

**CNL SUPPLEMENTARY QUALITY ASSURANCE CONDITIONS (Rev. 1)**

**1.0 Scope and Application**

These Supplementary Quality Assurance Conditions (“QA Conditions”) are in addition to and supplement the Contract wherein they are referenced when quality programs is required under the Contract documents.

**2.0 Defined Terms**

All defined terms used in these QA Conditions and not expressly defined herein shall have the meanings contained in the Contract in which they are referenced.

**3.0 Drawings, Specifications and Procedures**

**3.1 CNL Supplied Documents**

Canadian Nuclear Laboratories Ltd. (“CNL”) shall furnish to the contractor, consultant or supplier, as that term is defined in the Contract (hereinafter the “Contractor”), free of charge, copies of all drawings, specifications and procedures referenced in the Purchase Order or Task Order, as the case may be, Standard Terms and Conditions, Master Services Agreement, or other terms and conditions, as the case may be Statement of Work or related documents provided by CNL, and which are necessary to carry out the work or services as they are defined in the Contract (hereinafter the “Work”), except those documents which are specifications of nationally recognized standards or associations. The Contractor, and its subcontractors and suppliers, shall comply with any proprietary notices on the documents furnished by CNL.

Drawings and related specifications and procedures are intended to complement each other, so that if anything is shown on the drawing but not mentioned in the specifications or procedures, or vice versa, it shall be of like effect as if shown or mentioned in all documents. If any errors, omissions, contradictions or discrepancies are discovered in the figures, drawings, specifications, or procedures or if any feature of the drawings or specifications shall appear to the Contractor to be indefinite or unclear, the same shall be referred to the CNL Representative, referred in the Purchase Order, whose written confirmation or corrections shall be obtained before proceeding with the Work. Scaled dimensions shall not be used.

All references in the Contract to national standards and manufacturers specifications shall imply the latest edition or revision published and in effect, unless otherwise specified. All references in the Contract to CNL supplied documents shall be the revision as identified therein unless otherwise specified.

**3.2 Contractor Supplier Documents**

The Contractor, within the times specified in the Contract, shall submit to the CNL Representative for acceptance purposes the documents listed in the Contract. The Standards used for all design drawings and formal documents such as word processing, spreadsheets, electronic mail, graphics, flowcharting, project reporting, and deliverables submitted to CNL shall be contractually agreed to prior to the start of Work.

The Contractor shall allow for CNL to review the document during the period set out in the SOW. If such time period is not provided in the SOW, the Contractor shall allow a reasonable period of time, as agreed upon by CNL, for CNL's acceptance of documents in establishing the schedule for performance of Work or delivery of goods. The Contractor shall be responsible for any delay in the

acceptance of documents which is caused by the Contractor's error or omission.

**3.3 Acceptance of Contractor Documents**

CNL will provide formal review of the Contractor's submitted documents and provide acceptance without change, acceptance with required changes, or non-acceptance with reasons communicated. Contractor documents not accepted by CNL may still be resubmitted for acceptance where the contract specifies and reasons for not accepting are addressed. Acceptance by CNL of any documentation shall not relieve the Contractor from the responsibility of furnishing goods or services and performing the Work in accordance with the Contract.

**4.0 Quality Verification and Evaluation of Contractor, Goods and Services**

**4.1 Contractor Evaluation**

The Contractor's capability to provide goods, materials or services in accordance with the requirements of the Contract is subject to CNL evaluation. That evaluation shall include one or more of the following at the discretion of CNL:

- (a) Contractor's history of providing an identical or similar product that performs satisfactorily in actual use;
- (b) Contractor's current quality records supported by documented qualitative and quantitative information that shall be objectively evaluated by CNL; and
- (c) Contractor's technical and quality capability a determined by a direct evaluation of the facilities, personnel, and the implementation of the Contractor's quality assurance program.

**4.2 Subcontractors and Suppliers**

The Supplier is responsible to flow down the requirements outlined in these QA Conditions to its suppliers, subcontractors and the Supplier's entire supply chain. This requirement applies to any process or requirement subcontracted to a third party. Approval of a subcontractor or supplier by CNL does not relieve the Supplier of the responsibility for assuring that work performed or products supplied by the subcontractor or supplier are in accordance with specification set out in the Contract.

**4.3 Goods and Service Verification and Evaluation**

The goods or Work set out in the Contract and the inspection and testing thereof by the Contractor, shall be subject to audit, surveillance and/or inspection by CNL or its authorized representative for which purpose the Contractor shall:

- (a) allow safe access at all reasonable times, including but not limited to access during manufacturing, assembly, operation, maintenance or decommissioning, as the case may be, to the premises where the goods are being produced or where Work is being carried out;
- (b) allow safe access to the location, site, facility to inspect and/or audit the records associated with the goods or Work;
- (c) demonstrate to the satisfaction of CNL that the goods or Work meet the requirements of the Contract;

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- (d) print on the face of all orders to Contractor's subcontractors and suppliers the following notation: "This order is subject to audit, surveillance and/or further inspection at its option by Canadian Nuclear Laboratories Ltd. or its duly authorized representative"; and
- (e) not deliver the goods or Work until the CNL Representative has been notified and he/she has provided their acceptance of the goods or Work. In the case of source inspections (e.g.: Factory Acceptance Tests, FAT, etc.), a Quality Assurance Release form from CNL is required.

Waiving of surveillance or acceptance by the CNL Representative shall not relieve the Contractor from the responsibility of furnishing the goods or Work in accordance with the Contract.

**5.0 Document Schedules**

The Contractor shall submit a proposed document schedule (the "**Document Schedule**") to CNL within fifteen (15) days of the award of the Contract, or other timeframe as may be stated in the Contract. The Document Schedule shall be a list of drawings, specifications, procedures, inspection test plans and other documents to be submitted by the Contractor. The Document Schedule shall include tentative document numbers and titles as well as the dates on which each document will be submitted to CNL for review. CNL may make revisions to the Document Schedule for the Contractor's review and consideration. The Document Schedule will be finalized upon written acceptance by CNL.

**6.0 Requests for Information**

A Request for Information (an "RFI") is required where the Contractor wishes to deviate from the requirements set out in the Contract. The Contractor is to complete an RFI form, a copy of which may be found at [http://www.cnl.ca/en/home/vendor\\_portal/default.aspx](http://www.cnl.ca/en/home/vendor_portal/default.aspx) (the "**Vendor Portal**") under Forms.

CNL will consider the request outlined in the RFI and, if accepted, the change to the Work will be reflected in a Change Order signed by both the Contractor and CNL. Acceptance of a RFI is at CNL's sole discretion. Should the processing of an RFI result in a significant cost to CNL, this cost may be chargeable to the Contractor at CNL's option. Should the acceptance of a RFI require CNL to initiate other changes to accommodate the deviation, the cost of such additional changes will also be to the Contractor's account.

It should be noted that where the Contractor wishes to deviate from the requirements established by CNL but does not require CNL acceptance under the Contract, an RFI is not required. Such deviations shall be documented and dispositioned in accordance with the Contractor's quality program through an internal deviation report. In addition, for RFIs involving or affecting Quality Assurance requirements, CNL's quality assurance representative must be advised of the proposed deviation and details of the deviation prior to implementation.

For equipment where a jurisdictional authority is involved, it is the Contractor's responsibility to ensure that all deviations and non-conformances are acceptable to CNL and any such jurisdictional authority, including the submission of any revision required under the applicable code.

**7.0 Free Issue Material**

Where material is to be supplied by CNL without charge to the Contractor ("**Free Issue Material**"), whether delivered to the Contractor's premises or to other locations, the following shall apply:

- (a) Prior to unloading and/or accepting free issue material, the Contractor shall examine the shipment for any

readily apparent damage or shortage. Wherever such damage or shortage is apparent, the Contractor must forthwith notify CNL's Representative prior to unloading, and must not sign carrier pro bills on CNL's behalf without specific instructions. Where it is impractical to contact CNL, the acceptance must be provisional with notation of any damage or shortage and CNL's Representative must be advised at the earliest opportunity.

- (b) The Contractor shall be responsible for inspection for damage or shortage in transit, off-loading, and for storage of the material. The Contractor shall establish and maintain a control system acceptable to CNL designed to prevent damage to, loss of and deterioration of the Free Issue Material as well as unreasonable wastage of Free Issue Material while in its possession.
- (c) The Contractor shall be responsible for providing full insurance coverage acceptable to CNL for all Free Issue Material while it is in the Contractor's possession or under its control.
- (d) The Contractor shall notify CNL's Representative, in writing, as soon as possible but not later than five (5) working days after receipt of any Free Issue Materials. The notification shall be in the form of material received report including information such as quantity, concise material description and/or CNL's material code number, date received, recipient's signature and all available attachments, i.e. copies of packing slips, carrier's pro bill, bill of lading and package or crate inspection report.
- (e) Material lost, damaged, allowed to deteriorate or used for a purpose outside of the terms of the Contract, shall be replaced at the Contractor's expense.
- (f) Requirements for replacement material shall be reported to CNL's Representative, who shall have the option of supplying the material or instructing the Contractor to obtain the material from sources approved by CNL, at no cost to CNL.
- (g) The replacement material shall be subject to quality assurance, quality surveillance and expediting by CNL, the cost of which shall be borne by the Contractor.
- (h) Within thirty (30) days following the completion of the Contract, a list of surplus Free Issue Materials shall be submitted to CNL. The list shall give a brief description and/or CNL's material code number, sizes, quantity, and indicate whether the material is new or rejected or in the process of manufacture. CNL will initiate action for the disposal of any surplus material.

**8.0 Delivery of Counterfeit, Fraudulent and Suspect Items (CFSI)**

Contractor shall only provide new and original goods and shall ensure that all goods are free from suspicion of counterfeit, fraud or other suspicious origins. The Contractor must comply with the following requirements:

- (a) If any items (goods) specified in the Contract are described using a part or model number, a product description, and/or industry standard, Contractor shall assure that the items supplied to CNL meet all requirements of the latest version of the applicable manufacturer data sheet, description, specification

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and/or industry standard unless otherwise expressly specified within the Contract.

- (b) If the Contractor is not the manufacturer of the goods, the Contractor shall make reasonable efforts to assure that the items supplied under the Contract are made by the original manufacturer and meet the applicable manufacturer data sheet or industry standard. Should seller desire to supply an alternate item that may not meet the requirements of this paragraph, Contractor shall notify CNL of any exceptions and prior to shipment of the alternate items, obtain CNL's written approval of such alternate items including acceptance of alternative packaging.
- (c) Contractor shall provide notification to CNL in the case Contractor becomes aware that a suspect item may have been or was provided to CNL.
- (d) Suspect items will be dispositioned by CNL and/or the original manufacturer, and may be returned to the seller in accordance with the terms of the Contract, or if applicable, to the Purchase Order. At CNL's option, the Contractor shall promptly replace such suspect/counterfeit items with items meeting the requirements of the Contract or terminate the contract for cause. The Contractor shall remain reasonable for all costs incurred by CNL for the removal, replacement, and reinstallation of suspected items. Contractor shall indemnify and hold CNL harmless from all third party claims resulting from the supply of such suspect items to CNL.
- (e) If the Contractor knowingly supplied suspect items to CNL, the Contractor shall be responsible for all costs incurred by CNL in relation to the detection, of, removal replacement, and reinstallation of replacement items by an alternative supplier, and all legal and administrative costs associated thereto. Contractor shall indemnify and hold CNL harmless from all costs and claims resulting from such suspect items being supplied to CNL and the replacement of such item with a genuine item. CNL shall have the option of terminating the Contract for cause.

that there is no presence of foreign material for the duration of supply of goods and Work to CNL;

- (c) Prior to shipment, Contractor shall inspect the materials to ensure that no foreign material or detrimental contaminants are present including internal surfaces and cavities of the materials. Precautions shall also be taken to ensure foreign material is not introduced during packaging and shipping. If the materials are shipped with other parts (such as seals, gaskets, lubricants, mounting hardware), precautions should be taken to ensure smaller items cannot be introduced into openings or cavities of larger parts or materials;
- (d) If desiccants or other preservatives are used to protect the Product(s), the affected Product shall be clearly labeled or tagged with information including the type of preservative, its location, and any special instructions pertaining to its removal prior to installation; and
- (e) Electronic items must be in manufacturers packaging, in an unopened condition.

**9.0 Foreign Material Exclusion**

This section shall apply to any materials, products, parts, equipment or components to be installed in or on CNL assets. The Contractor shall ensure the prevention, detection, and removal of dirt, soil, mill scale, weld splatter, oil, grease, stains, broken or loose parts, contaminants, or other foreign material (including CFSI's) from their goods, materials and services that may be detrimental to the operation of the equipment or interfacing equipment and systems of CNL. In addition to any internal preventative measures, the Contractor shall:

- (a) Prevent the introduction of foreign material in the provision of goods and services to protect from any substance or object not belonging naturally in the place where found, or part of the design, or interfering with the services being performed. Ensure the supply of goods and Work remain free of contamination of any unwanted or undesirable foreign material on the surface of an item, in the atmosphere, or in process liquids or gases;
- (b) Ensure that all protective covers, seals, coatings, preservatives, inert gas blankets, desiccants, etc., are in place, maintained, and are performing as intended, and