

Standard Quality Language

1. Quality Assurance / Quality Control

1.1 General

The Purchaser requires the Supplier to have quality programs in place to ensure the material and equipment furnished and installed under this specification meets the Purchaser's requirements. These programs shall cover all design and manufacturing operations of the Supplier, including work by any Subsuppliers. The programs shall ensure all services provided meet professional engineering quality standards. The Supplier's quality program and Inspection and Test Plan (ITP) (listing tentative dates for witness points, hold points, and tests) are to be submitted within thirty (30) days of Notice-to-Proceed with manufacturing, or as otherwise designated by the Purchaser. The Supplier's quality program and ITP shall be submitted to Southern Company Supplier Quality's email address supplierquality@southernco.com and as required by the Vendor Document Submittal Schedule (VDSS). Regardless of the timing of the Notice-to-Proceed, the Supplier's quality program and ITP shall be submitted prior to the start of manufacturing.

1.2 Quality Requirements

The Purchaser's quality assurance requirements are detailed in SQAR-2, Supplier Quality Assurance Requirements. The version of SQAR-2 that governs is the revision that is current at the time the procurement documents are issued. Supplier shall comply with the requirements of the SQAR-2. These requirements are supplementary to the inspections, tests, and other specified quality assurance and quality control provisions set forth elsewhere in these specifications and other contractual documents. In the event of conflicting quality requirements in any of the contractual documents, the more stringent quality requirements shall prevail. The Supplier shall secure written approval from the Purchaser for any deviations from SQAR-2.

1.3 Work Location/Subsupplier Limitations and/or Additional Charges

- 1.3.1 All bidders must identify in their proposal the names and locations of any Subsuppliers from which they plan to procure and/or fabricate materials under this contract. If multiple locations are listed, the Supplier shall identify the scope of work, primary location and the estimated percentage of material manufactured there. The Supplier shall only list those Subsuppliers that it is reasonably assured will be used on this contract. A general listing of the Supplier's approved Subsuppliers is not acceptable.
- 1.3.2 The Purchaser may be required to perform onsite inspection of Subsuppliers' facilities prior to release to manufacture; therefore, in order to keep such costs at a reasonable level, the number of Subsupplier manufacturing locations should be kept to a minimum. The Purchaser will inspect the first five (5) Subsupplier

locations at no cost to the Supplier. Thereafter, the Purchaser's inspections of Subsuppliers' facilities shall be charged to the Supplier at a rate of \$5,000 per facility.

- 1.3.3 Any Subsuppliers or additional work locations not provided in the initial proposal must be approved in writing by the Purchaser prior to the start of work by submitting to the Purchaser's email address, supplierquality@southernco.com. Materials provided and/or fabricated by Subsuppliers or in additional work locations not approved by Purchaser shall be considered a violation of the contract. The Purchaser reserves the right to survey and approve Subsuppliers and manufacturing locations to ensure compliance with the fabrication requirements. An evaluation of alternate work locations or Subsuppliers by the Purchaser does not guarantee approval by the Purchaser.

1.4 Inspection/Surveillance

- 1.4.1 Quality surveillance of the Supplier's material and fabrication is planned. Quality surveillance will consist of, but is not limited to, review, observation, and inspection of selected stages of fabrication. The Purchaser's surveillance shall not relieve the Supplier of any responsibility for the proper execution of work covered in the procurement document requirements. Any defects or nonconformances found during surveillance or tests shall be repaired by Supplier at no additional cost to the Purchaser.
- 1.4.2 The Purchaser reserves the right to provide inspectors and observers as it deems necessary to observe all aspects of fabrication, manufacturing, and testing. These inspectors may be Southern Company employees or third-party inspectors authorized by Southern Company.
- 1.4.3 The Purchaser shall have the right to inspect the Supplier's and Subsuppliers' work as deemed necessary by the Purchaser. The Purchaser shall also have the right to inspect the Supplier's and Subsuppliers' work locations and materials in use, and to follow the progress of the work and the manner in which it is being performed. While in the Supplier's or Subsuppliers' facility, the Purchaser's quality representative must be allowed to take photographs of their product. The Supplier shall be responsible for work being performed in accordance with these specifications. The Purchaser shall have the authority to reject materials or suspend any work not being performed properly in accordance with these specifications, and any applicable codes and standards. The presence (or absence) of the Purchaser shall not relieve the Supplier or the Supplier's agents of the responsibility for performing work properly and in accordance with these specifications, and any applicable codes and standards.
- 1.4.4 The Purchaser or its representatives shall be provided free and unfettered access to the Supplier's or Subsuppliers' facilities for inspections/surveillances and to witness tests. This access must be provided at no additional cost to the Purchaser. The Supplier shall cooperate with the Purchaser in the performance of this work.
- 1.4.5 The Supplier shall be responsible for ensuring the quality of all materials and

equipment furnished by Subsuppliers meet the requirements of the Purchaser's procurement documents. The Supplier shall perform inspections as necessary to ensure all requirements of Southern Company procurement documents have been met. The Supplier shall take no credit for inspections performed by the Purchaser.

- 1.4.6 Supplier shall provide notification to the Purchaser and Purchaser's quality representative of all witness/hold points and testing according to the requirements of SQAR-2 (a minimum of five (5) business days for North American facilities, and a minimum of ten (10) business days for facilities outside North America). Also, notification shall be emailed to supplierquality@southernco.com and to the appropriate individuals as designated by the Purchaser. Subsuppliers will be subject to the same witness points and hold points as the Supplier. Supplier is responsible for ensuring the Purchaser is notified of witness and hold points performed by Subsuppliers.
- 1.4.7 In the event the equipment under this specification is not ready for inspection on the date provided by the Supplier, or if the Supplier does not provide proper notification of witness and hold points, the Supplier shall reimburse the Purchaser for any additional/incremental expenses incurred by the Purchaser (except for circumstances beyond the Supplier's reasonable control). Equipment that has not gone through the Supplier's internal quality control checks is an example of equipment not ready for inspection.
- 1.4.8 The Supplier shall provide documented evidence that all open items generated by the Purchaser's surveillances and inspections are corrected. This documentation shall be provided to Southern Company via email at the following address: supplierquality@southernco.com. This documentation shall be submitted prior to shipment. Southern Company may require re-inspection prior to shipping and reserves the right to hold Quality Release for Shipment until documentation is received showing that all open items have been corrected.
- 1.4.9 The Supplier shall immediately notify the Purchaser in writing of any situations detrimental to the proper and timely completion of the work.

1.5 Pre-Fabrication or Manufacturing Meeting (Initial Visit)

- 1.5.1 The Purchaser's Supplier Quality group requires a pre-fabrication meeting before the start of manufacturing. The Purchaser requests notification thirty (30) calendar days prior to the start of fabrication for this meeting with a minimum of ten (10) business days' requirement notification period for this meeting. The notification shall be sent to supplierquality@southernco.com. The Purchaser may elect to hold the meeting at the Supplier's facility or by a phone call. During the pre-fabrication meeting, Supplier Quality shall review all required witness/hold points and tests required by the procurement documents. The Purchaser **will** establish additional witness and hold points during this meeting. These additional witness and hold points shall be provided at no additional cost to the Purchaser. The Supplier shall add witness/hold points and tests to its manufacturing schedule and Inspection and Test Plan (ITP).

1.5.2 The pre-fabrication meeting is also called a manufacturing meeting or initial visit. It is used to define the meeting prior to the start of manufacturing with the Purchaser's quality representative to review the procurement documents and the surveillance requirements. Pre-fabrication meeting, manufacturing meeting, and initial visit are used interchangeably throughout this document.

1.6 QSDRs and MFDRs

Quality Surveillance Deficiency Reports (QSDR) and Material Failure/Discrepancy Reports (MFDR) may be issued when deficiencies are found in the Supplier's quality program or quality of work. The Supplier must formally respond to the reports within ten (10) business days of issuance with a proposed plan of action or action taken. The Supplier's response shall be sent to supplierquality@southernco.com as well as to the Purchaser's representative. If circumstances require, the Supplier may be instructed to not proceed with the next step in manufacturing or to halt manufacturing until resolution and signoff by the Purchaser. A Quality Release for Shipment shall not be granted for any material/equipment affected by an open QSDR.

1.7 Supplier Requests for Deviations from Quality Requirements

After award of an order and prior to incorporating any deviation to the specifications or the purchase order in the final design or fabrication of the product, the Supplier shall request and obtain written approval of the deviation from the Purchaser. The request for approval shall be made using the form titled "Vendor Deviation Request" which is required to be submitted and processed through the Purchaser's Project Information Management System (PIMS).

1.8 Witness/Hold Points and Testing

The following witness and hold points require formal notification from the Supplier to the Purchaser. The Purchaser reserves the right to add additional witness/hold points as deemed necessary, if quality concerns become evident. Items identified as first operation, or type of equipment, may be changed to subsequent operations/equipment based on observations. In-process quality surveillances, inspections, and review of documents and procedures shall be performed at the Purchaser's discretion. The Purchaser reserves the right to follow the progress of the work and the manner in which it is performed.

Hold points:

- Pre-fabrication meeting as required in section 1.5 for each piece of equipment (additional witness/hold points will be added during the initial visit based on the final design)
- Final inspection (each piece of equipment) – release each shipment (does not apply to mass production as defined below)

Witness points:

- Welding – each procedure first operation

- NDE – each procedure first operation
- Surface preparation and coating and/or galvanizing first operation

1.8.1 Additional Witness/Hold Points and Testing for Mass Production Processes

Mass production is production of a large number of standardized products that are the same or very similar. This type of production often uses assembly lines or machines where either people or automation technology perform repeated tasks for efficient production.

Hold points:

- Initial visit prior to the start of manufacturing for new orders, or where there has been a revision in the specification
- Upon implementation of process controls due to a corrective action response for a Southern Company deficiency report

Witness points:

- First production run upon award of a new volume procurement agreement, or if purchaser revises specification or design
- First production run for design, or process change-points on critical-to-quality aspects of the design