
Vendor Quality Clauses

The following Quality Clauses apply to all Dynamic Engineering Purchase Orders:

NOTE: Material specific requirements are listed in the final section of this document

Vendor Contributions

Dynamic Engineering approved vendors are vital to the success of product conformity, product safety, and to upholding ethical behavior. By accepting a Dynamic Engineering Purchase Order, you are acknowledging: the dock date as shown to ensure on-time delivery, the product requirements both inherent and explicitly stated, and your contribution toward product safety and supply chain ethical behavior. Approved vendors are required to ensure that their staff are made aware of their contributions to product and service conformity, product safety and ethical behavior.

Should any pertinent details of vendor operations or quality system be changed after submission of a Vendor Quality Survey and/or site survey, the vendor is to notify Dynamic Engineering immediately with full outline of changes. Notification requirements include (but not limited to): new certification or change of certification status, new location, significant changes to operations or product offering, inability to meet one or more of the quality requirements on this document or within the order(s) being placed.

Flow-down of Controls

Appropriate controls must be used for flow-down of requirements to direct and sub-tier external providers to ensure consistency in the whole supply chain.

Conformity of Products

Orders based on Dynamic Engineering design files will be received against the Dynamic Engineering original file. Vendors may re-capture such items for the purposes of furnishing the goods ordered. Changes to the build files must be requested in writing and formally approved in order for deviations from the original file to be approved at incoming inspection. Incoming inspection is based solely upon the files provided by Dynamic Engineering at time of PO placement, or updated files based on changes approved in writing. Goods not conforming to the file(s) may be rejected and require repair or replacement by supplier.

Testing of Materials

Vendors being flowed down test result requirements are delegated the authority for final test based on competency and expertise. These results are part of the deliverables on the order. Dynamic Engineering has the right to revalidate test results as deemed necessary, which may include testing through third party.

Vendor Performance Metrics

Vendor performance is calculated for both On-Time Deliveries and Quality of deliveries.

On-Time Delivery

Suppliers will be evaluated for On-Time Delivery. Deliveries must be on-time for at least 90% of the POs that Dynamic Engineering places with the supplier. Vendors not meeting this requirement may be issued a request for either an improvement plan or a corrective action. Continued late deliveries may result in suspension from or reclassification on the Dynamic Engineering Approved Vendor List (AVL).

NOTE: Vendors that receive fewer than five POs from Dynamic Engineering within one calendar year are allowed one late delivery without being placed on suspended status in the AVL. Vendors that receive five to nine POs from Dynamic Engineering within one calendar year are allowed two late deliveries without being placed on suspended status.

Quality Performance

Suppliers will be evaluated for Quality Performance. For suppliers to meet this quality requirement, at least 90% of orders place within one calendar year must meet required quality standards.

Vendors shall promptly notify and fully disclose to Dynamic Engineering, in writing, any event or occurrence, actual or threatened, during the performance of this subcontract which may materially affect the ability to achieve obligations under this PO. This includes cyber security events and/or any risk to Dynamic Engineering proprietary information.

Vendors overall rating category is based on the lowest score (On-Time Delivery or Quality).

Category	On-Time Delivery Rating (%)	Quality Rating (%)	Description
Preferred	97 - 100	97 - 100	No corrective actions are required. Use vendors with this ranking above other vendors.
Satisfactory	90 - 96	90 - 96	No corrective actions are required.
Conditional	80 - 89	80 - 89	Neither score may be below 80.0%. Improvement Plan and/or Corrective actions may be required.
Unacceptable	< 80.0	< 80.0	Corrective actions may be required to remain an approved vendor for Dynamic Engineering.

Satisfactory or better performance is required to maintain 'Approved' status on the AVL.

NOTE: Vendors who do not meet On-Time Delivery or Quality requirements will be issued a Vendor Rating Card, which will detail the vendor's ratings in both areas as well as any required corrective action. Exception: Distributors of materials/components who do not meet on-time delivery requirements due to delays at the OEM/OCM may not be issued a Vendor Rating Card as the delay in delivery is out of their control. In such cases a representative from the distributor may be notified of the current rating value to help bring awareness back to the OEM/OCM when possible.

Record Maintenance

Records providing evidence of conformity to requirements and of the effective operation of your Quality Management System in relation to this procurement shall remain legible, readily identifiable, and retrievable for a period of seven years after final payment, or as negotiated.

Access

Right of access to the applicable areas of all facilities at any level of the supply chain involved in this order and to all applicable records shall be granted to Dynamic Engineering, its customer(s), and regulatory authorities, as applicable and with appropriate notice. Should access be necessary, it shall be coordinated by a Dynamic Engineering Supply Management Representative.

Priority Rated Orders (DPAS)

The following shall only apply to Purchase Order line items with a populated Priority Rating: This is a rated order certified for national defense, emergency preparedness, and energy program use. The Contractor shall follow all of the requirements of the Defense Priorities and Allocations system regulations (ref: 15 CFR 700).

Counterfeit and Defective Material Prevention

Material(s) supplied to Dynamic Engineering must be new, unused, and effectively recalled in the event that the supplier determines material shipped is not within those boundaries. Supplier must notify Dynamic Engineering within three business days in the event that Counterfeit and/or Defective Materials have been confirmed to have been provided. Vendor shall promptly replace such materials with supplies adhering to the original Purchase Order requirements and/or the material datasheet from the OCM. Relevant authorities may be notified if the discrepant material is determined to be Counterfeit. In cases of counterfeit materials, replacement materials may be required to be furnished by an alternative supplier.

Suppliers shall maintain a counterfeit risk mitigation process in accordance with industry recognized standards.

Non-Conforming Product

Suppliers are required to notify Dynamic Engineering of non-conforming product and make arrangements for Dynamic Engineering to approve such nonconformities. Suppliers are also required to notify Dynamic Engineering of changes in product and/or process, suppliers, and manufacturing facility location. When appropriate, suppliers are to obtain approval and flow down applicable requirements to their supply chain.

If approved for shipment, nonconforming material shall be clearly identified as such, shall be packaged separately from conforming material, and shall include detailed information regarding the nonconformity as well as any efforts made toward repair.

Non-conformities discovered by Dynamic Engineering after receipt of goods and/or services shall result in immediate remedy by supplier, including RMA for repair, replacement, or reperformance of service, without delay. If appropriate, a Corrective Action Request may be issued and will be required to be completed by supplier in order to maintain 'Active' status on the Dynamic Engineering Approved Vendor list.

Disclosure

Supplier shall not make any public release of any information regarding the terms and/or subject matter of agreements with Dynamic Engineering to any person or persons outside their respective organization or to any unauthorized person or persons within such organizations, without prior written authorization; however, the Seller may disclose any information required by law or regulation. The Parties will not disclose any proprietary information under this agreement. In the event it becomes

necessary to disclose proprietary information during the term of this Purchase Order, a separate Non-Disclosure Agreement (NDA) will be executed prior to the disclosure.

Infringement

Supplier warrants that all work performed or delivered under Dynamic Engineering Purchase Orders, which are not Dynamic Engineering's design, shall not infringe or otherwise violate the intellectual property rights of any third party in the United States or any foreign country.

Certification Regarding Debarment, Suspension, Proposed Debarment, and Other Responsibility Matters

(Applicable only to contracts exceeding \$35,000) The Submitter certifies, to the best of its knowledge and belief, that the Submitter and/or any of its Principals: (A) Are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency; (B) Have not, within a three-year period preceding this certification, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; (C) Have not, within a three-year period preceding the offer, had one or more contracts terminated for default by any Federal agency; and (D) Are not presently indicted for, or otherwise criminally or civilly charged by a government entity with, commission of any of the offenses enumerated in Paragraph (B) above. (Ref: FAR P-52.209-5).

Anti-Discrimination

If you have 15 to 19 employees: You must not discriminate against your employees based on status as a veteran, race, color, religion, sex (including pregnancy, sexual orientation, or gender identity), national origin, disability and genetic information (including family medical history). You are also required to provide equal pay for equal work.

If you have 20+ employees you must adhere to the restrictions above and are also prohibited from discrimination for age (40 or older). (Ref: 41 CFR 60-1.4(A), 60-300.5(A) AND 60-741.5(A))

Cloud Computing

Vendor must indicate if cloud computing is anticipated to be used for Proprietary or Confidential information and/or documentation associated with any orders. This notification must be provided *before* any such documentation has been uploaded to a cloud device. Sub-suppliers are required to be notified of and held accountable for this requirement. (Ref: DFARS 252.239-7009)

The following Quality Clauses apply only to the category of vendors being ordered from:

PCB, Bezel and Chassis Manufacturers:

Specialty Metals and Conflict Minerals

NOTE: Providing an annual CMRT form will be considered appropriate adherence to the following requirement:

Any specialty metals used in products sold to Dynamic Engineering shall be manufactured or smelted in the outlying areas of the United States, a qualifying foreign country, or in the United States. This does not apply to products made from copper, aluminum, bronze, or brass; it only applies to products that are built with steel or other specific metal alloys.

If vendor is providing materials where the design requires use of tantalum, tin, tungsten or gold the vendor agrees to review and comply with Buyer's conflict minerals policy statement available online: https://www.dyneng.com/DE_ConflictMineralPolicy.pdf. The vendor further agrees to use commercially reasonable efforts to: (a) identify whether such goods contain tantalum, tin, tungsten or gold; (b) conduct a reasonable country of origin inquiry regarding the origin of such minerals in such goods to determine whether such minerals originated in covered countries, as defined in Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act; (c) if such minerals originated in covered countries, conduct due diligence on the chain of custody of the source of such minerals for the purpose of identifying the smelter of said materials; and (d) assist Dynamic Engineering in conducting reasonable due diligence concerning the smelters of such minerals. Seller shall include the substance of this section in any agreement between vendor and its lower tier sellers and provide Dynamic Engineering with reasonable documentation of such due diligence efforts if requested.

OCM/OEM and Authorized/Franchised Distributors:

Counterfeit Component Avoidance

By fulfilling purchase orders from Dynamic Engineering, you certify you are the original component/original equipment manufacturer (OCM/OEM), or an authorized franchised distributor. As an authorized franchised distributor all components on Dynamic Engineering orders are to be acquired directly from the original component/original equipment manufacturer, with records of traceability to the OCM/OEM. A certificate of compliance and traceability to the OCM/OEM are required to be supplied with each component delivery.

If direct traceability to the original component/equipment manufacturer and any supply chain intermediaries are not available, Dynamic Engineering shall be notified prior to shipment and approval must be obtained in order to proceed. In this case, approval will require inspections and tests of the components to be performed to authenticate the components are new, unused, and not counterfeit components; this may include destruction testing, X-ray, or other applicable validation techniques.

Calibration:

Test Data

Certificates of Calibration for testing equipment must include Z540.1 before and after readings to demonstrate the calibration activities. 'Pass/Fail' Calibration is insufficient and will not be accepted. 'Reference only' status equipment may allow a pass/fail calibration record if specifically stated on the face of the PO.

Contract Manufacturing:

First Article Inspection

First Article Inspection (FAI) units are required under the following conditions:

- 1) First time product is manufactured for production.
- 2) A change in the design affecting fit, form, function and/or interchangeability of the part.
- 3) A change in manufacturing source(s), process(es), inspection method(s), acceptance criteria, location, tooling or materials.
- 4) A change in numerical control program or translation to another media that is utilized to produce end item parts.
- 5) A natural or man-made event, which may adversely affect the manufacturing process.
- 6) A lapse in production for two years, or as specified by the customer.
- 7) For Modified Off-the-Shelf (MOTS) or Altered Item Drawing (AID) items, a FAI of the modified portion is required.

NOTE: A first article inspection report is not required for rework/repair purchase orders or for parts or material conforming to an established industry or national authority published specification, which has all characteristics identified by text description (i.e., COTS and Mil-Spec parts).

The inspection shall include, but not be limited to a complete documented verification of all dimensions, features, notes, and specifications identified in the Purchase Order and/or in the design files associated with the materials being ordered.

For all product changes, a delta FAI of the changes is acceptable. Additionally, the supplier shall be responsible for confirmation that all operations not performed in the supplier's facility meet applicable requirements.

The supplier may utilize the most current version of AS9102 for their first article inspection report, utilizing AS9102 Forms 1, 2, and 3 or equivalent forms containing all Required and Conditionally Required information as outlined in AS9102. Alternatively, the vendor may use an internal form which meets the criteria of validating the form, fit and necessary functions of the material, as required by the controlling drawing or specification, and includes pertinent details as to the build process of the goods.

The FAI form must be signed and dated by the person who prepared it. The supplier shall submit the FAI report and copies of the supporting documentation* as evidence of conformance to this requirement with the first shipment of FAI units. When requested, the supplier shall also provide a copy of inspection performed to verify conformance of subsequent build lots/shipments. The supplier shall retain the First Article Inspection Report for a minimum of 5 years.

*Supporting documentation may include certificates of conformance for raw materials and special processes (as defined in the AS9100D specification and identified on the engineering drawing), drawings, and test reports.

Vendor Quality Clauses History Table

Date	Description of Changes	Revision:
2011	Issuance of document, including commitment to on-time delivery, quality of products and basic industry-standard requirements for components and materials	A
2014	Expansion of document to include specific requirements for Aerospace provisions, such as DPAS ratings on orders, allowing access as needed for surveillance.	B
April 08, 2016	Update to include AS9100D specific changes – ‘corrective and preventative action’ notes are now only ‘corrective actions’. Clarification of some verbiage without affecting underlying meaning of statements.	C
May 25, 2019	Update to Quality Clauses to include vendor specific areas to clarify which requirements are applicable to which vendors and prevent vendors from missing key requirements to their orders. Also updated to include specific FAI requirement for contract manufacturing. Updated Calibration requirement to require listing of testing data used beyond ‘pass/fail’ on certificates.	D
June 19, 2020	Expansion of counterfeit parts mitigation language to include steps to take when traceability of components is not available. Added cybersecurity notification requirement. Added requirement to notify D.E. in event of significant operational changes. Added ‘Cloud Computing’ clause. Expanded FAI section to allow vendor form to be used if equivalent.	E
March 19, 2021	Updated to reflect the change in quality evaluations to reflect requirement to have one KPI for On-Time Delivery from vendors as well as Quality Deliveries from vendors. Also updated record retention requirement to be seven years.	F
February 17, 2023	Update to clarify vendor contributions to ethical behavior, caveat for vendor rating cards for distributors, addition of vendor classification based on performance	G