



SQAR-3

SUPPLIER QUALITY ASSURANCE REQUIREMENTS for INSPECTION PROGRAM REQUIREMENTS Revision 10 Date: 03/24/2026

1.0 SCOPE

Supplier Quality Assurance Requirements - 3 (SQAR-3) outlines the minimum inspection program requirements for a Supplier. The Purchaser has determined SQAR-3 is required when the scope of work does not necessitate a fully documented quality program according to SQAR-2.

This document neither limits nor precludes any other requirements the Purchaser may have.

2.0 GENERAL

All contractual obligations shall be followed by the Supplier. The inspection program requirements listed in this document, along with any surveys, audits, surveillances, or lack thereof or deficiency therein, shall in no way relieve the Supplier of their obligations.

The Supplier shall have established inspection methods that meet the requirements of this SQAR-3 document and shall provide any additional controls necessary to ensure compliance with the Purchaser's procurement documents. Their inspection methods shall ensure the applicable quality requirements are met.

At a minimum, the supplier shall have a method to:

- Perform inspection and testing.
- Maintain calibrated measuring and test equipment.
- Control documents and records.
- Control special processes.
- Store and handle material.

3.0 MINIMUM QUALITY REQUIREMENTS

3.1 Inspection and testing

The Supplier shall have a method to perform receiving, in-process, and final inspections. Methods such as Inspection and Test Plans (ITPs), travelers, drawings, or work orders may be used to control inspection activity.

The inspection activity shall include a method to identify inspection status such as forms, reports, tags, segregation, or other suitable means.

Inspection and testing requirements:

- Receiving inspection includes physical examinations of the material or equipment, along with verifying Certified Material Test Reports (CMTRs).
- In-process inspection includes verifying use of procedures for any special processes and physical examinations of the material or equipment are performed.
- Final inspection shall include verifying all required records and documents are accurate and complete, and physical examination of the material or equipment has been performed.
- If testing is required, the Supplier shall have documented testing procedures and shall perform the tests to ensure the product meets the requirements of the procurement documents. Test results shall be documented and made available to the Purchaser.

3.2 Control and Calibration of Measuring and Test Equipment

The supplier shall have a method to ensure calibrated measuring and testing equipment (MTE), and devices are used during inspection activities. The equipment is to be uniquely identified by a tag, sticker, or other suitable means to show the calibration status. The supplier shall maintain, and submit upon request, the testing and calibration records for the identified MTE. The calibration records shall be traceable to a national standard.

3.3 Document Control and Records

The Supplier shall have a method to control the issuance of and changes to controlled documents and quality records, such as instructions, specifications, POs, procedures, drawings, material test reports, or inspection records. The Supplier shall ensure controlled documents are reviewed for adequacy, approved for release by authorized personnel, and distributed to the appropriate work location(s). The Supplier shall have a method to ensure changes to controlled documents receive the same level of review, approval, and distribution as the original documents. All changes shall be processed in writing, and all obsolete controlled documents shall be removed promptly from all points of issue and use or be adequately marked to identify their status.

The Supplier shall have a method to uniquely identify quality records. Quality Records may consist of material test reports and inspection records. The supplier shall have a method for retrieval, retention, and disposition of such quality records.

3.4 Control of Special Processes

Special processes are those that cannot be verified without destructive testing. Since special processes cannot be validated by subsequent monitoring or measurement, deficiencies become apparent only after the product is in use. Some examples of special processes include welding, heat treating, nondestructive examination (NDE), and coating.

Suppliers shall have controls to ensure requirements are met. Special processes are to be performed in controlled conditions, by qualified personnel using qualified procedures and equipment, in accordance with applicable codes, standards, and specifications. The Supplier shall maintain the status of qualified personnel, processes, and equipment according to the requirements of applicable codes and standards.

3.5 Storage and Handling of Material

The Supplier shall have a process for handling, storing, preserving, packaging, and shipping materials or equipment to protect the quality of products and prevent damage, deterioration, or loss. They shall have a method to protect and identify equipment or material until receipt by the Purchaser.

4.0 QUALITY ASSURANCE SURVEYS, AUDITS, AND SURVEILLANCE

4.1 General

The Purchaser or its authorized representative shall be provided free access to the Supplier's and/or sub-suppliers' facilities for QA surveys, audits, surveillance/inspections and to witness tests. This access shall be provided at no additional cost to the Purchaser. The Supplier shall cooperate with the Purchaser in the performance of this work.

The Supplier and any sub-suppliers' work and records are subject at any time to surveys, audits, and surveillance by the Purchaser or its authorized representative. The Supplier shall be responsible for ensuring the quality of all material, equipment, and services obtained from sub-suppliers meets the requirements of the Purchaser's procurement documents. While in the shop, the Purchaser's quality representative must be allowed to take photographs of their product. All applicable requirements of the Purchaser shall be flowed down to all tiers of sub-suppliers. Manufacturing locations not included in Supplier's proposal shall be approved in writing by the Purchaser. The Purchaser may require review of manufacturing facilities and quality programs prior to approval.

4.2 Quality Assurance Surveys

A QA survey to evaluate the Supplier's facilities and quality capabilities may be conducted at any time but will normally be made before the PO is awarded or prior to the start of manufacturing. Sub-suppliers' facilities shall also be subject to QA surveys by the Purchaser.

4.3 Quality Assurance Audits

The Supplier shall be subject to auditing by the Purchaser, and the frequency and scope of the audits will vary based on the Supplier's performance, past records, the results of surveillance, and other factors. The Supplier shall respond to all audit findings in writing within 30 days after receipt of the audit report.

4.4 Quality Surveillance

4.4.1 General

Quality surveillance shall be defined as the selective review, observation, and evaluation of processes, procurement, manufacturing operations, testing, material, equipment, quality systems, and programs to determine the Supplier's compliance with the Purchaser's procurement documents.

The Supplier's and any subsupplier's work and procedures shall be subject to surveillance by the Purchaser or any authorized representative of the Purchaser. Surveillance and inspections shall be performed at the Purchaser's discretion and may include, but are not limited to, the pre-established witness and hold points defined in the contract documents. The Purchaser reserves the right to follow the progress of the work and the manner in which it is performed. Suppliers are required to maintain the following quality documents in dual language (native default and English): MTRs, calibration records, special process procedures, and inspection / test results.

The Supplier shall repair any defect(s) or nonconformance(s) found during surveillance or tests at no extra cost to the Purchaser. The Purchaser shall have the authority to reject materials or suspend any work not being performed in accordance with the specifications.

4.4.2 Definitions

hold point – A point beyond which work may not proceed without the authorization of the Purchaser. Manufacturing shall not proceed if the Purchaser's quality representative is not present to observe a pre-established hold point that has not been previously waived in writing by the Purchaser.

witness point – A point, also called an observation point, that provides the Purchaser with the opportunity to witness the inspection or test or aspect of the work at their discretion. The Purchaser's quality representative may elect to waive the right to observe the witness point, but the Supplier is not thereby relieved of quality responsibilities. Manufacturing may proceed if the Purchaser's quality representative waives a pre-established witness point or if the Purchaser representative is not present after the Purchaser was notified.

Pre-Fabrication Meeting- A hold point, also called, **a Manufacturing Meeting or Initial Visit**, used to define a meeting prior to the start of manufacturing with Purchaser's quality representative to review the procurement documents and the surveillance requirements. These terms are used interchangeably throughout this document.

4.4.3 Quality Surveillance Deficiency Report

When deficiencies are found in the Supplier's quality program, or quality of work, the Purchaser representative may issue a quality surveillance deficiency report (QSDR) to the Supplier. A QSDR may also be issued if the supplier fails to provide required notification for witness and hold points. The Supplier must formally respond to the QSDR within 10 days of issuance with a proposed plan of action or action taken. The Supplier's response shall be sent to supplierquality@southernco.com and to the Purchaser's representative. If circumstances require, the Supplier may be instructed not to proceed with the next step in manufacturing until resolution of the QSDR and signoff by the Purchaser. Release-for-shipment shall not be granted for any material/equipment affected by an open QSDR.

4.4.4 Manufacturing Schedule

The Supplier shall provide a manufacturing schedule to the Purchaser to supplierquality@southernco.com, and as otherwise directed, within 30 days of the award of a PO or contract. The schedule shall be in a format agreed upon by the Purchaser.

At a minimum, the manufacturing schedule shall include:

- Manufacturer's location.
- Manufacturer's point of contact.
- Shop order number.
- Purchaser's plant and/or project name.
- Purchaser's PO number.

The Supplier shall issue an updated manufacturing schedule to the Purchaser when monthly schedule changes are made. The Supplier shall notify the Purchaser of any delays during fabrication.

In addition to the requirements stated above, the Supplier shall provide a current copy of the schedule to the Purchaser's quality representative at the initial visit to be used in scheduling the surveillance activities. This schedule shall include all witness and hold points established in the Supplier's Inspection and Test Plan (ITP) and any additional pre-established witness and hold points established in the Purchaser procurement documents and/or initial visit.

4.4.5 Pre-Fabrication / Manufacturing Meeting (Initial Visit)

Prior to the start of manufacturing, the Purchaser's quality representative may perform a pre-fabrication meeting (initial visit) with the Supplier to review the procurement documents and the surveillance requirements. During the initial visit, the Purchaser's quality representative and the Supplier shall review the witness and hold points' schedule established by the procurement documents. The Purchaser reserves the right to establish additional witness and hold points during this meeting, during the work, and if quality concerns become evident. These additional witnesses and hold points shall be provided at no additional cost to the Purchaser.

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4.4.7 Witness and Hold Point Notifications

Witness and hold points are critical steps in the manufacturing and testing of equipment.

The pre-fabrication meeting (see section 4.4.5) is a hold point.

Supplier shall provide notification to the Purchaser and Purchaser's quality representative of all witness points, hold points, and testing with a minimum 5 business day notification for facilities located within North America, and a minimum 10 business day notification for facilities outside North America.

Notifications shall be sent to supplierquality@southernco.com.

Subsuppliers will be subject to the same witness points and hold points, as well as notification requirements, as the Supplier. Supplier is responsible for ensuring Subsuppliers meet these requirements.

The Supplier shall schedule work to ensure witness and hold points do not occur on weekends or U.S. national holidays.

The Purchaser reserves the right to establish additional witness and hold points during the course of the work if quality concerns become evident. These additional witness points shall be provided at no additional cost to the Purchaser.

4.4.8 Supplier Requests for Deviations From Quality Requirements

After award of an order, and prior to incorporating any deviation to the specifications or the PO 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 Vendor Deviation Request (VDR) form, which is required to be submitted and processed through Southern Company's Oracle Primavera Unifier System or as otherwise designated for projects not using Unifier.

4.4.9 Quality Release for Shipment

Shipments shall be released using a Quality Release for Shipment form when required by the procurement documents. This release does not constitute acceptance of the material or equipment. Final acceptance will be made at the jobsite. It is the manufacturer's responsibility to coordinate shipments with the jobsite as outlined in the specifications, including advance notifications, arrival dates, and receiving times. If the requirements of these procurement documents have not been fulfilled, the Purchaser's quality representative shall have the authority to refuse release of shipment. Shipments not properly released by the Purchaser's quality representative shall be subject to return to the Supplier at the Supplier's expense. Normal payment may be withheld until the problem is resolved. (See Sample A for a sample Quality Release for Shipment Document and Instructions.)

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Sample A Quality Release for Shipment Form and Instructions

Quality Release for Shipment

(Provide a Completed Copy to Supplier and Include with Each Shipment)

Project Information

Plant Name	Project Name	Purchase Order	Query Number

Quality Representative Information

Name	Inspection Agency	Phone Number	Work Authorization #

Supplier's Information

Supplier	Supplier
Address	Address
Shop Order No.	Shop Order No.
Contact Name/Phone	Contact Name/Phone

Equipment Information

Equipment Description (Structure, etc.)	Equipment (Switchgear, etc.)

Supplier's Shipping Information

Packing List/Bill of Lading			
Sequential Shipping Numbers (Optional)			
Partial Shipments <input type="checkbox"/> Yes <input type="checkbox"/> No	Final Shipment <input type="checkbox"/> Yes <input type="checkbox"/> No	Order Complete <input type="checkbox"/> Yes <input type="checkbox"/> No	

Contingent Release

Contingent Release: <input type="checkbox"/> Yes <input type="checkbox"/> No	Authorized By: (SCS Vendor Quality Representative)	Date:
Description of Contingency:		

The material or equipment listed above is released for shipment. This release does not constitute acceptance of the material or equipment. Final acceptance will be made at the jobsite. It is the manufacturer's responsibility to coordinate shipments with the jobsite as outlined in the specifications including advance notifications, arrival dates, and receiving times.

Comments:

Additional attachments may be added, such as punchlists, to identify items that need to be completed prior to shipping.

Released By: _____
(Printed Name of Quality Representative)

Signature: _____ **Date:** _____

Attachments:

SAMPLE

Instructions for Completing Quality Release for Shipment

- Project Information
 - Plant Name - Enter the name of the power plant or facility that the equipment will be delivered to. For example: Plant Bowen or Logan Martin Hydro.
 - Project Name - Provide project name if known. Projects examples include: Kemper County material handling; Lansing Smith Hydrogen Cooler. This is normally found in the Work Authorization Form.
 - Purchase Order - This is the number on the purchase order sent by SCS or the operating company and typically starts with SCS, APG, GPC, etc.
 - Inquiry Number – The inquiry number is typically the number on the specification and may be referred to as inquiry, specification, or contract. On some orders, there is no specification; in that case put N/A.
- Quality Representative Information
 - Name – Name of quality representative releasing the material.
 - Inspection Agency – When the quality representative is employed by a third-party agency, list the name of that agency. If working directly for SCS put “SCS” in this space.
 - Phone Number – The phone number of the quality representative releasing the equipment.
 - Work Authorization Number – For third party quality representatives there should be a Work Authorization number for each separate assignment. Typically, this is an alphanumeric number with the letters being an abbreviation for the company name. Example: QIA432, Quality Inspection Agency and the 432 is a sequential number assigned by SCS.
- Supplier’s Information
 - Supplier – Put the name and address of the company whose name is shown on the purchase order.
 - Shop Order Number - Put the shop number or other unique number that the shop uses to identify the project. This is not a piece mark or part number. If the supplier has subcontracted the equipment being released put N/A.
 - Contact Name/Phone – Put the name and phone number of the primary contact. If this order is subcontracted and you don’t have that information put N/A.
 - Sub Supplier – If the work is being performed by a sub supplier complete all the information as outlined above. If there is no sub supplier put N/A in all the fields.
- Equipment Identification
 - Description of Equipment – Equipment may be identified in multiple ways. For a large single piece of equipment, the type of equipment and identifying number can be used. For example: Transformer, tag number LHVT2344. An order which has multiple pieces such as structural steel may be identified as follows: Truck load of structural steel or three loads of structural steel.
- Supplier’s Shipping Information
 - Packing List/Bill of Lading No. – Supplier will provide documentation which identifies equipment for each shipment. This may be a packing list, bill of lading, or other document

which normally has a unique identifying number. Put this number for each shipment being released. Multiple shipments may be released on one Quality Release for Shipment form.

- Sequential Shipping Numbers – Some orders such as structural steel may have dozens or hundreds of shipments. In these cases, it might be an advantage to put a sequential number or number code to ensure that a shipment has not been overlooked. Examples, Shipment No. 1, 2, 3 or 2748-1, 2748-2, 2748-3...
- Check Boxes – Check boxes that are applicable including method of shipment.
- **Contingent Release**
 - Contingencies – In some cases it may be necessary to release equipment with conditions which rely on the supplier taking certain action or completing certain tasks before shipping. These actions could not be completed in your presence but may not warrant another visit. Examples include missing or incorrect nameplates, coating touch-ups, a missing component, etc. Check the applicable box.
 - Authorized By – A contingent release should have approval from the QL representative in the Supplier Quality group who is handling the project. That person should be consulted and agree with all contingent releases. Put their name and the date that they authorized the contingency.
 - Description of Contingency – Identify what action the supplier must take before shipping the equipment. Examples might be: install missing fuses; paint missing stripe around piping; get SCS engineering approval of performance curves, etc.
 - Comments – Provide any additional comments that might be needed or to clarify something unusual.
 - Released By- printed name, signature, and date of quality representative releasing the equipment.
- **Attachments**
 - List any attachments such as: Additional information that did not fit on form, pictures, corrective item punch-list, etc.