SQC6 – OPTIONAL SOURCE INSPECTION**
 - *Spira* reserves the right to inspect, at supplier's facility, any product under the purchase order. *Spira* shall contact supplier to confirm or waive source requirements. In the event that contact has not been made between *Spira* and supplier before time of completion, or interim inspection, the supplier is authorized to ship product to Spira, provided the requirements of clauses



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- SQC1** and **SQC2** are fulfilled and accompany shipment.
- All pertinent customers of Spira (including Government representatives) reserve the right to be present during any source inspection performed per this clause.
- ❖ **SQC7 – MANDATORY GOVERNMENT SOURCE INSPECTION**
- Government source inspection (GSI) is required and shall be performed at supplier's facility prior to shipment. As directed by *SPIRA* / *GSI* any in-process inspection is also mandated by this clause. A minimum of **48-hrs** notice to *SPIRA*, prior to inspection, is required when this clause is invoked. Supplier shall provide evidence of **GSI** source inspection with each shipment.
- ❖ **SQC8 – RIGHT OF ENTRY**
- *SPIRA*, their pertinent customers, and authorities (including Government representatives) reserve the Right-Of-Entry into supplier organization, at any level of the supply chain, to determine and verify quality of work at any and all stages of production. All information, including digital information, records, logs, inspection tests and any other data are subject to review by *SPIRA* and their customers.
- ❖ **SQC9 – SUPPLIER SURVEY**
- The supplier's Quality Assurance system is subject to an initial survey and approval by *SPIRA* and/or their customers. Subsequent review of supplier and/or processors may be conducted before or after issuance of purchase order. Deficiencies identified as a result of a survey shall be noted and follow-up activities taken to ensure proper corrective actions have been implemented.
- ❖ **SQC10 – SUPPLIER PROCESS APPROVAL**
- All processes used in conjunction with the purchase order are subject to approval through *SPIRA* and/or their customers.
- ❖ **SQC11 – SUPPLIER SUB-TIER APPROVAL**
- All material, supplies and services not supplied to vendor by *SPIRA* must be obtained from *SPIRA* approved source prior to start of effort. Substitutions may be made only with written approval provided from *SPIRA*.
- ❖ **SQC12 – CALIBRATION**
- Supplier's calibration system shall meet the requirements of MIL-STD-45662, ISO 10012 or ANSI/NCSL Z540-1 as applicable. All calibration standards will be traceable to NIST.
- ❖ **SQC12a – SUPPLIER CALIBRATION**
- All test and measurement equipment used in the performance of purchase order shall be calibrated and traceable to known standard per test methods approved and set-forth by *SPIRA* and their customer requirements. In the event the requirements are not stated on purchase order, the methods and/or specifications of the supplier's internal calibration system shall be deemed acceptable.
- ❖ **SQC13 – NON-CONFORMING PRODUCT**
- Any deviation from product specifications or drawing requirements shall be documented and submitted to *SPIRA* in a timely manner for disposition and shipping instructions.
- ❖ **SQC14 – ELECTRONIC INSPECTION DATA**
- All electronic data used to record and inspect products under purchase order shall be captured on a transfer media compatible with *SPIRA* specified methods.
 - Unless otherwise specified, normal default method shall be a CD type disc written in either Excel or a CSV format with the nominal – actual – deviation recorded.
- ❖ **SQC15 – PROPRIETARY AGREEMENT**
- All drawings, specifications, technical Information and electronic definition used in conjunction with purchase order are considered confidential and proprietary to *SPIRA* and its customers.
 - No unauthorized reproduction of media is allowed in any form other than that intended to



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produce product and/or services directly associated with purchase order.

❖ **SQC16 – FIRST ARTICLE INSPECTION**

- Supplier shall perform a First Article Inspection on all items of the purchase order in accordance with the requirements set forth. Supplier shall forward a copy of the FAI report to Spira's Quality Control manager for review, prior to the continuation of any production runs. Supplier shall notify Spira 24 hours prior to estimated completion of FAI.

❖ **SQC17 – RETENTION OF RECORDS**

- Supplier shall retain all viable quality and/or test records in accordance with this order and make readily available to Spira, or its customer, upon request for a period of no less than Ten (10) years after date of delivery, unless otherwise stated.

❖ **SQC18 – DFARS 252.225-7014 Preference for Domestic Metals.**

- Specialty metals incorporated in articles delivered in fulfillment of this contract shall be melted in the United States unless allowed otherwise by DFARS 252.225-7014 Alternate I.
- The following Defense Federal Acquisition Regulation Supplement (DFARS) requirement applies to this agreement, and is binding on supplier and each of its subcontractors:

252.225-7014 Preference for Domestic Specialty Metals (Alternate I).

Access to the applicable DFARS can be achieved via the website below:

<http://www.acq.osd.mil>

The supplier shall include the terms of this clause in every subcontract or purchase order awarded under this contract in accordance with DFARS 252.225-7014 Alternate I.

❖ **SQC19 - CUSTOMER REQUIREMENT FLOW DOWN TO SUB-TIER SUPPLIERS.**

- ALL Spira Sub-Tier Suppliers shall comply with Spira's Customer Contractual

Agreements. These Requirements shall be flowed down to all Sub-Tier Suppliers of Spira, as applicable.

❖ **SQC20 – SUPPLIER CHANGE OF LOCATION, PROCESS**

- Supplier to notify Spira of a change in product and/or processes, changes of suppliers, or change of manufacturing facility location.

❖ **SQC21 – Counterfeit Avoidance/Mitigation**

- All materials sold for use in the manufacturing of Spira products must have full traceability to the original manufacturer. For all metals used in our products, full traceability of chain of custody from smelter to distributor must be available upon request. Seller will assist in any investigation into possible counterfeit material provided to Spira upon written notice. All copies of certificate of conformance, material test results, and any relevant documentation must be accessible and legible for 10 years from date of Spira purchase order.

❖ **SQC22 - ETHICAL STANDARDS**

- **Conflicts of Interest:** The integrity of Spira Manufacturing must be protected at all times, and the fiduciary relationship of trustees, officers, or employees to Spira Manufacturing must be honored in both actuality and appearance. A conflict of interest exists when a representative's direct or indirect personal interests are inconsistent with or interfere with the best interests of Spira Manufacturing. To avoid such conflicts, Suppliers shall disclose to Spira Manufacturing (i) any direct or indirect personal interests in a Supplier held by any trustee, officer, or employee of Spira Manufacturing; and (ii) any family relationship between a trustee, officer, or employee of Spira Manufacturing and any director, officer, or employee of Supplier.

- **2. Fair Dealing:** Suppliers are required to act honestly, in good faith, and with



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professionalism. No Supplier may take unfair advantage of another person through harassment, manipulation, abuse of privileged information, misrepresentation of material facts, or any other unfair practice. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or wrongfully inducing such disclosures by past or present employees of Spira Manufacturing or any other organization is prohibited.

- **3. Employment Standards:** Suppliers will maintain fair and non-discriminatory work environments where all employees are treated with respect and dignity and in a manner, that comports not only with workplace practices mandated by state and federal laws, but also with Spira Manufacturing's commitment to the highest ethical standards in all aspects of its educational mission and business practices, including employment.
- **4. Confidentiality:** Suppliers must maintain confidential information entrusted to them, except when disclosure is authorized by an appropriate officer of Spira Manufacturing or required by law. Confidential information includes all non-public information that might be of use to competitors or other third parties or harmful to Spira Manufacturing or its constituencies if disclosed; it also includes information that third parties have entrusted to Spira Manufacturing. The obligation to preserve confidential information continues even after a Supplier's business relationship with Spira Manufacturing ends.
- **5. Protection and Proper Use of Spira Manufacturing's Assets:** Suppliers should protect Spira Manufacturing's assets and

ensure their proper and efficient use. Theft, carelessness, and waste have a direct impact on Spira Manufacturing's operations. Any suspected incident of fraud or theft should be immediately reported for investigation. The obligation of Suppliers to protect Spira Manufacturing's assets includes, but is not limited to, its proprietary information. Proprietary information includes intellectual property such as patents, trademarks, and copyrights, as well as business plans, databases, records, employment information, and any unpublished financial data and reports. Unauthorized use or distribution of this information violates Spira Manufacturing's policy and may also be illegal and result in criminal and/or civil liability.

- **6. Compliance with Laws, Rules, and Regulations:** Obeying the law, both in letter and in spirit, is the foundation on which Spira Manufacturing's ethical standards are built. In conducting business with Spira Manufacturing, Suppliers must comply with applicable laws, rules, and regulations at all levels of government in the United States and in any other jurisdiction in which Supplier does business.
- **7. Timely and Truthful Reporting:** Suppliers involved in the preparation of financial, sales, or payment reports and documents (and information included therein) submitted to Spira Manufacturing and/or filed with federal, state, and local authorities in connection with a Supplier's relationship with Spira Manufacturing are required to make disclosures that are full, fair, accurate, timely, and understandable. They may not knowingly conceal or falsify information, misrepresent material facts, or omit material facts necessary to avoid



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misleading the authorities or Spira
Manufacturing. The same standards apply to
other public communications made by the
Supplier which reference Spira
Manufacturing.

- End of clauses -