

PROCUREMENT OF QUALITY OR RISK SIGNIFICANT PRODUCTS OR SERVICES Company - (July 2014)

(a) General. The supplies or services to be delivered or the work to be designed, constructed, altered, or repaired under this Agreement have been designated by the Company as having a quality level of either *Quality (Q)* or *Risk Significant (RS)*. This designation means that performance under this Agreement must comply with all enhanced quality level requirements, as specified in the Agreement, for protection of workers, the public, and the environment.

(b) The requirements in Sections (c) through (h) of this clause do not apply where the specification consists of a part number, manufacturer description, or otherwise contains no requirements outside a commercial description of the item to be purchased.

(c) Critical quality requirements, such as document submittals, product-related documentation, problem reporting, administrative documentation, personnel or materials qualifications, reviews, tests, inspections, and acceptance criteria are identified in the specifications or statement of work. Seller's acquisition of materials and services under this Agreement shall be in compliance with the quality requirements of this Agreement. There shall be no deviations of whatsoever nature from the quality requirements of this Agreement without written approval of the Subcontract Administrator. These supplies or services are to be used in a nuclear safety application.

(d) Supplier Evaluation. Prior to the award of any lower tier subcontract for *Q* or *RS* products or services, the Seller shall independently evaluate prospective suppliers' capability to provide items or services in compliance with the quality requirements of this Agreement. These evaluations shall be documented in writing and shall include, as appropriate and necessary, one or more of the items below:

- Assessment of personnel, technical and equipment capabilities, and processes, conducted at the supplier's facilities;
- Review of the supplier's history of providing identical or similar items or services;
- Evaluation of certifications or registrations awarded by nationally accredited third parties and;
- Evaluation of documented qualitative and quantitative performance information provided by the supplier.

(e) Subcontract Requirements. The Seller shall ensure that lower-tier subcontracts for materials and services contain: appropriate quality requirements; surveillance and oversight by the Seller; document submittals; product-related documentation; problem reporting; administrative documentation; personnel or materials qualifications; and reviews, tests, inspections, and acceptance criteria. Requirements established in lower-tier subcontracts shall be commensurate with the quality requirements of this Agreement. For each of these activities, Seller shall maintain documentation of all surveillances, submittals, inspections, and tests performed as required by this agreement for itself and any lower tier suppliers for a period of six years.

(f) Performance Monitoring. The qualified supplier's performance shall be monitored to ensure that acceptable items or services are produced and schedule requirements are being met. Monitoring is to be by the Seller and shall ensure conformance to requirements that cannot be readily determined by inspection or test of the product. Monitoring may include:

- Surveillance of work
- Inspection of facilities
- Review of plans and progress reports
- Surveillance of manufacturing processes and methods
- Processing and use of change information
- Review of internal assessments
- Review and disposition of non-conformances
- Selection, qualification, and performance monitoring of sub-tier suppliers

(g) Reports and Access to Records. For compliance and administration of this clause, the Seller shall furnish to the Subcontract Administrator all reports, certificates, documentation, and other pertinent information as may be requested by the Company during the performance of this Agreement or at the completion of this Agreement.

(h) Lower-Tier Subcontracts. The Seller shall insert this clause, including this paragraph (f), with appropriate changes to identify the parties, in all lower-tier subcontracts.