Deringer-Ney Inc.

Supplier Quality Manual (SQM)

Contents by Section

Section 1 – Introduction

The objective of the Deringer-Ney Inc. Supplier Quality Manual (SQM) is to communicate Deringer-Ney Inc. (DNI) supplier requirements to each approved DNI Supplier (Supplier). DNI Terms and Conditions of Purchase are included as well as a Supplier Acknowledgment Form (page 23). Please forward this Guidance Document (SQM) to all departments within your company. The most recent revision of this controlled Guidance Document GD000001 can be found on the DNI website at https://deringerney.com/category/supplierqualitymanual. After the requirements have been reviewed, please print Section 20, page 23. Please sign the acknowledgment and return via email upon acceptance of the requirements as described in the SQM. If for any reason your company cannot or are unwilling to meet any of the requirements as described in the SQM, please formally submit any exceptions to DNI for review.

Printed versions of the SQM are for reference only. It is the Supplier's responsibility to obsolete previous versions and to utilize only the latest revision of the SQM.

Section 2 – Supplier Code of Conduct

Deringer-Ney Inc. (DNI) is committed to conducting business in a responsible, ethical, and sustainable manner. This Supplier Code of Conduct establishes the minimum requirements for all suppliers, contractors, subcontractors, and service providers (Suppliers) that provide goods or services to DNI. Suppliers are expected to comply with the Supplier Code of Conduct and all applicable laws and regulations in the countries where Suppliers operate and conduct business. Where the Supplier Code of Conduct exceeds local legal requirements, Suppliers are expected to comply with the stricter standard.

Legal Compliance

Suppliers shall conduct their employment practices in full compliance with all applicable laws and regulations stipulated by the legal system of their country. Suppliers shall remain in full compliance with all applicable trade laws and regulations, including export, re-export and import requirements. Suppliers shall remain in full compliance with antitrust and fair competition laws governing the jurisdictions in which Suppliers conduct business.

Legal and Regulatory Compliance

Suppliers shall comply with all applicable laws and regulations in the countries where Suppliers operate and conduct business. This includes full compliance with import, export, re-export controls, customs compliance laws, trade compliance laws, all applicable antitrust and fair competition laws.

Suppliers must conduct business in a manner that promotes fair and open competition. Suppliers are strictly prohibited from engaging in any anti-competitive conduct, including but not limited to:

- Price fixing or agreeing on pricing with competitors
- Bid rigging or collusive bidding practices
- Sharing competitively sensitive information with competitors (e.g., pricing, costs, customers, or bids)
- Participation in illegal boycotts or coordinated refusals to deal

Suppliers must avoid any conduct that could improperly restrict competition or create the appearance of anti-competitive behavior. Suppliers are responsible for ensuring all employees, subcontractors, and sub-tier suppliers understand and comply with these requirements. Suppliers must maintain internal controls including awareness programs to prevent violations of antitrust and fair competition laws.

Reporting and Compliance

Suppliers must provide employees with access to reporting channels to raise concerns regarding suspected antitrust or fair competition violations. Reports must be handled confidentially where possible and without fear of retaliation.

Conflict Minerals

Suppliers shall not source materials in violation of the Dodd-Frank Wall Street Reform and Consumer Protection Act regarding Conflict Materials. This includes metals/materials originating in the Democratic Republic of the Congo (DRC) or adjoining countries as defined in the Conflict Minerals Act.

Anti-Slavery and Human Trafficking

Suppliers shall maintain safe working conditions, wages and working hours must bin in full compliance with the laws and regulations where business is conducted. Suppliers may only use voluntary labor. Suppliers are strictly prohibited from the use of forced labor. Examples include: indentured, bonded or prison labor used in violation of applicable law, and human trafficking.

Suppliers shall never discriminate against, or resort to unfair employment practices based on gender, color, race, religion or any protected status. The infliction of any physical abuse or corporal punishment is strictly prohibited for Suppliers.

Suppliers must ensure all employment is voluntary and that workers are not subjected to coercion, deception, threats, or restrictions on freedom of movement.

Suppliers shall:

- Ensure all employment is freely chosen
- Not require workers to surrender identity documents except where legally required and properly managed
- Prohibit forced overtime or involuntary labor
- Allow workers to leave employment in accordance with applicable laws
- Prevent any form of human trafficking within their operations or supply chains

Failure to comply may result in immediate corrective action, including termination of the business relationship.

<u>Child Labor and Human Rights</u>

Suppliers shall comply with all applicable child labor laws and strictly prohibit the use of child labor below the minimum legal working age. Suppliers shall adhere to International Labor Organization (ILO) standards and maintain workplaces that respect human rights.

Suppliers must ensure:

- No child labor is used in any operations or supply chain
- Safe and healthy working conditions are provided
- No discrimination, harassment, or abuse occurs in the workplace
- Respect for lawful rights of workers, including freedom of association where applicable

<u>Regulatory Compliance – Chemicals and Product Safety</u>

Suppliers must comply with all applicable chemical product regulatory requirements, including but not limited to: PFAS (Per-and Polyfluoroalkyl Substances), Prop 65, REACH, RoHS, and China RoHS.

<u>PFAS (Per- and Polyfluoroalkyl Substances)</u>

Suppliers shall report any PFAS used in materials, manufacturing processes or in support of any product or service supplied to DNI. Suppliers are responsible for all sub-tier supplier PFAS reporting requirements.

<u>Prop 65</u>

Suppliers must adhere to California's Proposition 65 (Safe Drinking Water and Toxic Enforcement Act of 1986.

<u>REACH</u>

Suppliers must adhere to the European Union's REACH regulation (Registration, Evaluation, Authorization and Restriction of Chemicals) in all applicable annexes.

RoHS & China RoHS

Suppliers must adhere to the RoHS regulations (Restriction of Hazardous Substances) in all respective regions.

Environmental Sustainability

Suppliers shall remain in full compliance with all national, local, provincial or other applicable environmental laws and regulations in the countries where goods and services are produced. Suppliers shall keep all required permits and registrations current and available for review upon request.

Suppliers should work to continuously reduce environmental impacts. All hazardous material and chemicals shall be disposed of using environmentally responsible practices by Suppliers.

Business Ethics – Corruption and Bribery

Suppliers shall practice fair business practices and maintain the highest standards of integrity. Suppliers are expected not to engage in or tolerate any kind of bribery, corruption, kickbacks, extortion, fraud, or unethical business practices. Suppliers must not accept any kind of payment on behalf of the organization nor try to influence a government official or third party to retain business or gain an unfair advantage in order to obtain additional business.

It is the responsibility of each Supplier to ensure that its sub-tier suppliers and representatives understand and comply with this code of conduct. If any situation develops where the sub-tier supplier causes the Supplier to operate in violation of this code of conduct, the Supplier must formally notify DNI of all violations.

Notification Requirements

Suppliers shall notify DNI within 72 hours of becoming aware of changes in regulations, processes, and/or sub-tier suppliers that effect conformance to any of the aforementioned requirements in section 2.

Training and Awareness

Suppliers are expected to provide appropriate training or awareness programs on antitrust and fair competition laws to relevant employees involved in pricing, contracting, sales, procurement, and Supplier management activities.

Compliance and Consequences of Non-Compliance

Failure to comply with this section, including participation in prohibited anti-competitive conduct or failure to report known violations, may result in corrective action up to and including suspension of purchase orders, termination of contracts, removal from Approved Supplier List, and any other remedies available under applicable law or contract.

Continuous Improvement

DNI encourages Suppliers to continuously improve performance in ethics, environmental responsibility, human rights, quality, and compliance across their operations and supply chains.

Section 3 – Procurement Policy

Deringer-Ney Inc. Quality Policy

We are committed to delivering high-quality products and services to our customers, and continually improving our processes to meet their evolving needs. We strive to meet or exceed customer requirements, comply with applicable regulations and standards, and enhance customer satisfaction.

Deringer-Ney Inc. Environmental Policy

We are deeply committed to environmental stewardship and sustainability in all aspects of our operations. We are dedicated to integrating sustainable practices into our daily operations and making conscious improvement choices that positively contribute to the wellbeing of our planet.

Supply Chain Procurement Policy

We operate in a climate that rewards merit and encourages fair and open competition. Procurement decisions are made without prejudice and are based upon price, delivery, quality and service and other factors which are in Deringer-Ney's best interest.

Visitor Requirements

Appointments are required to schedule a visit at any DNI facility. All visitors are required to register at arrival and must be escorted during the visit. All visitors must follow all directions from DNI hosts. All visitors are required to sign out before leaving any DNI facility. For US locations (Bloomfield, CT and Marshall, NC) kiosks are available for signing in and producing name tags. Name tags must be visible on each visitor at all times.

Non-Disclosure Agreements

Under certain circumstances, Mutual Non-Disclosure Agreement (MNDA) or a Non-Disclosure Agreement (NDA) may be necessary. Execution of MNDA and NDA is required within two weeks. Absent an MNDA or NDA, visitors are required to sign a visitor NDA.

Purchase Order Requirements

No products or materials may be shipped or service rendered without a purchase order from an authorized representative of DNI. The DNI purchase order number, item number and revision must appear on all shipments (packaging labels), bills of lading, and invoices.

DNI purchase orders are placed via email. All other methods must be requested and agreed upon by DNI. Acknowledgements shall be returned via email to the DNI buyer and include confirmation of item number, revision, item description, quantity, delivery date, and price.

Deringer-Ney Inc. Terms and Conditions

DNI terms and conditions apply, unless otherwise specified through a formal agreement or as otherwise specified on the DNI purchase order. Any exceptions to DNI terms and conditions shall be presented in writing prior to order acknowledgement. (Reference Section 18 – Terms and Conditions).

Deringer-Ney Inc. Procurement Requirements

Purchase order requirements will not be considered closed short without DNI written approval. DNI will consider accepting shipments up to 5% over the ordered quantity, unless specified otherwise on the DNI purchase order. Supplier may expect return of product shipped in excess of 5% over DNI purchase order quantity.

Suppliers should minimize obsolete material resulting from drawing revisions and program termination wherever possible. Obsolete materials will be considered for compensation provided the components, materials and services were contracted prior to the implementation of the change or program termination and identified in writing within one week of DNI notification of such change.

DNI does not compensate for normal tool maintenance. All normal tool maintenance costs are included in purchased prices and tooling must be maintained in working order by the Supplier. Tool replenishment is also considered part of the purchased prices paid by DNI. Design changes which require modifications or tooling replacement will be compensated by DNI after acceptance of components, materials and services by DNI. Tooling modifications require purchase orders prior to the Supplier making changes to DNI tooling.

Section 4 – Supplier Quality Requirements

Standards exist to communicate best practices and provide a common foundation to build on. DNI recognizes the benefit of working with companies that maintain a robust business Quality Management System such as those certified to ISO9001, ISO13485 or registered to IATF16949. Quality Management Systems bearing the accreditation mark of a third party recognized by IAF MLA (International Accreditation Forum Multilateral Recognition Arrangement) is the initial minimum acceptable level of development unless otherwise approved and authorized. Registration certificates shall be provided to DNI upon request and upon renewal. Supplier shall notify DNI upon any change to registration scope or standing.

Calibration, test and development labs must maintain ISO/IEC17025 certification (or accreditation to the standard) through a third-party bearing the accreditation mark of a recognized body (i.e. A2LA) unless Supplier is an Original Equipment Manufacturer (OEM) or otherwise approved and authorized.

Suppliers need to:

1. Implement a quality management system
2. Use customer-designated or -approved external providers, including process sources (e.g., special processes)
3. Flow down to external providers applicable requirements including customer requirements
4. Provide test specimens for design approval, inspection/verification, investigation, or auditing
5. Retain documented information, including retention periods and disposition requirements

DNI reserves the right to perform Quality System Audits and Assessments for new and existing Suppliers as warranted, whether based on our Customer's requirements, regulatory or compliance requirements, DNI internal requirements, required industry-standard assessments (i.e. CQI for Automotive), and/or nonconforming material shipments, SCARs (Supplier Corrective Action Requests) or other business requirements. Suppliers will cooperate with DNI personnel and provide access to all non-proprietary documents which are reasonably required to perform any such audit. DNI will notify Suppliers in advance of any intended site visit.

Section 5 – Marking & Labeling Requirements

Part marking identification requirements on materials will be detailed on the component drawings or the purchase order requirements.

Labeling outside of packaging may be detailed on the component drawings or the purchase order requirements.

The following information must be included on the packing list and must be visible on two sides of each carton/box:

1. Your Company Name
2. DNI Item Number
3. DNI Item Revision Level
4. Purchase Order Number
5. Purchase Order Line Number
6. Quantity per Carton/Box
7. Carton/Box Multiple (1 of 5, 2 of 5) if applicable for multiple carton/box shipments

To comply with OSHA-Hazard Communications Standard 1910-1200, Suppliers must with each shipment, provide material safety data sheets (MSDS OSHA Form 20) or equivalent as by the OSHA hazard communication. Chemicals must also be labeled as per the OSHA-Hazard Communication Standard 1910-1200.

Suppliers shall identify any expiration dates on the outside of packaging.

Section 6 – Packaging Requirements

The Supplier is responsible to ensure all parts and materials be packaged to arrive with reasonable handling at our correct facility without damage.

Carton/Box Requirements
Cartons/boxes if palletized must be modular. Cartons/boxes must be constructed of fiberboard with a minimum burst strength of 200 PSI or at minimum double wall corrugated with a 42 ECT (Edge Crush Test) rating.

For Bloomfield, CT and Nogales, AZ shipments, each carton/box cannot exceed 40 lbs.

For Marshall, NC shipments, each carton/box cannot exceed 100 lbs.

Coil Requirements
For Bloomfield, CT, each coil cannot exceed 45 lbs unless otherwise specified.

Pallet Requirements
For Bloomfield, CT and Marshall, NC shipments, a sturdy, four-way entry, double spaced, non-reversible runner type with runners being the short dimension is recommended. Preferred pallet size is 28.5” x 31” with 2.25” x 9” fork openings.

For Nogales, AZ shipments, all regulated wood packaging materials shall be appropriately treated and marked under an official program developed and overseen by the National Plant Protection Organization (NPPO) in the country of export per ISPM 15 and the Final Rule.

Section 7 – Traceability Requirements

Suppliers are required to maintain an effective lot traceability system which ensures that all products or materials supplied that fail because of quality defects can be traceable to all other related lots. Each part, component or material lot furnished under purchase orders shall be traceable to a specific manufacturing and/or processing lot or batch. Records of inspection shall also be maintained. Suppliers are required to retain all records for the last seven years of all product, material and service. After the seven year retention period, records are to be destroyed appropriately.

Suppliers are required to have these controls in place to provide product traceability throughout their product realization processes, from raw materials to the finished end product. This includes any part tags, labels or temporary markings which may be required during processes where an identifier would typically be lost, removed or destroyed. Shipments to DNI must be identified by means such as heat lot number, lot-date code, shop work order, unique serial number, bar code label, or other designation traceable to supporting documents. Such information must be made available to DNI upon request.

For any type of product where there is a potential for counterfeiting, materials should only be purchased directly from the Original Equipment Manufacturer (OEM), mill source, or original material fabricator. Components (such as electronics) must only be purchased from the OEM or a franchised/authorized distributor of the OEM. For all product classes, the OEM should provide the shipment a certificate of conformance certifying that the component provided is the item number being ordered by the Supplier. This certificate of conformance is used to establish traceability to the OEM as well as certify the material meets any additional requirements (i.e. chemical composition, ASTM standard).

Suppliers must implement employee training to support counterfeit parts detection and prevention from being used. Suspect parts must be quarantined and dispositioned appropriately. The Supplier must have a verification and testing control system.

Section 8 – Delivery Requirements

DNI requires 100% on time delivery in full, from all Suppliers. Target OTD will be shared and measured and reported to Critical Suppliers each quarter.

DNI purchase order due dates are required delivery dates, not shipment dates.

Materials received after the due date will be marked late. The delivery window is ten business days prior to the due date on the purchase order. Shipments received prior to the delivery window may be returned to the Supplier at the Supplier's expense and the corresponding shipment during the delivery window to DNI will also be at the Supplier's expense.

Standard receiving hours are between 7:30am and 3:00pm Monday through Friday excluding holidays and shutdowns.

Shutdowns will be communicated to all Suppliers with open orders containing due dates within or near scheduled shutdowns for each site.

Any changes in delivery dates must be made through the DNI Buyer.

Certificates of Conformance (CofC) or other required certificates must be properly identified, included with the packing list. CofC must contain:

1. DNI Item Number
2. Supplier Lot Identification
3. Melt/Heat Identification
4. Material type by Standard Material UNS/ASTM/CDA identification or material composition. Brand identification alone is not sufficient identification.
5. Any additional requirements as noted on each Purchase Order, drawing or specification.

Inspection documentation such as First Articles, In-Process records, ISIRs, PPAPs, or Layouts must be addressed to "Deringer-Ney Inc." and "Attn: Receiving Inspection."
DNI may report and claim concealed damage or nonconformity after receipt of any product, material or service. DNI will work in good faith with the Supplier to determine the cause of any nonconformity.

Supplier documentation must include authorized signatures where indicated on all records. Signature lines may not be left blank.

Section 9 – Receiving Inspection Procedure

DNI Receiving Inspection performs dimensional inspection and/or reviews associated certificates against purchase order requirements in accordance with the unique Receiving Inspection Plan for the item being purchased. If one or more product attributes, including but not limited to: dimensional characteristics, certificates or other purchase order requirements, are found to be nonconforming, then an NCR (Non Conformance Report) shall be generated.

Section 10 – Requalification Requirements

All automotive applications must be requalified annually. Requalification requirements will be addressed on purchase order and/or communicated through alternate method such as email.

Section 11 – New Product Introduction Requirements

First piece inspection or first article are required for all first time submissions and all first time submissions of new revisions for existing DNI item numbers. Requirements are all dimensions and specifications as detailed by DNI purchase orders, drawings and specifications.

Submitted layouts must contain the DNI item number, the DNI purchase order number, the Supplier name, drawing number and revision as well as the production lot size. A ballooned drawing is required to accompany the layout. Unless otherwise specified on the purchase order, a four piece full dimensional layout inspection is required detailing each numbered dimension/requirement with tolerance, method of verification and recorded dimensional value by part. Each FA part must be identified (#1, #2, #3, #4) and relate to the FA full dimensional layout inspection.

Packaging shall be labeled with “First Article Enclosed” to identify where FA parts can be found along with their corresponding FA paperwork. All boxes/packaging containing quality documentation shall be identified on the outside of the boxers/packaging.

Section 12 – Scrap and Rework Requirements

When DNI supplies materials for subcontracted work, all scrap must be returned to DNI with completed work. All scrap must be separate from finished product and labeled as “Returned Scrap.” Additional instructions may be provided in the purchase order or through alternate communication such as email instructions.

DNI components, materials and services may not be reworked without prior written approval from DNI.

Section 13 – Quality Deviations, Nonconformances, SCAR, Complaints and Notifications

DNI expects and requires zero defects for all sampling and acceptance plans during incoming inspection. Unless otherwise specified in the contract, the Supplier may not submit nonconforming products to DNI without a prior approved and signed quality deviation or waiver request. DNI may allow nonconforming products to be submitted for evaluation, and DNI reserves the right to reject the products.

When the Supplier has determined that nonconforming product(s) have been delivered to DNI, the supplier shall notify the DNI buyer within twenty four hours of the initial discovery. The Supplier shall use receipt acknowledged email or other positive notification method. The notification shall include the following information:

- Supplier name
- DNI purchase order number
- DNI item number and item description
- Affected quantity and lot numbers
- Delivery date(s)
- Brief description of the nonconforming condition

The initial notification shall be followed by further disclosure in writing, delivered to the DNI buyer within five days of the initial notification. The disclosure shall include the following information:

- Complete description of the nonconforming condition(s)
- The affected quantity of products (including lot numbers when applicable) and dates delivered to DNI
- Potential effect of the nonconformance on the performance, reliability, safety and/or usability of the product(s)
- Recommendations for DNI, including actions for products that DNI may have already delivered to DNI customers
- Immediate action taken by supplier to contain the nonconforming products

In the cases where the above data is under investigation and incomplete, the supplier shall supply to the DNI buyer as much information as available and identify the due date for completion of the investigation and the date on which the final disclosure with all data will be submitted to DNI. DNI reserves the right to participate in the nonconforming product investigation at the facilities of the Supplier or sub-tier supplier.

SCARs (Supplier Corrective Action Requests) may be required to respond to any nonconformance report. SCARs will typically be issued for circumstances listed below, but DNI reserves the right to issue a SCAR at any time to any Supplier. They may include, but are not limited to:

- Nonconformances which pose a health or safety hazard to DNI employees
- Hidden defects resulting in a quality escape to a DNI customer
- Nonconformances resulting in line down or expedited shipping for DNI or DNI customers
- Repeat nonconformances for the same/similar nonconformance
- Nonconformances related to an unauthorized change in material, processes or sub-tier suppliers

It is the expectation of DNI that all SCARs are properly acknowledged and forwarded to the appropriate quality representative for review. A preliminary response is expected within five business days. A complete root cause analysis and corrective action plan being submitted to DNI within one month from the date the SCAR was issued.

- Root cause corrective action plan and schedule
- The plan and schedule for verifying the effectiveness of the corrective action

If at any time DNI receives a complaint or notification from a DNI customer, Suppliers are required to support any investigation required, including document submissions, technical discussions and samples of materials for analysis and review.

Section 14 – Change Management Requirements

All requirements detailed on drawings, specifications and purchase orders must be maintained without deviation. Any deviation requests must be submitted through DNI Supply Chain and communicated to DNI Engineering to evaluate and disposition. Suppliers must seek prior written approval from DNI before implementing any changes to components, materials and services sold to DNI. This includes changes to production processes as well as shipment of nonconforming components, materials and services.

Section 15 – Sub-Tier Supplier Management Requirements

DNI requires our Suppliers to manage their supply chain. DNI expects no interruptions in supply or unsupported price increases. Suppliers must notify DNI prior to any changes in sub-tier supplier processes. The Supplier is responsible for all sub-tier supplier impacts to DNI components, materials and services. This includes late or short shipments as well as nonconformances.

The Supplier, as the recipient of the purchase order, is responsible for meeting all specified technical and quality requirements, whether the Supplier performs the work, or the work is performed by the Supplier's sub-tier supplier. When the Supplier uses sub-tier suppliers to perform work on products and/or services scheduled for delivery to DNI, the Supplier shall include (flow-down) on purchase orders or contracts to their sub-tier suppliers all applicable technical and quality requirements of the DNI purchase order including requirements to document and control key characteristics and/or to furnish material certifications, inspection data, test reports as required.

Section 16 – Supplier Scorecards

DNI Critical Suppliers will be determined each year by the DNI Director of Supply Chain. These Suppliers will have their shipments measured for accuracy and timeliness. On time delivery (OTD) will be measured receipts received on time divided by total receipts received for each month, trailing twelve months (TTM). Acceptance rate (Accept) will be measured accepted receipts received divided by total receipts received for each month, trailing twelve months (TTM). OTD% x Accept% is the primary objective scoring on each scorecard. For example, 90% OTD and 90% Accept would yield a DNI Supplier Rating of 81.

Critical Suppliers are required to sign and return the DNI Supplier Quality Manual Acknowledgement. If the DNI Supplier Quality Manual Acknowledgement has been signed and returned, 5 points will be added to the DNI Supplier Rating. If the DNI Supplier Quality Manual Acknowledgement has been signed and returned with any exceptions, no points will be added. If the Supplier Quality Manual Acknowledgement has not been signed and returned, 5 points will be deducted from the DNI Supplier Rating.

Critical Suppliers are required to sign and return the DNI Quality Agreement. If the Quality Agreement is in place, 5 points will be added to the DNI Supplier Rating. If the Quality Agreement is in place with any exceptions, no points will be added. If the Quality Agreement is not in place between DNI and the Supplier, 5 points will be deducted from the DNI Supplier Rating.

Critical Suppliers are required to agree to the DNI Terms and Conditions. If the Terms and Conditions are agreed to within the Quality Agreement, 5 points will be added to the DNI Supplier Rating. If the Terms and Conditions are met with any exceptions, no points will be added. If the Terms and Conditions are rejected, 5 points will be deducted from the DNI Supplier Rating.

Critical Suppliers are required to respond to all compliance, corporate governance and sustainability surveys. If there are no past due requests, 5 points will be added to the DNI Supplier Rating. If there are past due requests, 5 points will be deducted from the DNI Supplier Rating.

Critical Suppliers will lose 20 points for each site disruption and will lose 5 points for each premium freight incident.

The DNI Supplier Rating will be utilized to award new business, prioritize Annual Supplier Audits and issue Supplier Corrective Action Requests. The maximum DNI Supplier Rating is 120. If a Critical Supplier does not meet one or more of the indicated targets and requirements, DNI may elect to initiate any of the following: audit, visit, supplier corrective action (SCAR), business review or removal from the DNI Approved Suppliers List.

Section 17 – Supplier Audit Requirements

DNI requires access to conduct audits of Supplier manufacturing facilities upon reasonable notice. This includes, but is not limited to audits, new product launches, Supplier Corrective Action Requests and issues with deliver and/or quality.

Section 18 – Terms and Conditions

Deringer-Ney Inc. (DNI)
Purchase Order Terms and Conditions

1. **Contract.** This Purchase Order becomes a binding contract on the terms set forth herein when accepted by the party to whom it is directed (together with its permitted subcontractors, where applicable, "Seller") by (a) delivering to Deringer-Ney Inc. ("Buyer") formal written acknowledgement or (b) the commitment by Seller to perform any of the work called for by this Purchase Order. It is a condition of this Purchase Order that any provision printed or otherwise contained in any acknowledgement hereof that is inconsistent with or in addition to the terms and conditions herein contained, and any alterations to the Purchase Order, shall have no force or effect. Seller by such acceptance thereby agrees that any such provisions therein or any such alterations to this Purchase Order shall not constitute any part of this contract and that the terms of such provisions or alterations are specifically rejected. This contract contains the entire agreement of the parties with respect to the subject matter hereof. Failure of Buyer to enforce any of its rights hereunder shall not constitute waiver of such rights or any other rights hereunder.
2. **Packing and Shipping.**
    a. All items purchased under this Purchase Order (the "Items") shall be suitably packed, marked and shipped in accordance with the requirements of common carriers or as designated by Buyer in a manner to secure lowest transportation cost, and no additional charge shall be made to Buyer there for unless otherwise stated herein.
    b. F.O.B. point and cash discount terms must be shown on all invoices.
    c. Transportation must be prepaid by Seller on all shipments to which a delivered price applies.
    d. Charges for prepaid transportation must be submitted by attaching to the invoice the original transportation bills, receipted by the carrier.
    e. Seller may not fill this Purchase Order at prices higher than those last charged or quoted for the same Item without Buyer's prior written acceptance of such higher prices.
    f. No charges for packing, package or drayage will be accepted except by express agreement in writing by Buyer.
    g. Drafts against Buyer will not be honored, nor will C.O.D. shipments be accepted, except by express agreement in writing by Buyer.
3. **Delivery Schedules.** Time is of the essence on this Purchase Order, and deliveries are to be made both in the quantities and at the time(s) set forth in this Purchase Order or as specified in delivery schedules furnished by Buyer. Buyer will have no liability for payment for Items delivered to Buyer that are in excess of quantities specified in the delivery schedules.
4. **Changes.** Buyer reserves the right to make changes at any time in (a) drawings and specifications, (b) methods of shipment and packaging and (c) delivery schedules and the place

of delivery as to any Items and/or work covered by this Purchase Order. In such event, an equitable adjustment in price and time of performance that is mutually satisfactory to Buyer and Seller will be made, buy any claim by Seller for such an adjustment must be made within (30) days of receipt of notice of such changes.

5. **Inspection and Rejection.** All Items shall be received subject to Buyer's inspection and rejection. In case Buyer determines that any of the Items are not in conformity with the requirements of this Purchase Order, Buyer may reject such Items or require Seller to correct or replace such Items with satisfactory Items promptly. Rejected Items will be held for Seller's instructions and at Seller's risk and, if Seller so directs, will be returned at Seller's expense. Seller may not replace Items returned as defective by Buyer without a new Purchase Order from Buyer. Payment by Buyer for Items prior to inspection shall not constitute an acceptance thereof.
6. **Inspection at Source.** If it is indicated elsewhere on this Purchase Order that Items to be furnished hereunder are subject to inspection by Buyer and/or government inspectors at the premises of Seller, then Seller shall provide, without additional cost to Buyer, all reasonable facilities and assistance for the safety and convenience of such inspectors copies of all drawings, specifications and process, preservation and packaging data applicable to the Items ordered hereby and subject to final inspection and acceptance by Buyer at Buyer's plant.
7. **Excusable Delays.** Strikes, fires, accidents or other causes beyond the control of Buyer that affect Buyer's ability to receive and use the Items ordered hereunder constitute valid grounds for suspension of shipment under this Purchase Order upon written notification to Seller, and any such suspension of shipment shall be without penalty or cost to Buyer. Seller shall not be liable for damages to Buyer or its customers for delays or defaults in delivery due to unforeseeable contingencies beyond its control and without its fault or negligence, except for delays of Seller's subcontractors. Seller's delays or defaults in delivery shall be grounds for termination of this Purchase Order regardless of the cause thereof. Seller shall within five (5) days notify Buyer in writing of any occurrence of any cause that may delay delivery. If Seller fails to give such notice, Seller shall be liable for all damages to Buyer and its customers resulting from or arising in connection with such delay.
8. **Warranty.** Seller warrants that (a) all Items are free from defects in materials and workmanship, (b) all Items conform to samples, applicable specifications and drawings and (c), to the extent Items are not manufactured pursuant to designs furnished or specified by Buyer, all Items are free from defect in design, merchantable, and suitable for their intended purposes.
9. **Remedies.** The remedies provided for herein shall be cumulative and additional to any other or further remedies provided by law or in equity. No waiver of a breach of any provision of this contract shall constitute a waiver of any other breach of such provision.
10. **Indemnification.**
    a. Seller shall indemnify and hold harmless Buyer, its successors, assigns, directors, officers, employees, customers and agents for any and all costs (including attorneys' fees), expenses, losses, damages and liabilities resulting from or arising in connection with any claim, suit, action or proceeding alleging that any of the Items or components thereof

violates or infringes on any patent, patent application, registered or common law trademark, trade name, registered or common law copyright or any other contractual, proprietary, intellectual property or other right of any third party. Seller further agrees, upon Buyer's request, to defend at its own expense any such claim, suit, action or proceeding asserted against Buyer.

b. In the event that Seller or any of its employees, agents or subcontractors, in the performance of this Purchase Order, enters premises occupied by or under the control of Buyer or its customers, Seller shall indemnify and hold harmless Buyer, its successors, assigns, directors, officers, employees, customers and agents for any and all costs (including attorneys' fees), expenses, losses, damages and liabilities relating to property damage or personal injury of any nature or kind resulting from of or arising in connection with such performance occasioned in whole or in part by the actions or omissions of Seller, its employees, agents or subcontractors. Seller agrees that it and its subcontractors will maintain public liability and property damage insurance in reasonable limits covering the indemnification obligations set forth above, and will maintain proper workmen's compensation insurance covering all employees performing this Purchase Order.

c. In the event that Buyer replaces or corrects Items that (i) Buyer has rejected upon determining that such Items are not in conformity with the requirements of this Purchase Order or (ii) Seller has failed to replace or correct promptly upon Buyer's request, in each case pursuant to Section 5, Seller shall indemnify and reimburse Buyer for the resulting costs and damages incurred by Buyer for such replacement or correction.

11. Termination.

a. In addition to Buyer's right to suspend shipment without penalty or cost under the circumstances set forth in Section 7, Buyer may terminate this Purchase Order for cause without penalty or cost, except for payment for Items delivered prior to termination, in the event of any of the following:

   i. The insolvency of Seller.
   ii. The filing by Seller of voluntary petition in bankruptcy.
   iii. The filing of any involuntary petition to have Seller declared bankrupt, provided that such petition is not vacated within thirty (30) days from the date of filing.
   iv. The appointment of a receiver or trustee for Seller, provided that such appointment is not vacated within thirty (30) days from the date of the appointment.
   v. The execution by Seller of an assignment for the benefit of creditors.
   vi. The rejection by Buyer of Items upon Buyer's determination that such Items are not in conformity with the requirements of this Purchase Order pursuant to Section 5.

vii. The failure of Seller to proceed promptly with the repair or replacement upon Buyer's request of Items rejected by Buyer upon Buyer's determination that such Items are not in conformity with the requirements of this Purchase Order pursuant to Section 5.
or
viii. The violation by Seller of any of its covenants relating to confidentiality set forth in Section 12.

b. Buyer may, without cause, terminate work under this Purchase Order in whole or in part at any time by written or telegraphic notice to Seller. Such notice will state the extent and effective date of such termination. Upon receipt of such notice, Seller shall (i) stop work under this Purchase Order and stop the placement of further orders or subcontracts hereunder, (ii) stop work under orders and subcontracts outstanding hereunder and (iii) take any necessary action to protect property in Seller's possession in which Buyer has or may acquire an interest.

c. If the parties cannot by negotiation agree within a reasonable time upon the amount of fair compensation to Seller for such termination without cause, Buyer shall pay to Seller the following amounts (without duplication):
   i. The contract price for all Items delivered and services rendered by Seller under this Purchase Order prior to the effective date of termination but not previously paid for.
   ii. Any actual costs incurred by Seller that are properly allocable or apportionable under recognized commercial accounting practices to the terminated portion of this Purchase Order, including any costs of discharging liabilities that are so allocable or apportionable.
   iii. Any reasonable costs of Seller in making settlement hereunder and in protecting property in which Buyer has or may acquire an interest.
   And
   iv. Payments made under this section (c), exclusive of payments under subsection (iii), will not exceed the amount of the price specified in this Purchase Order less any payments otherwise made or to be made.

d. In the event Buyer terminates this Purchase Order for or without cause, Seller may, upon the consent of Buyer, retain or sell at an agreed price any completed Items, works in progress or other things, the cost of which is allocable or apportionable to this Purchase Order under Section 11(c)(ii), in which case Seller shall credit or pay the amounts so agreed or received as Buyer directs and may transfer the title to and make delivery of any such Items, works in progress or other things.

12. **Confidentiality.** Seller shall not, without first obtaining the written consent of Buyer, in any manner advertise or publish the fact that Seller has contracted to furnish Buyer the Items herein ordered. Seller shall keep confidential the features of any equipment, tools, gauges, patterns, designs, drawing, engineering data or other technical or proprietary information furnished by

Buyer, and shall use such items only in the production of Items under this or another Purchase Order from Buyer, unless Seller obtains Buyer's prior written consent. Upon completion or termination of this Purchase Order, Seller shall return all such items to Buyer or make such other disposition thereof as may be directed or approved by Buyer. Seller agrees to maintain the confidentiality of all information relating to this or any other Purchase Order of Buyer.

13. **Improvements and Inventions.** Seller agrees, when payment is made for experimental, developmental or research work performed or to be performed under this contract, (a) promptly to disclose and, upon request, to assign to Buyer each improvement and invention resulting there from, (b) to obtain the execution of all documents necessary to vest in Buyer full title to such improvements and inventions and (c) to obtain any oaths and the execution of any other documents necessary to file any foreign or domestic patent applications that Buyer decides to file and vest in Buyer full title therein.
14. **Buyer-Owned and Buyer-Furnished Materials.** Seller assumes complete liability for any loss of or damage to any tooling, items or materials owned by Buyer and furnished to Seller in connection with this Purchase Order. Seller agrees to pay for any such tooling, items or materials spoiled, damaged, destroyed or lost by it or any third party, or otherwise not satisfactorily accounted for. Such tooling, items or materials shall at all times remain the property of Buyer and shall be returned promptly to Buyer upon Buyer's request at any time.
15. **Dies, Jigs, Tools and Patterns.** If the price to be paid hereunder includes the cost of special dies, jigs, tools and patterns used in the manufacture of Items ordered hereby, then such special dies, jigs, tools and patterns (a) shall become and be the property of Buyer and (b) shall be kept in good condition by Seller without expense to Buyer; provided, however, that the actual cost of any changes requested by Buyer or due to any change of design or specifications by Buyer shall be paid for by Buyer, if such changes are made prior to the exhaustion of the useful life of the dies, jigs, tools or patterns changed. All designs, drawings, special dies, jigs, tools and patterns, and any other information or equipment supplied by Buyer to Seller relating to, or for use in, the manufacture of the Items contracted for herein shall be considered as the property solely of Buyer. By accepting this Purchase Order, Seller expressly agrees not to use any of the foregoing in the production, manufacture or design of any other items for any other purchaser or in the production of manufacture of larger quantities than those specified herein, without first obtaining the express consent and license in writing of Buyer. Upon the termination of this contract, all such drawings and all such special dies, jigs, tools and patterns shall be delivered to Buyer, together with all spoiled and surplus Items and materials, unless Buyer directs otherwise.
16. **Extension of Terms and Conditions.** Any right, cause of action or remedy assumed by or imposed upon Seller under the terms and conditions hereof, including but not limited to any warranty or intellectual property indemnity, shall extend to any (a) company affiliated with Buyer, (b) company upon whose behalf this Purchase Order is issued by Buyer and (c) customer of Buyer.

17. **Independent Contractor.** Seller acknowledges that it is an independent contractor with respect to Buyer, and agrees that no tax, assessment or legal liability of Seller, its agents or employees will become, by reason of this Purchase Order, an obligation of Buyer.
18. **Subcontracting.** Without prior written approval of Buyer, Seller shall not enter into any contract for any other party to furnish any of the completed or substantially completed Items, spare parts or work contracted for herein.
19. **Records.** Seller agrees to maintain on Seller's premises and to make available for inspection by Buyer at all reasonable times during business hours all records pertaining to inspection, certification of processes, certification of materials, test reports and qualification data applying to this Purchase Order, and to furnish Buyer with copies thereof upon request.
20. **Compliance with Laws.** Seller agrees to comply with all applicable local, state and federal laws, executive orders and regulations (including without limitation the applicable provisions of the Fair Labor Standards Act (29 U.S.C. §§ 201-219) and the Walsh-Healy Public Contracts Act (41 U.S.C. §§ 35-45)), and agrees to indemnify Buyer against any loss, costs, liability or damage arising from or in connection with any violation thereof by Seller. Seller further agrees to comply with all of the provisions of any executive order or other government regulation relating to non-discrimination or affirmative action in employment that is applicable to this Purchase Order, including without limitation the equal opportunity clause (41 C.F.R. § 60-1.4, 48 C.F.R. §§ 52.222-26), the affirmative action for handicapped workers clause (41 C.F.R. § 60-741.4, 48 C.F.R. §§ 52.222-36), the affirmative action for disabled veterans and veterans of the Vietnam era clause (41 C.F.R. § 60-250.4, 48 C.F.R. §§ 52.222-35), and the employment reports on special disabled veterans and veterans of the Vietnam era clause (41 C.F.R. § 61-250.10, 48 C.F.R. §§ 52.222-37), which are incorporated herein by reference to the extent required by applicable law.

Section 19 – Change History

Rev.	Effective Date	Written/Change by	Change and Reason Description
03	5/27/2025	Derek Schnaars	Revised Supplier Information Packet to Supplier Quality Manual
04	10/6/2025	Derek Schnaars	Added Environmental Policy to section 3, added AS9100 QMS requirements for supplier flow down to section 4, and added counterfeit prevention and detection requirements to section 7
05	8/11/2026	Derek Schnaars	Modified Section 2 to comply with customer flow down of regulations, including: legal and regulatory compliance, reporting, anti-slavery, human trafficking, child labor, human rights, product safety and environmental sustainability. Changed MSDS to SDS. Changed supplier(s) to Supplier(s).

Section 20 – Supplier Acknowledgement

Supplier Name:

Address:

As a representative of our company, I acknowledge receipt of the Deringer-Ney Inc. Supplier Quality Manual. The requirements have been forwarded to and understood by all internal stakeholders within our company.

If applicable, any deviations from or deficiencies of any Deringer-Ney Inc. Supplier Quality Manual requirements have been declared.

Position:

Name:

Signature:

Date: