

Sunbank Company LLC  
Supplier Terms and Conditions

**I. PURPOSE**

This document establishes basic quality assurance requirements to assure products delivered by suppliers are of the required quantity and reliability levels. It presents general information and requirements applicable to all purchase orders, and special requirements applicable as designated in purchase orders.

**II. DEFINITIONS AND ABBREVIATIONS**

- A. Purchase order means any purchase order, subcontract or other written agreement with suppliers to deliver materials, supplies, services or equipment.
- B. The term "Buyer" shall mean Sunbank.
- C. The term "Seller" shall mean the individual, partnership or corporation obligated to furnish the articles and services as described in the purchase order

**III. GENERAL REQUIREMENTS**

Unless otherwise specified in the body of the purchase order, the following general requirements shall apply to this purchase order.

**A. Prohibited Practices**

- 1. Unauthorized Repairs: Seller may not repair by welding, brazing, soldering or adhesives, parts damaged or found to be faulty during fabrication without buyers quality control prior approval. Defects in castings or forgings shall not be repaired by any method unless authorized by buyer in writing.
- 2. Changes in Approved Processes or Procedures: Seller shall not change any process or procedure without prior approval if such process or procedures were originally subject to buyers approval.

- 3. Improper Re-submittal: Articles rejected by the buyer may not be resubmitted without clear and proper identification as resubmitted articles, indication of the cause for buyer rejection, and statement of action taken by the seller to correct the deficiencies.
- 4. Unauthorized Submittal of Production Parts: Seller shall not submit parts from a production run for buyer inspection and acceptance prior to buyers acceptance of first article sample when required by the purchase order.

**B. Responsibility for Conformance**

Neither surveillance, inspection and/or tests made by the buyer at either the sellers or buyers facility, nor the sellers compliance with all supplier quality assurance requirements shall relieve the seller of the responsibility to furnish items which conform to the requirements of the purchase orders.

**C. Documentation**

The buyer may refuse to accept items delivered under this purchase order if the seller fails to submit the certifications, documentation, test data or reports requested by the purchase order.

All documentation shall be in the English language.

**All paperwork submitted must tie together with an applicable reference, ie: PO # or Lot #.**

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**D. Certification of Conformance**

With each shipment of items supplied on this purchase order, seller shall submit a certificate of conformance signed by a responsible representative, which shall constitute a representation by the seller that:

1. Materials used are those which have been specified by buyer and the items delivered were produced from materials for which the seller has on file reports of chemical or physical analysis and any other required evidence of conformance of such items to applicable specs.

Processes used in the fabrication of items delivered were in compliance with applicable specifications as referred to on the PO.

2. Specifications and all other requirements applicable to the items delivered have been complied with by the seller. These records shall be made available for review upon request and will be maintained by the seller for minimum of 7 years or unless otherwise specified in the purchase order.

**E. Lot Sampling**

The buyer reserves the right to use ANSI/ASQC Z1.4 sampling plans for the acceptance of rejections of items supplied.

**F. Corrective Action Requests**

When recurring Quality or delivery problems are evidenced, the buyer and/r Quality shall request Corrective Action Request in writing, from the supplier.

**G. Delivery Requirement(s)**

Each delivery shall be accepted as five (5) days early, zero (0) days late. This will be tracked as a performance matrix.

**IV. SUPPLIER QUALITY ASSURANCE REQUIREMENTS CLAUSES (SQAR)**

The following SQAR's are a requirement of this purchase order when specified, by number, on the purchase order.

• **SQAR 1 - VISITING SELLER'S FACILITY**

Upon seller's acceptance of Buyer's Purchase Order, and until all items listed on Purchase Order are completed and shipped to Buyer, the Buyer, and /or Buyer's customer and authorities may at any time without prior notice visit Seller's facilities during operating hours and verify condition of Buyer's material and/or records.

• **SQAR 2 - GOVERNMENT INSPECTION**

During the performance of this order, your Quality Control, or Inspection System, and manufacturing processes are subject to review by an authorized Government Representative at your facilities, or, your subcontracted facility subcontractors require approve by the Prime Contractor.

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- **SQAR 3 - BUYER SOURCE INSPECTION**

Items to be delivered under this purchase order require inspection tests or surveillance by the buyers quality representative at the seller plant prior to shipment 48 hours advance notice must be given the buyer to permit scheduling of source inspection. Source inspection does not relieve the seller of the responsibility for compliance with all requirements. Evidence of source inspection must accompany the shipment. The buyer reserves the right for final acceptance at his facility.

- 3a. Witnessing of final inspection or tests required

- 3b. Witnessing of in process inspections test of detailed parts or subassemblies are required.

- **SQAR 4 - GOVERNMENT SOURCE INSPECTION**

Government source inspection is required prior to shipment from your plant upon receipt of this purchase order promptly notify your government representative. If his representative is not available, the buyer should be notified.

- **SQAR 5** Left Open

- **SQAR 6 - SELLERS QUALITY CONTROL SYSTEM**

The seller shall maintain a quality system which complies with the designated specification. The sellers system shall be subject to audit by the buyer's representative.

- 6a. ISO9001/AS9100: When ADC invokes SQAR (6a) this requires the supplier to have performed all inspections and/or tests necessary to ensure the material/hardware is per the ADC drawing

purchase order. In addition, that all records pertaining to these tests/inspections are on record/file at the supplier's facility and will be furnished to ADC upon request.

- 6b. ISO9001/AS9100: When ADC evokes SQAR (6b) this requires the same as SQAR (3a), however, in addition to SQAR (3a) the supplier must have on record/file and furnish to ADC upon request the following: the process procedures used, the process control procedures, certification of the employee certified to perform any special processing.

- 6c. ISO9001/AS9100: International and Aerospace Quality Standard.

**V. INSPECTION REQUIREMENTS**

- **SQAR 7** - 100 Percent inspect on Required (Certifications must state "100% Inspection Performed")
- **SQAR 8** - SPC required must submit SPC program to buyer for approval prior to commencing fabrication
- **SQAR 9** - FAI Required: First Article Inspection documentation and product inspected to be delivered for approval before production is accepted
- **SQAR 10** - Sellers inspection level for this product
- **SQAR 11** - Calibration per ISO 17025
- **SQAR 12 - PRESERVATION, PACKAGING AND PACKING**

All material shall be preserved, packaged and packed to afford adequate protection against dust, moisture, rust, corrosion, deterioration and physical damage during shipments



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- **SQAR 13 - MATERIAL IDENTIFICATION**

- 13a. Apply part number to item
- 13b. Bag and tag items
- 13c. Tag items
- 13d. Identify per procurement instructions

**VI. DOCUMENTATION**

- **SQAR 14 - MERCURY FREE CERTIFICATION**

Sellers shall submit with each shipment a verification that these items furnished do not contain functional mercury in any form (without specific written approval from the buyer) and that mercury bearing instruments and/or equipment which might cause contamination on were not used in the manufacture, fabrication, assembly or testing of the items furnished under the purchase order. All sellers are obligated to pass this requirement on to their subcontractors.

- **SQAR 15- CHEMICAL AND PHYSICAL REPORTS**

The seller shall submit a test report of the chemical and mechanical properties of each heat/lot of parts furnished. Chemical reports must include each element listed on the applicable material specification. Mechanical property reports must include actual numerical values for each property tested in accordance with the applicable specification. Test reports furnished must be correlated to the heat/lot number of the item represented and to the purchase order and item number.

- 15a. A certification of compliance to DARS 252.225.7014 "Alternate 1" Certification required.

- **SQAR 16 - Process Certification Required**

All supplemental surface treatments require a statement of conformance to the referenced specification

- **SQAR 17 - Inspection Results**

Recorded data is normally generated during final inspection such as dimensions, alignment & visual checks, etc., recorded and submitted as evidence of conformance.

- **SQAR 18 - SELLER SUPPLIED INFORMATION**

With the initial shipment, the seller shall furnish, at no cost to the buyer, two legible copies of applicable specifications drawings and/or catalogs or catalog pages sufficient in inspect and or test the products ordered by the purchase order.

- 18a. Distributors shall submit a "True Manufacturers Certification" with each shipment.

- **SQAR 19 - NOTIFICATION OF PRODUCT CHANGE**

The seller shall notify the buyer of any significant changes in product design, fabrication methods, material, or processing prior to shipment to buyer. No changes which may affect form, fit, function, or interchangeability in product shall be made without written approval from buyer.



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- **SQAR 20 - MATERIAL AGE CONTROL**  
The seller shall have an effective system of age control whose acceptability is limited by maximum age. The system must include a method of identifying the age of such items and provisions for the rotation of stock. All control of rubber goods shall conform to the requirements of ARP 53161, unless otherwise specified on the purchase order. Seller shall identify each delivered item, package or container of limited shelf life material with the cure of manufacture data, expiration date, and special storage and handling conditions, in addition to the normal identification requirements of name, part or code number, specification number, type, size quantity, etc. Time lapse between manufacturing and receiving dates shall not exceed 20% of the shelf life. Certifications of same shall accompany shipments.

**VII. PROCESSING-Ref. Section VI**

- **SQAR 21 - OBJECTIVE QUALITY EVIDENCE**  
Two (2) copies of the objective quality evidence items indicated below shall accompany each shipment.  
All NDT testing procedures shall be prepared in accordance with the requirements of MIL-STD-271 and as indicated by individual test requirement and submitted to the buyer for approval prior to performing testing. Evidence of personnel qualification shall be available for buyer to review.  
**21a.** Documents indicating that nondestructive testing was performed in accordance with applicable specifications and the results

obtained were in accordance with requirements.

- 21b.** Radiography-Radiographic inspection is required. The seller shall provide radiographic shooting sketches and techniques as defined by MIL-STD-271. These sketches and techniques are to be approved by the buyer. Radiographs taken in accordance with the approved techniques shall be identified and transmitted to the buyer for review and verification prior to shipment of material. All welded joints shall be identified permanently with the RT number.
- 21c.** Magnetic Particle Inspection – Magnetic particle inspection shall be performed as required in accordance with MIL-STD-271.
- 21d.** Dye Penetrant Inspection – Dye penetrant inspection shall be performed as required in accordance with MIL-STD-271.
- 21e.** Ultrasonic Inspection – Ultrasonic inspection shall be performed in accordance with NAVSHIPS 0900-006-3010 and or NAVSHIPS 0900000-1000.
- 21f.** Hydrostatic Testing – Certifications indicating hydrostatic testing accomplishment, pressures, etc.
- 21g.** Shock test reports per purchased order requirements.
- 21h.** Vibration test reports per purchase order requirements.
- 21i.** Data generated during functional acceptance testing of item.
- 21j.** Qualification test results.

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- **SQAR 22 WELDING AND ALLIED PROCESSES**

- 22a. Piping, machinery, pressure vessels shall be fabricated, welded, inspected in accordance with NAVSEA Technical Publication S9074-AR-GIB-010/278 (replaces MIL-STD-278)
- 22b. Piping, machinery, pressure vessels, shall be fabricated, welded, inspected in accordance with ASME requirements.
- 22c. Brazing when required, shall be accomplished per the requirements of NAVSHIPS 0900-001-7000.
- 22d. Welding per AWS D17.1 (replaces MIL-STD-2219).
- 22e. Procedure and Performance Qualification – All welding and brazing procedure and performance qualifications shall be per:
  - 1) NAVSEA S9074-AQ-GIB-010/248 (replaces MIL-STD-248)
  - 2) ASME Section IX
  - 3) MIL-STD-7883, Type IV

And be subject to review and approval prior to production.

- **SQAR 23 - COAST GUARD APPROVAL**

It is the responsibility of the seller to obtain Coast Guard approval of equipment and drawings furnished by him to the buyer.

- **SQAR 24 - NON-CONFORMANCE**

Non-Conformance which affect, form, fit, function or reliability of the end item or otherwise affect the terms of Buyers subcontracts shall be referred to the buyer in writing for disposition when it is believed that "Use As Is" or "Use After Repair" decision would be appropriate. Request for acceptance of non-

conforming items must contain all information required to make an analysis and disposition. Supplier shall notify the buyer within 48 hours when it is determined that non conforming product has been shipped to Sunbank or its customer.

- **SQAR 25 – ITAR- International Traffic in Arms Regulations**

When required by purchase order, the supplier shall comply with the ITAR regulations as defined by the US Department of State, information may be found using the following link:

[http://www.pmdtdc.state.gov/regulations\\_laws/itar\\_official.html](http://www.pmdtdc.state.gov/regulations_laws/itar_official.html)

- **SQAR 26 - FOUNDRY CONTROL OF CAST PARTS**

Foundry control castings are required when new tooling (patterns or molds) is made or when a change is made in gates, risers, chills, as cast shape, or a pattern is transferred to another supplier Foundry control castings shall be submitted to the Buyer for his review and approval, as defined below, prior to initiation or continuation of production runs.

26a. Radiographic film of foundry control castings shall be reviewed and approved by the Buyer's Quality Representative at the Seller's radiographic department or agency. Seller will submit film and test reports with each submittal of foundry control castings.

26b. Seller will submit a minimum of 3 foundry control casting, heat treated and straightened to the Casting drawing requirements for examination approval by the Buyer. Such casting(s) shall be representative of the foundry practices and processes to be used for the production castings.

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- 26c.** Seller will submit a certified statement of conformance and mechanical properties with each foundry control casting.
- 26d.** Seller will submit a certified statement of chemical analysis of the material used in the foundry control casting showing the percentage of each element contained in the specimen.
- 26e.** Radiographic film of foundry control castings to the Buyer for review and approval
- **SQAR 27 - CONTROL OF FORGINGS**
  - 27a.** The seller shall furnish buyer with destructive qualification testing from first acceptance run one sample forging representative of all processing used. This test forging is in addition to the production quantities required.
  - 27b.** With each shipment, the Seller shall submit two test samples from each heat of material used in the shipment. The samples shall be suitable to make specimens conforming to R-3 of Federal Test Standard No 151, and be subjected to the same processing the forgings receive, including work and heat treatments.
  - 27c.** The forgings shall be made with a detachable tab. The tab shall not be removed until completion of all processing including heat treatment. The tabs shall be removed and shipped with the forgings to the /buyer. The tabs shall be identified to material heats and heat treat lots (serial numbers when serialization is required).
- **SQAR 28 - TOOL PROOFING**

Tooling required for product on under this purchase order is subject to acceptance by the Buyer. The seller shall notify Buyer when tooling is ready for inspection. Acceptance will be contingent upon a quantity of resultant dimensional samples inspected under surveillance of the Buyer's Representative at the Seller's facility or the items will be shipped to Buyer for inspection when directed by the buyer. Dimensional samples are to be identified with a tool number.
- **SQAR 29 - DROP SHIPMENTS**

The material ordered hereunder is to be shipped to other than the Buyer's facilities Copies of the Quality Assurance data required by this order shall accompany the shipment; in addition, one copy of the data shall be mailed to the buyer on the same day that shipment is made.
- **SQAR 30 - INSPECTION AND TEST PLAN**

The seller shall prepare an inspection and test plan for the items delivered under this purchase order. Two reproducible copies of the plan shall be submitted for Buyer approval a minimum of two weeks prior to production.

  - 30a.** The plan shall include identification of the item to be inspected or tested measuring or test equipment to be used, method if inspection (visual, test equipment gage etc.) and type of inspection (dimensional, functional, test, NDT, etc.).
  - 30b.** The plan shall contain the operational sequence and inspection/test points in relation to procurement, manufacture, assembly, checkout, and delivery.

**All paper-work submitted must tie together, i.e.; PO # or Lot #.**



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All specifications referenced with this document must be adhered to the latest revision. It is the responsibility of the supplier to review the specification and verify the latest revision. All of the certifications that are submitted shall make reference to the related specification, type, class, level and revision as applicable.

- **SQAR 31 - LOT CONTROL AND MATERIAL TRACEABILITY**

**31a.** Items furnished under this P.O., packing list, certifications and other applicable documents must be identified by mfg. lot or batch number. Where impractical to stamp individual parts due to size or shape, the lot or batch number shall be stamped on identifying tags or the smallest unit package.

**31b.** Materials used must be identified by lot number, material type, specification and applicable change number, heat number, etc. and traceable to records of acceptance. Parts fabricated by the Seller shall be traceable to the lot number(s) of material(s) used. Traceability record (certifications) shall be submitted to the Buyer.



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**Defense Federal Acquisition Regulation  
Supplement DFARS 252.225-7014 Alternate 1**

**DFARS 252.225-7014**, Preference for Domestic Specialty Metals, Alt 1 has the following basic requirements:

- Specialty metals must be melted in the United States or a qualifying country, or they can be melted anywhere but must be “incorporated in an article manufactured in a qualifying country”. The clause allows a qualifying country to manufacture parts from metal that was melted anywhere, provided it meets specifications, but a United States company can only use metal that was melted in the United States or a **qualifying country**.
- As of the date of this article, the qualifying countries are **Australia, Belgium, Canada, Denmark, Egypt, Germany, France, Greece, Israel, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom and Northern Ireland**.

To see the full provisions of the DFARS 252.225-7014 please visit the following website:

<http://www.acq.osd.mil/dpap/index.html>

“Specialty Metals” means

- (a) Steel with a maximum alloy content exceeding one or more of the following limits: manganese, 1.65%, silicon, 0.60%, or copper, 0.60%, or containing more than .025% of any of the following elements: aluminum, chromium, cobalt, columbium, molybdenum, nickel, titanium, tungsten, or vanadium.
  - Example 1: Steel containing 1.15% chromium melted in Japan and used in the United States by the manufacturer of an item to be

delivered pursuant to a contract with the US Government is not compliant with DFARS 252.225-7014 Alt I

Explanation: Steel containing more than .25% chromium is defined as a specialty metal and, therefore, must either be melted in the United States or a qualifying country, or be melted anywhere and incorporated into a deliverable item in a qualifying country. Japan is not on the list of qualifying countries.

- Example 2: Steel melted in Mexico containing .20% chromium and not having alloy or element contents in excess of the thresholds set forth in DFARS 252.225-7014, Alt I is compliant with the DFARS clause.

Explanation: Steel containing more than .25% chromium is defined as specialty metal. It does not have to be produced in the United States or a qualifying country. This material from Mexico would be acceptable. Note that Mexico is not on the list of Qualifying Countries; however, the material is not defined as a “Specialty Metal”.

- (b) Metal alloys consisting of nickel, iron-nickel, and cobalt base alloys containing a total of other alloying metals (except iron) in excess of 10 percent;
- (c) Titanium and titanium alloys; and
- (d) Zirconium and zirconium base alloys.

**NOTICE**

**It is the responsibility of the supplier to make sure that all standards mentioned within this document are applied as necessary and are to the latest revisions.**