



Oceaneering International, Inc. (OII)

Supplier Quality Manual


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1.0 Purpose

The purpose of this manual is to establish Oceaneering International Inc. (OII) quality requirements and expectations to suppliers. It is the intent of OII to develop partnerships with suppliers who are able to provide parts/materials/processes and services consistently to specifications, at a competitive price, and in accordance with the defined delivery schedule. This manual is intended to assist suppliers in their understanding of requirements regarding specific management, communication, and reporting processes.

2.0 Scope

The contents of this manual apply to all OII Business Units.

3.0 Quality System Requirements


OII encourages suppliers to develop quality systems that demonstrate continual improvement and emphasize defect prevention while reducing variation and waste. Suppliers are strongly encouraged to pursue certification or compliance with ISO 9001 or an equivalent quality management system. Some suppliers may be required to have ISO 9001 certification or show evidence that their quality system is compliant with ISO 9001.

4.0 Approved Vendor List (AVL)

Production parts, materials, processes and services will only be purchased from suppliers on the local OII business unit AVLs. OII evaluates and selects suppliers based on their ability to supply goods and services in accordance with specified requirements.

5.0 Supplier Assessments

OII will conduct Quality System audits at supplier's facilities with prior notification. The goal of these audits is to understand the supplier's manufacturing and process capabilities, quality management systems and to identify continuous improvement opportunities. At the discretion of OII, potential and incumbent suppliers may be audited in accordance with OII Supplier Audit Process document D-0253078. Relocation of tooling and fixtures to a different supplier manufacturing facility; modification to present approved processes; or tooling replacement,

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repair, or modification may require an additional quality audit prior to acceptance of production parts.

New suppliers will be sent a self-assessment survey prior to the audit date. This self-assessment must be returned to OII prior to commencement of the on-site audit.

Following the audit, OII will communicate any findings to the supplier via supplier Corrective Action Requests (CARs) as well as opportunities for improvement (OFIs). Results of the audit and the supplier's implementation of corrective actions will be used in the sourcing decision of potential suppliers.


Ongoing supplier performance assessment will be conducted by OII at regular review intervals as defined by the local business unit QMS. This performance assessment will be based on Quality Performance Index (NCRs/Volume of Material Received), OTD Index (On Time Delivery), and QMS Index (Quality Management System). Suppliers that do not meet the minimum performance requirements of the local business unit will be required to submit action plans to remediate the root causes of the performance issues.

6.0 Product Quality Planning

Partnering with suppliers, OII may help facilitate formal quality planning activities with the Supplier. The intent of these activities is to communicate product quality expectations and verify that the suppliers have adequate process control to maintain an acceptable level of capability related to product Critical to Quality Characteristics (CTQs) to insure overall product quality and continuous improvement.

Quality planning elements may include the following:

- Process Flow Charting
- Root Cause Analysis
- Design Failure Mode & Effects Analysis (DFMEA)
- Process Failure Modes & Effects Analysis (PFMEA)
- Process Capability Studies
- Packaging Evaluations
- Prototype Builds
- Design Reviews
- Measurement Systems Analysis (MSA)

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7.0 First Article Submission Process

The purpose of the first article approval is to validate that the supplier's production processes have the capability to meet and maintain compliance to OII specifications and quality requirements. Suppliers may be required to obtain approval for production parts prior to shipment through the first article approval process. Specifications will be noted on, or attached to, the OII purchase order.

Suppliers shall conduct a first article production run and produce parts utilizing intended production equipment, tooling and processes. The supplier will then submit sample parts from this first article production run to the buyer for verification by OII personnel.

The raw materials used in first article samples, product trials, and qualification samples are subject to the same material traceability requirements as production components. Certifications 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.


First article samples may be required for new 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.

The following may be required as part of the first article submission process:

- Drawings
- Material Certifications
- Samples
- Process Capability Studies
- Dimensional Results

8.0 Deviation/Concession Requests

If a supplier manufactures product that does not conform to OII specifications, a deviation/concession request must be submitted. Contact the local receiving plant Supply Chain representative or designated individual to determine the methodology for deviation/concession request. OII approval will be based on how deviations might impact the form, fit and function of the parts. Deviation/concession requests must include descriptive details of the

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nonconformance, and either the number of parts affected, or the time frame to which the temporary deviation applies. Nonconforming product may not be shipped by supplier prior to documented approval of the deviation/concession request.

Examples of instances where a Deviation/Concession request must be submitted are:

- A deviation from a dimension or specification requirement is desired
- Supplier wishes to change an internal process that has already been approved by OII

9.0 Nonconformance Reports (NCR)

On receipt of non-conforming material OII may elect to issue an NCR detailing the deviation. The NCR will detail the deviation noted and the level of response required which may include review of PFMEA and capability data before and after the corrective actions are completed.

If responses to NCRs are required, the responses shall be returned to the OII requestor as well as the local Supplier Quality Representative.

10.0 Engineering Change Request (ECR)

Should a supplier wish to make a permanent change to a part, drawing or specification, an ECR must be submitted to OII and approved prior to making the requested change. Under no circumstances are material substitutions allowed without prior documented OII approval.


11.0 Corrective Action Request (CAR)

Upon receipt of nonconforming material or discovery of supplier nonconforming processes, OII may issue a Corrective Action Request (CAR). Nonconforming material may be identified during incoming inspection, audit, assembly, warranty returns, and other opportunities, as applicable.

OII reserves the right to sort suspect material within a lot of material rather than reject the entire lot to avoid shutdown of its production processes.

Within 24 hours of receipt of CAR, suppliers must:

- Implement containment of suspect/defective material or services to prevent use by OII
- Inform OII of supplier's plan to replace suspect/defective material or services

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- Provide to OII the short-term corrective actions with regard to producing additional material or undertaking additional services without defects
- Send OII the initial CAR response

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

- Define and verify the root cause(s) of all defect(s)
- Submit a plan to implement permanent corrective action(s) to mitigate or eliminate the root cause(s)
- Submit a plan to verify and validate the permanent corrective action(s)

OII will review the CAR response and accept or reject the corrective action plan and communicate this to the supplier. If OII rejects the proposed corrective action plan, details regarding rejection will be provided. Supplier's resubmission of rejected CAR responses is required within 5 calendar days of the supplier's receipt of OII's notification of rejection. OII reserves the right to perform verification of the effectiveness of the corrective action at the supplier's facility which may include review of process maps, PFMEA, process capability data before and after corrective actions are implemented.


12.0 Containment

Suppliers are responsible for developing processes to protect OII from receiving material that does not meet the quality requirements and specifications set by OII.

13.0 Supplier Development

OII may provide assistance to suppliers (including incumbent suppliers) who fail to meet the performance levels and expectations set forth by OII. Key suppliers, as well as other suppliers specifically needing performance improvement, may be required to generate and/or produce Process Maps, Design FMEAs, Process FMEAs, Measurement Systems Analysis, Process Capability Studies, or other applicable Quality Data to improve performance levels and reduce the delivery risk to OII.

14.0 Supplier Quality Meetings

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Suppliers who fail to meet performance levels and expectations set by OII may be requested to attend quality improvement meetings. Depending on the criticality of the issue, these meetings may be mandatory and may be held at an OII site.

15.0 Cost Recovery

Suppliers may be held responsible for costs incurred by OII or OII’s customers, as a direct result of receipt of nonconforming material. Costs may include, but are not limited to:

- Administrative
- Sorting of suspect material
- Rework
- Customer Charges
- Premium Freight
- Production Downtime
- Third party containment
- Scrap
- First Article rejection
- Overtime
- Laboratory Testing
- Travel and related expenses

16.0 Material Traceability Requirements


Suppliers must provide full material traceability as specified by OII. The level of required traceability will be specified on the PO or in the procurement specification. The minimum documentation required to demonstrate the required level of material traceability is defined in OII Documentation Requirement Definitions document D-0364632.

17.0 Welding Qualification Documentation

In the event that welding will be required in the fabrication of product for Oceaneering all welding will be qualified by a National industry standard specified by Oceaneering.

The Welding Procedure Specification (WPS) to be used will be forwarded to OII for review and approval prior to any welding fabrication. The WPS shall be accompanied by the Procedure Qualification Report/s (PQR) supporting the WPS. The Material Test report for the base material and all test reports referenced in the PQR must also be included for review and approval. Any changes made to an OII approved WPS must be reapproved by OII prior to start of welding.

Welder qualification records will not be required to be submitted but must be available for review at the jobsite.

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18.0 Delivery Requirements


Suppliers are expected to achieve 100% on-time delivery (OTD) for material and services per the delivery date specified in the PO. If a supplier is unable to deliver or ship the product or complete the service by the required delivery or ship date as stated in the PO, it is the supplier's responsibility to notify OII as soon as possible.

A complete delivery includes any reports, samples and/or documentation required by the PO for material traceability (Refer to § 16.0, Material Traceability Requirements). These accompanying reports, samples and/or documentation are considered a requirement for fulfilling the terms of the PO. Consequently, the shipment will be considered incomplete and the delivery will not have been made to OII if the reports, samples and/or documentation do not accompany the material or services. Incoming material or completed services that do not include the required reports, samples and/or documentation will be rejected and will warrant a NCR initiated by OII and to be completed by the supplier. If a supplier is unable to deliver or ship the accompanying reports, samples and/or documentation by the required delivery or ship date as stated in the PO, it is the supplier's responsibility to notify OII as soon as possible.

19.0 Supplier Subcontracting

Suppliers shall ensure that all applicable technical and quality requirements, including any key characteristics (CTQs) required by OII, are flowed down to sub-tier suppliers, vendors, and manufacturers through Supplier procurement documents. Supplier is responsible to evaluate and approve sub-tier suppliers to ensure their capability to produce quality product and maintain process control, unless directed by OII to use a specific supplier source.

Flow down to a sub-tier supplier shall include applicable quality system provisions, relevant drawings, specifications, documentation and certification requirements. Sub-tier supplier compliance and conformance to OII contractual requirements is the responsibility of Supplier.


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20.0 Document Revisions

Revision	Page No	Section No	Paragraph No	Description of Change
AA	N/A	N/A	N/A	New Issue
AB	All	All	All	General revision; corrected formatting errors
AC	3	2.0	1	Changed Multiflex to Umbilical Solutions
	5	7.0	3	Added material traceability requirements
	10	19.0	1	Added Document Revisions table
AD	3	3.0		Added possible ISO requirement
	4	5.0		Added tooling repair/modification
	4	6.0		Clarified internet
	5	7.0		Added capability statement
	5	7.0		Added tooling changes
	7	11.0		Added clarification of activities to verify the effectiveness of corrective actions
	7	13.0		Add incumbent suppliers

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AE	3	3.0	1	Changed "continuous" to "continual"
	3	5.0	4	Expanded Supplier Assessment evaluation
	4	5.0	1	Added "prior to acceptance of production parts"
	5	8.0	1	Added "Contact the local plant Supply Chain representative to determine methodology for deviation/concession request."
	6	9.0	2	Clarified NCR statement
	6	10.0	1	Added statement "Under no circumstances are material substitutions allowed without prior documented OII approval."
	6	11.0	1	Added "or discovery of supplier nonconforming processes."
	9	17.0	2	Added "Any changes made to an OII approved WPS must be reapproved by OII prior to start of welding."
	9	18.0	2	Clarified a complete delivery
	All	All	All	General Clarifications
AF	9	19.0	1	Added Section 19.0 Supplier Subcontracting requirements

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