



# Supplier Quality Manual

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DOC-COM-18-NUM  
Revision B

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## DOCUMENT OWNER

Supplier Quality

## REVISION HISTORY

Revision	Prepared by	Checked by	Approved by	Date Approved
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## REVISION DETAILS

Revision	Change Details
A	Changed reference documents to match new SmartSolve numbers and released in new template in SmartSolve. Replace term "Parts/Materials/Processes" with "Parts and Services". Replace NCR with NC and CAR with CAPA.
B	Updated content to match current processes and procedures.

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## 1 PURPOSE

This manual establishes the Oceaneering International, Inc. (Oceaneering) quality requirements and expectations for all Oceaneering suppliers. It provides suppliers with clarity regarding Oceaneering specific manufacturing, management, communication, and reporting processes.

## 2 SCOPE

This manual applies to all Oceaneering external suppliers related to the procurement of products and critical services

## 3 TERMS AND DEFINITIONS

CAPA	Corrective and Preventive Action
COPQ	Cost of Poor Quality
COTS	Commercial Off The Shelf
Critical Hardware	Engineered hardware (structural / fatigue rated component, complex assembly, etc.) with complex design, challenging to manufacture, and / or with special processes involved (i.e., NDT, machining, welding, coating, heat treatment, forgings, castings, etc.).
CTP	Critical to Process
CTQ	Critical to Quality
FAI	First Article Inspection
GASL	Global Approved Supplier List
ITCP	Inspection Test Control Plan
ITP	Inspection Test Plan
Lot Control	Traceability of a single item back to its group source of origin. This is a one-to-many relationship. Multiple individual items may be manufactured under one lot number only if each individual item is identified with a common lot number. The 'Lot' number may also be referred to as a 'Batch' number, 'Heat' number, or any other designation which establishes lot control. The component or part within the lot must be uniform to all other parts in terms of all design parameters.
NC	Nonconformance
NDA	Non-Disclosure Agreement
NDT	Non-Destructive Testing
OFI	Opportunity for Improvement
PO	Purchase Order
RFI	Request For Information
Serial Control	Traceability of an item back to its origin. The item receives a unique serial number which is on all quality records and certificates generated during manufacturing of each item

## 4 REFERENCES

DOC-COM-73-NUM	Oceaneering Supplier Quality Codes
DOC-FOR-755-NUM	Supplier Audit Assessment Form

ISO 9001

Quality Management System Standard

## 5 GENERAL

All suppliers of direct hardware (hereafter referred to as hardware) and critical services are expected to adhere to the requirements and guidelines outlined in this manual. Our product and service providers are categorized as critical or non-critical suppliers based on Oceaneering's end use or employment of the supplier's products or services. We define critical and non-critical as follows:

**Critical:** Any product or service procured by Oceaneering, the failure of which, would have potentially catastrophic consequences to health, safety, environment, or operations; may result in serious injury or death to personnel, an uncontrolled condition, damage to the environment, violate government regulations, disrupt business operations, or have an impact on our reputation. Examples: Procurement Specification items (raw materials, designed items, modified COTS, rental equipment: marine use items, cranes, software developers, Engineering / design services, special process providers (NDT, testing, machining, etc.)

Any Oceaneering Purchase Order (PO) that includes a procurement specification is also deemed a critical hardware or service item. Any supplier that is slated to receive a PO with a procurement specification is deemed a critical supplier.

**Non-critical:** Any product or service procured by Oceaneering, the failure of which, would have negligible consequences to health, safety, environment, or operations; may result in non-life threatening injury to humans (first aid only), no damage to the environment, does not violate government regulations, will not disrupt operations or business operations, and has little to no affect on our reputation. Examples: Catalogue items, COTS components, general cleaning supplies, office needs, etc.

## 6 QUALITY MANAGEMENT SYSTEM REQUIREMENTS

Oceaneering prefers that all suppliers of critical products or services have a current ISO 9001 certification or show evidence that their quality management system meets the intent of the ISO 9001 standard, latest revision. Suppliers with an established Quality Management System (QMS) and manufacturing processes that demonstrate defect prevention while reducing variation and waste are preferred.

## 7 GLOBAL APPROVED SUPPLIER LIST

The Global Approved Supplier List (GASL) is the central repository for all Oceaneering approved direct material and critical service providers. Products and services will only be purchased from suppliers on the GASL.

Suppliers will be identified as idle (inactive) if no PO has been issued to them within the last 24 months. To reactivate a supplier, the supplier must undergo a review by the Oceaneering Category Manager or Oceaneering Supplier Manager to determine what portion of the Oceaneering supplier approval process needs to be executed along with addressing any active Nonconformances (NC) or Corrective and Preventive Action (CAPA) or other items from previous performance. There are unique circumstances wherein a supplier may remain on the GASL past the 24 months due to client requirements. Such suppliers are identified internal to Oceaneering only.

If a supplier is identified as suspended from use by Oceaneering for any reason, no PO shall be released to that supplier until the conditions of the suspension have been lifted and the supplier is returned to active status.

Suppliers are expected to prioritize the investigation, corrective action, and closure of all outstanding NCs and CAPAs in a timely manner (i.e., 30 days for NCs and 90 days for CAPAs) and actively communicate updates with Oceaneering in order to remain active on the Oceaneering GASL.

All active suppliers will be assessed for performance annually wherein each supplier is measured against key indicators such as Quality and On-time Delivery. Those suppliers identified as high-risk will have to undergo a focused assessment to address the deficiencies that resulted in a high-risk classification.

A mitigation plan, corrective actions, and verification of implemented preventive measures must be incorporated by the supplier to reduce the potential for repeating the previously documented failure modes.

Idle / inactive suppliers that are also listed as high risk must go through a similar assessment (focused on high-risk areas) along with verification of the supplier's mitigation / corrective action plans at the supplier site prior to release of a new PO or at the latest, before start of production.

## 8 SUPPLIER AUDITS

Oceaneering will conduct audits at the suppliers' facilities when appropriate. The basis for an audit of a supplier includes, but is not limited to, a new potential supplier, relocation of tooling and fixtures to a different manufacturing location, modification to approved / critical processes, tooling replacement, repair or modification, significant change to a supplier's production processes (Ex: automation, new machines, etc.), or how suppliers deal with confidential information, [i.e., nondisclosure agreement (NDA)] with respect to their sub-tier suppliers.

The audit should be viewed as a supplier capability assessment to understand the supplier's manufacturing process, process capabilities, and quality management system as applicable to the Oceaneering purchase order / procurement specification requirements.

Upon determination to onboard a new supplier, the Supplier Audit Assessment Form (DOC-FOR-755-NUM) will be provided to the supplier. The supplier should complete the form and return it to Oceaneering immediately so as not to prolong the onboarding process. If the supplier is registered with Oceaneering via the automated GEP SMART Source-To-Pay system, the audit assessment form will be sent and returned electronically via the GEP system.

The auditor will be an Oceaneering Quality employee or a third party operating on behalf of Oceaneering.

Following the audit, a formal Audit Report will be developed along with an Audit Summary Report. The formal Audit Report is reserved for Oceaneering internal use only, while the Audit Summary Report can be shared with the supplier. The Audit Summary Report will include as a minimum, the Findings, Opportunities for Improvement (OFI), Observations, and the Recommendation from the Auditor. The Audit Summary Report will be uploaded to the Oceaneering SCM GEP SMART System with visibility to the supplier.

All Audit Findings shall be transferred onto a formal Supplier CAPA and shared with the supplier for corrective actions.

## 9 PRODUCT QUALITY PLANNING

Oceaneering will help facilitate formal quality planning activities with the supplier before start of production. These activities include, but are not limited to, communicating through pre-production meetings; details of the PO / procurement specification, drawings, Inspection and Test / Control Plans, First Article Inspections, Source Inspection, etc. These meetings sole intent is clarification of Oceaneering requirements, specifications, and standards to assure first time product or service quality.

Product quality planning also provides an opportunity for the supplier to offer suggestions to Oceaneering to improve manufacturability, reduce risk, and improve quality.

The DOC-COM-73-NUM (latest revision) Oceaneering Supplier Quality Codes is available on the Oceaneering supplier access portal. Supplier Quality Codes will be detailed on the PO and assigned to each drawing / part number. The Supplier Quality Codes document has detailed descriptions and requirements.

Before shipping the final product please verify that all required documentation including those identified via quality codes and specifications have been provided to Oceaneering via hardcopy and / or electronically as required by the Oceaneering Purchase Order. If there are any clarifications needed regarding supplier quality codes, please contact Oceaneering through your Buyer.

## 10 ITP/ITCP

The Inspection and Test Plan (ITP) or the Inspection and Test Control Plan (ITCP) is a document prepared by the supplier upon the request from Oceaneering that outlines key steps in the manufacturing process where design parameters are measured and potentially witnessed by the appropriate parties involved in the approval process (i.e., supplier, Oceaneering Quality or 3rd Party Source Inspection, engineering, client). The ITCP further outlines lessons learned and corrective actions that can be executed by the supplier without further approval from Oceaneering. Either document clearly defines Quality Control (QC) oversight of key manufacturing activities where Critical to Quality (CTQ) and Critical to Process (CTP) parameters identified for verification.

Oceaneering will request an ITP / ITCP from the supplier (including subcontractor activities when appropriate) for all POs with a procurement specification or deemed as critical hardware.

Critical Hardware: Engineered hardware (structural / fatigue rated component, complex assembly, etc.) with a complex design, challenging to manufacture, and / or with special processes involved (i.e., NDT, machining, welding, coating, heat treatment, forgings, castings, etc.).

The supplier is responsible for ensuring all parties are timely notified per the ITP Hold / Witness Point requirements. Supplier shall ensure all Hold / Witness inspections are not missed, otherwise there is a potential risk for rework, scrap, schedule impact, etc. as per Oceaneering / client discretion.

## 11 FIRST ARTICLE SUBMISSION PROCESS

A first article production and inspection will be required for new complex parts, as well as a result of changes to existing parts, processes, tooling (including modifications and repairs of existing tools), drawings, manufacturing locations, sub-contractors, or materials.

First articles are routinely required when Oceaneering is onboarding a new supplier for a complex / custom procurement or when the complexity of the purchase order is a new build challenge for an existing supplier.

First article approval is used to validate that the supplier's production processes have the capability to meet and maintain compliance to Oceaneering PO specifications and quality requirements.

Suppliers are expected to measure and maintain process stability through the use of quality tools such as process capability studies, process control plans, statistical process control, and measuring system analysis (i.e., Gage Repeatability and Reproducibility).

Suppliers will be required to obtain approval to start production when using the first article approval process. The requirement to use the First Article Inspection (FAI) will be included with the Oceaneering Purchase Order. The FAI process should include, but is not limited to

1. Agreement between Engineering, Quality, Supply Chain, and the supplier to assure what's being produced meets Oceaneering specification; full dimensional check, tests, etc.
2. Verify accuracy of Oceaneering drawings,
3. Validate every facet of the supplier's production process; including CTQs / CTPs,
4. Verify supplier's tooling are capable of meeting part specification,
5. Verify that supplier has the capacity to meet Oceaneering production needs.

Suppliers shall conduct a first article production run and produce part(s) utilizing the same production equipment, tooling, and processes (verified during first article production) to be used for the full production run.

Oceaneering reserves the right to witness the first article production run and testing at supplier's or subcontractor's site.

The supplier shall give Oceaneering suitable warning of 24 hours to 48 hours depending on location; or as agreed to between Oceaneering and supplier.

The raw materials used in first article production, product trials, and qualification samples must meet the same material traceability requirements as the production components. Certifications and paperwork for all sample materials shall be provided as requested. The mechanical, chemical, or otherwise specified requirements of these materials are essential performance characteristics that affect the integrity of the results of the qualification activity; and the predicted accuracy of the performance of the product.

## **12 SUPPLIER DEVELOPMENT ACTIVITIES**

If a key supplier fails to meet Oceaneering requirements at a level which would impact Oceaneering quality, cost, schedule, or operations, that supplier may be selected by the Oceaneering Category Manager for supplier development. These types of suppliers have historically performed well, but have had a recent decline in performance. The goal of supplier development activity is to correct any supplier deficiencies, address areas where Oceaneering can improve, and ultimately, continue an enhanced client-supplier relationship.

## **13 DEVIATION/ CONCESSION POST PO REQUESTS**

If a supplier manufactures a product that does not conform to Oceaneering specifications, a deviation / concession request must be submitted by the supplier via the Buyer. Upon receipt of a supplier's request for deviation, the Oceaneering Buyer will request a disposition from Oceaneering Engineering. Upon approval / disapproval from Engineering, the Oceaneering Buyer will transmit the deviation / concession request response to the supplier.

A copy of the approved deviations are to be included in the manufacturing record book provided with the hardware.

## **14 NON-CONFORMANCE (NC)**

Upon detection of a supplier non-conformance, Oceaneering will issue an NC detailing the deviation from the PO, if detected at Oceaneering's site Receiving Inspection and send a copy to the supplier.

Nonconforming product shall not be shipped by supplier to Oceaneering prior to all PO requirements being met or without a copy of all approved deviations.

## **15 REQUEST FOR INFORMATION (RFI)**

Should a supplier wish to make a change to a part, drawing, or specification, a Request for Information (RFI) must be submitted to and approved by Oceaneering prior to the supplier making the requested change or executing that change in production.

Under no circumstances are material substitutions or deviations from the purchase order allowed without prior documented Oceaneering approval.

## **16 CORRECTIVE/PREVENTIVE ACTION (CAPA)**

Nonconforming product may be identified during Oceaneering's incoming inspection, audit, assembly, warranty returns, and other opportunities, as applicable.

Upon receipt of recurring nonconformances, Oceaneering will issue a supplier Corrective and Preventive Action (CAPA).

Within 24 hours of the CAPA suppliers must:

1. Implement containment of suspect hardware, material, or services to prevent shipment to and use by Oceaneering. Inform Oceaneering of supplier's plan to quarantine / contain defective hardware and replace suspect / defective material, hardware, or services and provide to Oceaneering the short-term corrective actions before producing any additional hardware or undertaking additional activities.



2. Send Oceaneering the initial CAPA response before implementation.

Within 14 calendar days of receiving the Oceaneering notification (CAPA) of suspect / defective material or services, suppliers must:

1. Define and verify the root causal factors of all defect(s).
2. Submit a plan to implement corrective action(s) to mitigate or eliminate the root causal factors.
3. Submit a plan to verify and validate the permanent corrective action(s)

Oceaneering will review the CAPA response and accept or reject the corrective action plan and communicate this to the supplier. If Oceaneering rejects the proposed corrective action plan, details regarding rejection will be provided. Supplier's resubmission of rejected CAPA responses is required within 5 business days of the supplier's receipt of Oceaneering's notification of rejection. Oceaneering reserves the right to perform verification of the effectiveness of the corrective action at the supplier's facility.

Applicable Supplier CAPAs should be addressed prior to the release of a new PO to the subject supplier to ensure appropriate risk mitigation has been implemented. It is expected that all reasonable mitigations will be effected to ensure no recurrence of any non-conformances already documented.

If after investigation, it is determined that the failure or other nonconforming conditions are a result of a supplier's actions, Oceaneering may seek monetary Cost of Poor Quality (COPQ) recovery from that supplier.

## **17 MATERIAL TRACEABILITY REQUIREMENTS**

The level of required traceability will be defined in the item description on the purchase order or the procurement specification as either serial or lot controlled. The minimum documentation required to demonstrate the required level of material traceability is defined in DOC-COM-73-NUM Oceaneering Supplier Quality Codes Document.

## **18 DELIVERY REQUIREMENTS**

A complete product or critical service delivery includes all reports, samples, and documentation required by the PO. These accompanying reports, samples, and documentation are considered a requirement for fulfilling the terms of the PO. The shipment will not be considered complete or accepted by Oceaneering until the PO requirements have been fully met by the supplier (i.e., quality codes, reports, samples, documentation, etc.).

Noncompliant material or services will be rejected upon receipt, a NC will be initiated by Oceaneering, NC sent to supplier, and a response required from the supplier.

## **19 SUPPLIER SUBCONTRACTING**

Suppliers are obligated to inform Oceaneering at the earliest opportunity if any part of our PO will be subcontracted.

Suppliers shall ensure that all applicable technical and quality requirements, including any key characteristics (CTQs / CTPs) required by Oceaneering, are flowed down to all sub-tier suppliers and manufacturers through the supplier's procurement documents (including the Oceaneering PO). Suppliers are responsible to qualify sub-tier suppliers to ensure their capability to produce Oceaneering's quality products.

When Oceaneering issues an NDA, suppliers or sub-tier suppliers are not permitted to outsource the full scope of supply of a contract without prior approval from Oceaneering. This protects exposure of any Oceaneering proprietary information from being inadvertently released to others.

Oceaneering reserves the right to audit any of a supplier's subcontractor (s) contracted to manufacture / fabricate hardware or provide critical services (Examples: NDT, machining, welding, coating, heat treatment, forgings, castings, etc.) to Oceaneering. At Oceaneering's discretion, the supplier may be requested provide their subcontractor's qualification data or the supplier may be requested to perform an audit of their subcontractor with focus on areas specified by Oceaneering, pertinent to the PO. As previously noted in Section 8 (Supplier Audits).

This does not absolve the supplier of it's responsibility to qualify its suppliers and require that their sub-tier suppliers meet all Oceaneering PO requirements.

Any questions regarding the content of this manual should be addressed via the Buyer to the Oceaneering Supplier Quality Department.