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ISO 9001:2015 Certified
ITAR Registered

Flat Optics ♦ Lapping/Polishing/CNC Machining/Dicing ♦ Substrates/Windows/Wafers ♦ All Materials

TITLE: SUPPLIER QUALITY CLAUSES	DOCUMENT NUMBER: 5002	REVISION: 1	PAGE: 1 of 6	EFFECTIVE DATE: 2/6/23
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As a supplier to Valley Design, it is understood that, when accepting our Purchase Order, your organization agrees to meet all applicable Quality Clauses herein. Standard clauses are identified with an asterisk *. If required, other Quality Clauses will be identified on the Purchase Order.

***Clause 001 – SUPPLIER QUALITY MANAGEMENT SYSTEM**

- a) The supplier in performance of this purchase order shall provide and maintain a quality management system which assures conformance to product specifications.
- b) The Supplier's Quality System Records should provide evidence of inspection and conformance to the requirements.
- c) These records shall be maintained for a minimum of 7 years. If required, access to these records shall be granted to Valley Design, their customers, and interested parties.
- d) Valley Design reserves the right to review and approve Supplier's Quality Management System

***Clause 002 - CALIBRATION SYSTEM**

- a) Any product or material delivered in fulfillment of this purchase order which requires measurement or test to ensure conformance to specifications, will have been measured or tested using equipment traceable to the National Institute of Standards Technology (NIST).

***Clause 003 - CERTIFICATE OF COMPLIANCE**

- a) The supplier in performance of this purchase order shall provide a certificate of compliance (or conformance) with each shipment as a precondition of invoice payment.
- b) This document certifies that the specified quantity of parts or material, shipped on the indicated date are in full compliance with all referenced drawings, specifications, and other purchase order requirements
- c) As required, inspection or test reports and other substantiating documents will be kept on file and available for examination upon request.
- d) ROHS and REACH requirements to the latest directive will be submitted with each shipment as required.
- e) This certificate must be signed by a responsible company official.

***Clause 004 - PROCESS CONTROL**

- a) The parts or material supplied against this purchase order must be processed in accordance with the requirements of the product specification listed on the purchase order.
- b) Supplier ensures that with the acceptance of this purchase order, the actual producer must be currently qualified to produce to this specification.

Valley Design Corp. is an ISO 9001:2015 Certified and ITAR Registered manufacturer of substrates, windows, wafers and flat optical components and provider of precision machining services for microelectronics, semiconductor, optics, electro-optics, photonics, telecommunications, medical, aerospace, research and aerospace industries. Services: precision lapping and polishing, 5 Axis CNC Machining, Dicing, Grinding, Hole Drilling. Materials processed: Fused Silica and Optical Glass, Ceramics such as Aluminum Nitride and Alumina, Sapphire, Silicon, Stainless Steel, Aluminum and other metals. Many of these raw materials are in stock, as well as 1,000's of finished substrates and wafers.

- c) The supplier shall maintain the proper identification and revision status of specifications, drawings, process requirements, inspection/verification, and any other relevant technical data pertaining to this order.

***Clause 005 – Valley Design VERIFICATION**

- a) Materials or items requested by the Purchase Order will be inspected and or tested upon receipt at Valley Design to verify full conformance to all specifications.
- b) Failure of any of the items to meet all requirements may result in an immediate rejection of the entire shipment, and return at the suppliers' expense.
- c) Valley Design may use either 100% inspection or c=0 AQL 2.5 or AQL 4.0 to verify conformance of the product to Purchase Order requirements.

***Clause 006 - CHANGES**

- a) The supplier shall not make any changes in material, process, or design when compared to the initially supplied product without written consent from Valley Design.

***Clause 007 - Valley Design ACCESS**

- a) Valley Design reserves the right to conduct product-oriented surveys at the supplier's facility to determine compliance with the requirements of this purchase order.
- b) If required, Valley Design further reserves the right to allow its customers or the government to observe these survey activities.

***Clause 008 - VENDOR REQUEST FOR VARIATION**

- a) The supplier is required to comply with the requirements of this purchase order.
- b) However, where circumstances dictate, a supplier may request permission to deliver nonconforming items or material by submitting a request in writing to Valley Design Purchasing, prior to shipment of the items or material.
- c) Valley Design Material Review Board shall evaluate these requests for variations or waivers and notify suppliers of their decision.
- d) Samples of the nonconforming items or material may be requested by Valley Design to assist in their evaluation.

***Clause 009 - SUPPLIER CORRECTIVE ACTION REQUESTS**

- a) The supplier MUST respond to all Valley Design requests for supplier corrective action regarding defective product received at Valley Design.
- b) These notices reflect non conformances or other quality concerns.
Responses must address the root cause.
 1. Actions instituted at the supplier's facility must prevent recurrence.
 2. Replies must be signed by a responsible official of the company and returned to Valley Design within the allotted time.
 3. Failure to respond to these requests may jeopardize continued business with Valley Design.

***Clause 010 – PREVENTION OF COUNTERFEIT PARTS**

- a) The supplier should take every precaution to prevent inclusion of any counterfeit part in any product delivered to Valley Design.
- b) The supplier shall implement a plan, and control processes to prevent the use of counterfeit parts.

***Clause 011 – IMPORTANCE OF ETHICAL BEHAVIOR**

a) Suppliers shall conduct its business in an ethical and legal manner.

Legal Compliance:

b) The supplier shall comply with the applicable laws and regulations of the countries in which they operate. This includes, but is not limited to, laws and regulations relating to environmental, occupational health and safety, and labor practices.

Environmental:

c) The supplier shall act in accordance with all applicable statutory laws, regulations and international standards regarding environmental protection and requirement.

d) Supplier is obligated as required to fulfill requirements of the ROHS guidelines and REACH regulations to the latest directive. See https://environment.ec.europa.eu/topics/waste-and-recycling/rohs-directive_en and <https://echa.europa.eu/regulations/reach/understanding-reach>.

Health and Safety:

e) The supplier shall conduct its business operation in accordance with all applicable health and safety laws and regulations. The supplier shall provide its employee with safe and healthy work environment and provide training regarding health and safety to its employee to prevent accident or work-related injuries.

Business Ethics:

f) The supplier shall conduct their business in accordance with the highest standards of ethical behavior and comply with all applicable ethical trade laws and regulations in the countries of operation.

g) The supplier shall not engage in price fixing or any other unfair trade practices. All forms of illegal or inappropriate activity, including, but not limited to, corruption, misrepresentation, or bribery, are strictly prohibited.

Confidentiality:

h) Supplier shall respect and safeguard Valley Design confidential and proprietary information and shall use such information only for the purposes authorized by Valley Design.

***Clause 012 – SUPPLIER PERFORMANCE MONITORING**

a) Performance of Supplier is monitored using specific metrics data including, but not limited to:
-Quality performance of parts and services, as well as on time delivery performance.
- If delivery requirement cannot be met, Valley Design purchaser must be notified in advance.

Clause 013 - ISO 9000 QUALITY SYSTEM

a) The supplier in performance of this order shall maintain a quality system conforming to ISO 9001:2015.

Clause 014 - AS 9100 QUALITY SYSTEM

a) The supplier in performance of this order shall maintain a quality system conforming to AS9100 REV D.

Clause 015 - CERTIFICATE OF TRACEABILITY

a) A certificate of traceability is required with each shipment and must show traceability to a specific batch, lot, or date code reference. If the material was not manufactured by the supplier, then the actual producer must be identified by name and location.

Clause 016 - CERTIFICATE OF COMPOSITION (MATERIAL PROPERTIES)

- a) A certificate of composition is required with each shipment.
- b) Actual results of physical, chemical, or electrical tests will be furnished as required by the purchase order requirements.
- c) This certificate must be traceable to the material shipped and show data for all the characteristics listed on the appropriate specification described in the purchase order.

Clause 017 - SPECIAL (CRITICAL) PROCESS CONTROL

- a) The item requested by this purchase order requires the use of a Special (Critical) process for its fabrication.
- b) The Special (Critical) process shall conform to the stated specification.
- c) Objective evidence must be available for our examination verifying control of the process and the operators.

Clause 018 - SOURCE INSPECTION

- a) If a Source Inspection is required, the product must be verified by a Valley Design Representative at the Supplier facility prior to shipment.
- b) A minimum of three (3) days' notice is required prior to the expected ship date for Valley Design to arrange for this source verification.
- c) Supplier shall make appropriate facilities and personnel available to the Valley Design representative to support this activity.
- d) Valley Design source inspection does not absolve the supplier of the responsibility to meet the specified requirements of the purchase order.
- e) Evidence of this verification must accompany each shipment.
- f) Final acceptance of product will be at Valley Design.

Clause 019 - FIRST ARTICLE REQUIRED

- a) A "First Article" inspection or test will be performed to all requirements of the controlling documents at the supplier's facility by the supplier under the following circumstances:
 - 1. New suppliers (not previously used by Valley Design)
 - 2. Established suppliers who have not previously provided the part or material
 - 3. Established suppliers who have not supplied the ordered part or material for a 12 consecutive month period (if specified by purchase order).
- b) All characteristics will be recorded, verified, and shipped with the item/material, prior to shipment of the production lot or order.
- c) Valley Design reserves the right to witness First Article Inspections at the Supplier's facility if necessary.

Clause 020 - AGE SENSITIVE MATERIAL (SHELF LIFE)

- a) If applicable, a traceable statement of useful shelf life and storage conditions shall accompany material specified on this purchase order that is considered by the manufacturer to have a limited shelf life. Upon receipt, at least 90% of its useable shelf life must remain or the material will be returned for replacement.

Clause 021 – Valley Design FURNISHED ITEMS

- a) The Supplier agrees that they should alert Valley Design when Valley Design furnished parts, components, materials, or tooling are insufficient or otherwise unsatisfactory in order to fulfill the Purchase Order requirements. This alert should take place before any processing .

- b) The Supplier must not proceed until written permission is granted by Valley Design to waive any requirement specified on the Purchase Order.
- c) The same requirement to inform, applies to an inadequate quantity allowance.
- d) The supplier is required to notify Valley Design if the fulfillment of this purchase order cannot be made due to defective items or material.

Clause 022 - CERTIFICATION OF CALIBRATION REQUIREMENTS

- a) The calibration laboratory or facility providing calibration service in the performance of this purchase order shall provide a calibration certification report to include the following as a minimum:
 - 1. Identification of each item (name and number)
 - 2. Date of calibration
 - 3. Identification and accuracy of calibration standards used
 - 4. N.I.S.T. test number, including date
 - 5. Environmental conditions
 - 6. Calibration corrections, and or repair information (if applicable)
 - 7. Certification to N.I.S.T.

Clause 023 - GOVERNMENT SOURCE INSPECTION

- a) Government inspection is required prior to shipment from your plant. Upon receipt of this order, promptly notify Valley Design or the government representative who normally services your plant so that appropriate planning for government inspection can be accomplished.

Clause 024 - HEAT TREATMENT CERTIFICATION

- a) The supplier in performance of this purchase order shall provide documented certification that the parts/material were subjected to heat treatment as specified by the controlling specification or drawing. This report must describe the heat treatment and contain the signature and title of the certifying individual.

Clause 025 - PHYSICAL TEST REPORT

- a) The supplier in performance of this purchase order shall provide a physical test report verifying the physical properties of the materials submitted conform to specification or drawing requirements. This report must contain the signature and title of the certifying individual.

Clause 026 - FUNCTIONAL TEST REPORT

- a) The supplier in performance of this purchase order shall perform functional testing as required by the applicable specification or drawing.
- b) A copy of the actual test results reflecting the parameters tested will be shipped with the product and contain the name and title of the testing individual.

Clause 027 - IDENTIFICATION/MARKING

- a) The supplier in performance of this purchase order shall ensure each part or article submitted for acceptance is properly identified or marked as specified by the applicable specification or drawing.

Clause 028 – FLOW DOWN

- a) A supplier, in performance of this purchase order, shall “flow down” to his suppliers the same quality clauses (requirements) assigned to him as noted on this purchase order.

- b) It is the responsibility of the supplier listed on this purchase order to ensure his lower tier suppliers understand and comply with the stated quality clauses.

Clause 029 – DFARS

- a) DFARS clause 252.225 7014 requires all metals used to produce Valley Design parts must be melted in the USA or qualifying country per 225.872-1 of the Defense Federal Acquisition Regulation Supplement.

Clause 030 – DPAS

- a) Part 700 Defense Priorities and Allocations System (DPAS) of CFR 2012 Title 15 Volume 2 requires this order and any purchases the supplier may make to fulfill its requirements to be prioritized per the following ratings:
- b) **DO** – orders have equal priority with other DO orders and take preference over unrated orders.
- c) **DX** – orders have equal priority with other DX orders and take preference over DO orders.
- d) The DPAS requirements must be flowed down to suppliers.

Clause 031 – Statistical Techniques

- a) Valley Design requires the supplier to perform inspection to Key Characteristics using c=0 AQL 2.5 and all other designated characteristics using c=0 AQL 4.0.