



EXTERNAL PROVIDER (Suppliers) REQUIREMENTS

For Provided Processes, Products, and Services

INTRODUCTION

In addition to DCX CHOL Enterprise’s mandatory and specific Quality Assurance Provisions and Terms and Conditions, this document is DCX CHOL Enterprise’s general quality requirements that apply to all procurement documentation. This has been developed to further assist our suppliers with understanding the quality requirements necessary to ensure the adequacy of requirements for a successful relationship with DCX CHOL. Communication and cooperation are crucial elements in achieving these high standards. DCX CHOL expects suppliers to have the following basic business principles. The supplier shall:

- Ensure that materials and services are produced in conformance to the required standards, and DCX CHOL will receive defect-free product, on time, at the agreed upon terms.
- Manage facilities, processes, quality systems and personnel to consistently and cost-effectively manufacture products and furnish services that meet the needs of DCX CHOL and its customers.
- Be committed to continual process improvement by emphasizing reduction of part to part variation and the elimination of all waste.
- Conduct operations in conformance with, or exceeding, all applicable environmental laws and regulations of the jurisdictions in which the supplier does business.
- Ensure all products and materials supplied meet applicable product environmental compliance requirements.
- Embrace and comply with socially important values, principles and guidelines.

“Buyer” shall mean DCX CHOL “Seller” shall mean the party with whom Buyer is contracting and to whom Buyer has issued this Purchase Order (“Order”).

This Order constitutes Buyer’s offer to Seller and is expressly made conditional on Seller’s acceptance of Buyer’s terms and conditions only. Any additional, different, or inconsistent terms proposed by Seller are specifically rejected, unless otherwise expressly agreed to in a writing signed by an authorized representative of Buyer. Seller shall have accepted this Order by issuance of its acknowledgment, commencement of performance or delivery hereunder, or Buyer’s acceptance, payment or use of any goods, products, materials, components, articles, parts, services, or other property of Seller subject to this Order (collectively “Goods”). No revision to this Order shall be valid unless in writing and signed by an authorized representative of Buyer.

ELECSYS	MASTERITE	SCB	SMI	TELETRONIC
DIVISION	DIVISION	DIVISION	DIVISION	DIVISION
225 ENTERPRISE DR.	12831 S. FIGUEROA ST	7450 SCOUT AVE.	1615 E. WALLACE ST.	12831 S. FIGUEROA ST.
PEKIN, IL 61554	LOS ANGELES, CA 90061	BELL GARDENS, CA 90201	FORT WAYNE, IN 46803	LOS ANGELES, CA 90061



Capacity: Seller represents that the production capacity quoted to Buyer is based on a tooling and production plan capable of supplying goods to support Buyer’s requirements.

Proprietary rights: Unless otherwise expressly agreed in writing all specifications, information, data, drawings, software, and other items which are supplied to Seller by Buyer, or obtained or developed by Seller in the performance of this Order or paid for by Buyer, shall be proprietary to Buyer, shall only be used for purposes of providing Goods to Buyer pursuant to this Order, and shall not be disclosed to any third party without Buyer’s express written consent. All such items supplied by Buyer or obtained by Seller in the performance of this Order or paid for by Buyer shall be promptly provided to Buyer on request or upon completion of this Order.

Buyer’s Property: All drawings, tools, fixtures, materials, and other items supplied or paid for by Buyer shall be and remain the property of Buyer. All such items shall be used only in the performance of work under this Order unless Buyer consents otherwise in writing. Seller shall have the obligation to maintain all property furnished by Buyer to Seller and shall be responsible for all loss or damage to said property except for normal wear and tear.

Seller warrants that all Goods furnished under this Order shall conform to all specifications and appropriate standards, will be new, and will be free from defects in material or workmanship. Seller warrants that all Goods furnished hereunder will be merchantable and will be safe and appropriate for the purpose for which Goods of that kind are normally used. If Seller knows or has reason to know the purpose for which Buyer intends to use the Goods, Seller warrants that such Goods will be fit for such purpose. Inspection, test, acceptance or use of Goods furnished hereunder shall not affect Seller’s obligations under this warranty, and such warranty shall survive inspection, test, acceptance, and use. Seller’s warranty shall run to Buyer, its successors, assigns and customers, and users of products sold by Buyer. Seller agrees to replace or correct defects of any Goods not conforming to the foregoing warranty promptly, without expense to Buyer, when notified of such nonconformity by Buyer, if Buyer elects to provide Seller with an opportunity to do so. In the event of failure of Seller to correct defects in or replace nonconforming Goods, Buyer, after reasonable notice to Seller, may make such corrections or replace such Goods and charge Seller for the costs incurred by Buyer in doing so. Seller shall be liable for and save Buyer harmless from any loss, damage, or expense whatsoever that Buyer may suffer from breach of these warranties.

Inspection and Acceptance: All Goods are subject to Buyer’s inspection, testing and approval, both at Seller’s facility and Buyer’s point of destination. Buyer reserves the right to reject and refuse acceptance of any Goods which do not comply with all the terms of this Order. Acceptance, payment, use, or resale of Goods by Buyer shall not release Seller of any of Seller’s obligations, representations, or warranties hereunder. Payment for any Goods shall not be deemed an acceptance hereof.

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In the case of any defective or damaged Material, including but not limited to non-compliance with Seller’s Quality System requirements, Seller agrees to initiate any required corrective action within a timely manner (no more than 15 days) from the date that Buyer request such action by performing proper root cause analysis and submitting an appropriate corrective action plan. Failure to respond to corrective actions may disqualify the Seller from being an approved supplier.

Conflict Minerals: Seller shall disclose if any Goods delivered, supplied, or manufactured under this Order contain “Conflict Minerals” from the Democratic Republic of Congo (“DRC”), or any adjoining country (together with the DRC, “Covered Countries”). The term “Conflict Minerals” shall have the meaning ascribed to it under Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Act”), meaning wolframite, cassiterite, columbite-tantalite (coltan), gold and their derivative metals: tantalum, tin, and tungsten. To the extent required therein, Seller commits to complying with the Act. Seller shall maintain effective accounting procedures, internal controls, and audit procedures necessary to verify compliance with the Act.

Raw Material DFAR:

All materials provided by Seller must meet FAR and DFAR regulations.

Quality System:

External suppliers shall implement a quality system.

The external provider is responsible for the identification and maintenance of quality system records relating to the purchase order. DCX CHOL, its customers and applicable regulatory authorities reserve the right to access these records. The records shall be maintained in a manner that allows them to be readily retrievable and prevent damage.

Monitoring of Your Performance:

DCX CHOL will monitor the Seller’s performance as it relates to the Seller’s material used, part quality and on-time delivery. You will be notified when your performance falls below acceptable norms.

Right of Access:

DCX CHOL, its customers and applicable regulatory authorities reserve the right to enter the external provider to verify compliance to purchase order documentation. This may include in-process and final inspection, quality system audit and review of required documentation.

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Inspection and Test Reports:

The external provider agrees to maintain objective evidence to assure conformance to the purchase order requirements. The objective evidence may include: dimensional data sheet, certificates of conformity, test reports, statistical records, and process control.

- **Certificates of Conformance** shall include the following at minimum or otherwise specified:
 - Part Number and Revision Level
 - Specification Number and Revision
 - Purchase Order Number
 - Quantity
 - Lot Number, when applicable
 - Serial Number, when applicable
 - Signature and date of authorizing quality assurance representative
- **Test Reports:** This includes the chemical and physical test reports or material certifications. If a machine shop purchases the stock material, the shop will request the chemical and physical test reports from the mill and supply this documentation with the finished product.
- **Change of Process:** The external provider shall notify DCX CHOL if there has been a significant product or process change related to the items in the purchase order specification or the quality management system. The external provider Quality Assurance Manager will contact the DCX CHOL Quality Manager in writing of the change. The external provider agrees to provide information pertaining to the product quality with the change. DCX CHOL quality will review and approve the change, as required.
- **Foreign Objects:** The external provider shall provide provisions for the prevention, detection, and removal of foreign objects.
- **Awareness.** External suppliers shall ensure that persons are aware of their contribution to product or service conformity, contribution to product safety and the importance of ethical behavior.
- **Competency.** Personnel shall be competent to assure that DCX CHOL purchase order requirements have been met.