



Purchase Order Quality Clauses

- SQC-01 INSPECTION** – The supplier shall have a system for inspection, prevention and detection of nonconforming products. As a minimum, the supplier must meet the requirements of MIL-I-45208 or equivalent. The supplier shall be prepared to demonstrate the system by 1) responding to questionnaires; 2) submission of quality Manual and supporting documents; 3) on-site surveys and Audits by Serrano Industries, Inc.
- SQC-02 FIRST ARTICLE INSPECTION** – The supplier shall provide Serrano Industries Inc. with a complete first article report on the first run of a new part when required. Note: Does not apply to raw material.
- SQC-03 CALIBRATION** – The supplier shall control the calibration of all measuring equipment utilized to accept product. All inspection and test equipment shall be calibrated against certified standards traceable to the National Institute of Standards and Technology in accordance with MIL-I-45662, AS9100 section 7.6 or ISO 10012. It is the responsibility of the supplier to return any furnished equipment to Serrano Industries Inc. prior to calibration due date.
- SQC-04 TOOLING** – Tooling or any equipment provided to the supplier in support of the order shall be handled and stored in an appropriate manner to avoid damage. Supplier will be held responsible for any damage to the equipment or tooling due to negligence.
- SQC-05 NONCONFORMANCE NOTIFICATION** – The supplier shall notify Serrano Industries Inc. of any no-conformances found. This includes any nonconformance identified at time of product delivery by Serrano Industries, Inc.
- SQC-06 CONTROL OF DOCUMENTS** – The supplier shall control all documents supplied by Serrano Industries Inc. pertaining to the order. It is the responsibility of the supplier to destroy any documents provided by Serrano Industries Inc. that are obsolete or superseded. All documents will be returned to Serrano Industries Inc. at completion of the order. No distribution to third parties allowed unless authorized in writing by Serrano Industries, Inc.
- SQC-07 CERTIFICATION AND TEST DATA** – The supplier shall provide certification of conformance and, where applicable, test data with each shipment. Certifications to specifications shall reflect the latest revision level unless otherwise noted on purchase order.
- SQC-08 MATERIAL CERTIFICATION** – The supplier shall supply one copy of physical and/or chemical test reports for each lot, batch or heat, whichever is applicable. Supplier shall supply original mill certification with shipment of material specified on the purchase order (non-DFAR material may not require melt source certification). The report must show that material delivered are acceptable and be shall be identifiable to the product being delivered. The heat number and material manufacturer must appear on the certification. All metal alloys shall require traceability to the original heat number, and shall comply with the current material specification revision in effect when melted. The heat number and material manufacturer



must appear on the certification. Unless otherwise indicated by the purchase order. ALL documents MUST be legible.

- SQC-09 DFAR 252.225-7014, ALT 1 AND DFAR 252.225-7009 (SPECIALTY METALS)** - The supplier agrees to supply material in compliance with DFARS 252.225-7014 ALT. 1. "Preference for Domestic Specialty metals" and DFAR 252.225-7009 "Restriction on Acquisition of Certain Articles Containing Specialty metals; as applicable. The origin of the material shall be from a qualifying country in accordance with DFAR 225.003(9).
- SQC-10 PROCESS CERTIFICATION** – The Supplier shall provide one **(1)** copy of Original test report/s or certification/s indicating actual dimensional and /or chemical and physical properties of process(s) provided. All process specifications noted on the drawings or P.O. documentation must be certified individually. This may be accomplished by listing each specification on the certificate of conformance. Certification is required with each shipment.
- SQC-11 RECORDS** – In addition to the records required with each shipment, the supplier shall retain all documents and records pertaining to the order, including raw material certs, production records, processing certs, inspection records and nonconformance records for a minimum of 10 years. The supplier shall notify Serrano Industries Inc., in writing, prior to destruction of any records pertaining to Serrano Industries Inc. orders. If requested, the supplier shall provide Serrano Industries Inc. with copies of records pertaining to an order within **(3)** three days.
- SQC-12 SPECIAL PROCESSING** – Suppliers shall contact Serrano Industries Inc. for any question/s related to special processing. Special processes shall only be performed by sources that are accredited and approved by the National Aerospace and Defense Contractors Accreditation Program (NADCAP). These requirements apply whether the process is performed by the Seller or the Seller's Sub-tier sources.
- SQC-13** Suppliers who are certified to an established standard such as **ISO 9001, AS 9100, ISO 17025**, etc. shall immediately notify Serrano Industries Inc. if their certification expires, is revoked or re-certified. If re-certified a new cert/s must be submitted.
- SQC-14** Suppliers may use a sampling plan in accordance with **ANSI/ASQ Z1.4** for attribute inspections using a Single Sampling Plan for Normal Inspection Level II AQL1.5, For Tightened Inspection level III table II-B with no greater risk than an acceptable quality level **(AQL) of 1.5**.
- SQC-15 PACKAGING AND SHIPMENT INSURANCE** – All material on this order shall be prepared for shipment in a manner acceptable by the specified carrier and adequate to ensure safe delivery at destination. The supplier shall package products appropriately to ensure that no damage occurs during shipment. No charges will be allowed for boxing, wrapping, or storage other than those specified in the P.O. Shipments sent C.O.D. will not be accepted unless specifically authorized in writing, Seller shall not insure F.O.B. origin shipments at buyer's expense.
- SQC-16 HAZARDOUS MATERIAL** – The seller shall ensure that all materials and chemicals, which are harmful to human health, safety, or property, are properly contained in accordance with applicable local, state and federal specifications. All containers shall be plainly marked with chemical labels displaying appropriate warnings, precautions, instructions and storage



conditions as required by DOT and OSHA. Material safety data sheets (MSDS) must be provided as required by OSHA standards 1910.1200. **MERCURY AND RADIUM SHALL NOT BE USED IN THE PROCESSES OR MANUFACTURE OF MATERIALS FOR THE P.O.**

- SQC-17 RIGHT OF ACCESS** – The supplier shall allow right of access by Serrano Industries Inc., its customers, Government and regulatory authorities to all facilities involved in the order and to all applicable records with the intent of performing surveillance activities. Seller shall permit buyer’s inspectors, government inspectors, or buyer’s customer to have access to seller’s plant at all reasonable hours for the purpose of inspecting any item procured on this purchase order, related materials, work in process or applicable quality and inspection systems such as surveys, and audits. Seller, without additional cost to buyer unless otherwise specified herein, shall provide all reasonable facilities and assistance for their safety and convenience.
- SQC-18 FLOW DOWN REQUIREMENTS** – The supplier shall insure that requirements be flowed down to sub-tier suppliers, including key characteristics where required. Any purchase order placed with a sub-tier supplier must cascade pertinent requirements including Quality System and customer specific requirements. Federal acquisition regulations (FAR) and defense federal acquisition regulations (DFAR) supplemental requirements shall be invoked on sub-tier purchase orders.
- SQC-19 QUALIFICATION OF PERSONNEL** – The supplier shall ensure competence of their personnel. Qualification requirements for education, skills and experience, along with required training. All employees shall be trained on the relevance and importance of their activities and how they contribute to the achievement of the quality objectives.
- SQC-20 CLEANLINESS AND FOREIGN OBJECT DEBRIS/DAMAGE (FOD) PREVENTION** – The supplier shall ensure work is accomplished in a manner preventing foreign objects or material in deliverable items. The supplier shall maintain work areas and control tools, parts and materials in a manner sufficient to preclude the risk of FOD incidents.
- SQC-21 EXPORT / IMPORT COMPLIANCE** – The supplier and their sub-tier, as applicable, shall comply with all export-import control laws and regulations including, but not limited to, the U.S. Export Administration Regulations (EAR) and the U.S. International Traffic in Arms Regulations (ITAR) to the extent applicable to the supplier and Serrano Industries, Inc. respective activities under the Purchase Order. Any supplier who manufactures defense articles or furnishes defense services for Serrano Industries Inc. is required to register with the U.S. Directorate of Defense Control per ITAR part 122. Follow the link to register: <http://www.pddtc.state.gov/> follow the next link for ITAR part 122. http://www.pddtc.state.gov/official_itar_and_amendments.htm. If the data or product provided under the Serrano Industries, Inc. purchase order is controlled for US export-import reasons, such data/product will not be further disclosed, exported or transferred in any manner to any other foreign national person (internal or external to the supplier or sub-tier suppliers) or any foreign country contrary to U.S. export-import law. Supplier under no circumstance is to sub-contract a foreign facility for product manufacturing or design other than the acquisition of material under DFAR.



SQC-22 Counterfeit Parts & Materials

COUNTERFEIT GOODS :

A) Seller shall not furnish to Buyer any Goods under this Contract that are “Counterfeit Goods, “ defined as Goods or separately-identifiable items or components of Goods that: (i) are an unauthorized copy or substitute of an Original Equipment Manufacturer or Original Component Manufacturer (collectively, “OEM”) item; (ii) are not traceable to an OEM sufficient to ensure authenticity in OEM design and manufacture; (iii) do not contain proper external or internal materials or components required by the OEM or are not constructed in accordance with OEM design; (iv) have been re-worked, remarked, re-labeled, repaired refurbished, or otherwise modified from OEM design but not disclosed as such or are represented as OEM authentic or new; or (v) have not passed successfully all OEM required testing, verification, screening, and quality control processes.

B) Seller shall implement an appropriate strategy to ensure that Goods furnished to Buyer under this Contract are not Counterfeit Goods. Seller’s strategy shall include but is not limited to, the direct procurement of items from OEMs or authorized suppliers, conducting approved testing or inspection to ensure the authenticity of items, and, when items are to be procured from non-authorized suppliers, obtaining from such non-authorized suppliers appropriate certificates of conformance that provide one or more of the following: (i) the OEM’s original certificate of conformance for the item; (ii) sufficient records providing unbroken supply chain traceability to the OEM; or (iii) test and inspection records demonstrating the item’s authenticity.

C) Counterfeit Goods delivered or furnished to the Serrano Industries facility under this Contract are deemed nonconforming. If Seller becomes aware or suspects that it has furnished Counterfeit Goods to Buyer under this Contract, Seller promptly shall notify Buyer and replace, at Seller’s expense, such Counterfeit Goods with OEM or Buyer-approved Goods that conform to the requirements of this Contract. Seller shall be liable for all costs related to the replacement of Counterfeit Goods and any testing or validation necessitated by the installation of authentic Goods after Counterfeit Goods have been replaced. The remedies contained in this article are in addition to any remedies Buyer may have at law, equity, or under other provisions of this Contract.

D) Seller bears responsibility for procuring authentic Goods or items from its subcontractors and shall ensure that all such subcontractors comply with the requirements of this article.

SQC-23 Workmanship: Supplier shall have written standards for workmanship, unless otherwise specified the Serrano Industries facility standards are used as inspection criteria.

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REVISION HISTORY			
Revision	Date	Change	Requested by
A	7-19-2010	Complete rewrite	C. Martinez
B	1-21-2011	Revised Bullet (numbering) method Revised SQC-08 – Requirement Added SQC-09 – DFAR clause Added additional Flow Down Requirements to SQC-18, Added SQC-19: Flow Down Requirement for Qualification of Personnel Added SQC-20: Flow Down Requirement for Cleanliness and Foreign Object Debris/Damage (FOD) Prevention. Added SQC-21: Flow Down Requirement for Export/Import Compliance	C. Martinez
C	12.28.2017	Added para. Counterfeit Parts SQC-22	Luis Garcia