

## Annexure -1

### Procurement Quality Clause

DCX has created Procurement Quality Clauses **Q1** through **Q 41**, to better communicate with External provider our quality needs under AS9100:2016 quality system. All External Providers accepting a purchase order from DCX have to comply with the following requirements of Procurement Quality Clause and Terms and Conditions listed in the document unless noted on purchase order.

**Note: Supplier is called as External provider**

#### Terms And Conditions:

1. Warranty 12 Months
2. COC Required along with the shipment
3. Authorized distributor should submit their COC And Manufacturer COC with date code/Lot code
4. Required First Article Inspection
5. Parts not confirming to the specification the External Provider should be replaced within 7 Working days at free of cost
6. Short shipment not accepted unless otherwise indicated. External provider to borne all the charges for short shipped items
7. The External Provider should maintain records containing date or lot codes and any serialization Associated with the purchase order and the invoice.
8. Production Date (Date Code) of active components should be earlier than 24 months prior to The shipment date
9. The components should be supplied preferably from one date code or from consecutive Date codes packed separately and it shall be indicated in External Provider's COC
10. Each lot must be identified with a Date Code. In case that date code is not applicable, lot Number will be acceptable (e.g. cards, modules)

**Authorized distributor should submit the Authorization letter from the Original Equipment manufacturer (OEM) which states that you are authorized to distributor for the parts and it should be Valid at the time you supply the material.**

#### **Q1 – Acceptance of Order**

The purchase order should be acknowledge within 7 days after receipt of purchase order If not DCX will deemed that order is accepted.

#### **Q2 - Delivery**

The request date has to be adhered to the External Provider of Product / services will notify DCX Cable Assemblies Pvt ltd if the timely performance under the purchase order is delayed or likely to be delayed. External Provider has to ensure all efforts to meet the request date. DCX acceptance of External Provider s notice will not constitute to waiver of any External Provider s obligation.

The delivery has to be made to address mentioned in "Ship To" of the Purchase Order.

#### **Q3-Liquidity Damages**

Time is the essence of contract and the material against this order must be delivered according to the delivery schedule indicated. If the External Provider fails to deliver the materials or part therefore as per the delivery schedule, we shall be entitled at our option to recover from the External Provider, liquidity damages a sum equivalent/upto of 0.5% of shipment value per week.

**Risk Purchase:** Buyer is at liberty to make a risk purchase without invoking the above LD clause.

**Q4 – Frozen Planning**

The External Provider must submit planning for approval before starting any work. Upon the acceptance of the Frozen Planning and First Article, the External Provider shall make no changes to the method of manufacture, equipment used, materials, or processes which may affect dimensions, performance, or finishes. All changes must be approved in writing by DCX.

**Q5 – First Article inspection**

First Article (FAI) or Delta First Article Inspections reports are required for first time build or first build against a new revision. A copy of the FAI dimensional report is to be sent with the shipment of parts. The FAI must include confirmed compliance to all notes on the part drawing as well as physical and/or chemical reports when specified.

**Q6 -Certification of Conformance (COC)**

A Certificate of Conformance (COC) shall accompany with each shipment which includes a statement that the product provided meets all purchase order requirements. The COC shall bear the External Provider name, authorizing signature with title, date, purchase order number, part number, revision and quantity.

**Q7 – Drawings/Specifications**

External Provider shall maintain identification and revision status of applicable specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data.

**Q8 – Verification or Validation**

If DCX Or our customers intends to perform Verification or Validation activities External provider has to provide premises for the same.

**Q9- Design and development**

If External provider is developing the component, external provider has to provide the status of development activity on regular basis.

**Q10- Special requirement, critical items and key characteristics**

External Provider shall maintain documented information /data of special requirement, critical items and key characteristics wherever applicable.

**Q11 - Test, inspection and verification**

External Provider shall maintain documented information/data, inspection and verification (including process verification) and same should be submitted to DCX.

**Q12 – Raw Material certificates**

External Provider (Mechanical Parts) need to submit the Raw material certificate and third party test certificates.

**Q13 – Statistical Techniques**

Wherever applicable External provider has to implement Statistical Techniques for acceptance of the product and date of the same should be maintained and submitted to DCX.

**Q14– External Provider Quality System**

External Providers shall maintain a Quality System which assures compliance with supplied documentation, including the Purchase Order, drawings and specifications and complies with ISO 9001:2015 and or /AS9100 and/or Nadcap. DCX shall validate the External Provider Quality System status by confirming the sustained certification approval, quality surveys and/or on-site surveillance audits.

**Q15 – Quality Management Systems – Minimum Quality System Requirements**

External Providers who do not maintain a Quality System which is certified to AS9100 and / or ISO9001:2015 are required to maintain documented Information that addresses the following:

1. Identification and Traceability
2. Control of Nonconforming Material
3. Control of Customer Property
4. Process Control
5. Measurement and Monitoring of Product
6. Control of Monitoring and Measuring Equipment
7. Training
8. Preservation of Product
9. Maintains Quality documented information

**Q16 – Customer designate source**

If external providers outsourcing any process like plating, painting etc external providers need to use customer designate source or approved external providers.

**Q17 – Nonconforming Material**

The External Provider shall notify DCX of non-conforming product, process or service produced and/or shipped, in particular when schedule is impacted and/or DCX supplied the material.

The External Provider shall not utilize the dispositions action for non-conforming product without prior approval from DCX.

**Q18 – Prevent the use of counterfeit parts**

External provider has to prevent the use of counterfeit parts and Awareness need to provide on the same throughout the organization.

**a) Electrical/Electronic Parts**

All electrical, electronic and electro-mechanical parts delivered and/or used in the manufacture of deliverable products shall be from the Original Component Manufacturer (OCM)/ Original Equipment Manufacturer (OEM) or franchised source Parts shall not be used or reclaimed and misrepresented as new.

The External Provider must have a certification from the OCM/ OEM and that certification shall be delivered with each lot/ shipment. Companies that procure electrical, electronic and electro-mechanical parts need to have a counterfeit parts program plan to ensure it does not receive counterfeit parts into inventory, use them in manufacturing or inadvertently sell them to other parties.

External Providers that deliver next higher assemblies shall flow this requirement down to all their sub-tier External Providers to prevent the inadvertent use of counterfeit parts and materials.

#### **b) Non-Electrical Parts**

Companies that procure non-electrical standard parts need to have a counterfeit parts program plan to ensure it does not receive counterfeit parts into inventory, use them in manufacturing or inadvertently sell them to other parties

External Providers of next higher assemblies shall flow this requirement down to all their Sub-tier External Providers to prevent the inadvertent use of counterfeit parts and materials. Distributors or brokers that supply none

-electrical standard parts, like fasteners, nuts, washers, springs, o-rings, inserts, and pins, must have a certification from the Original Component Manufacturer (OCM)/ Original Equipment Manufacturer (OEM), and that certification shall be delivered with each lot/ shipment.

#### **Q19– Organization changes**

External provider should notify the changes to process, product or service, including changes of your external provider and if external provider is changing the location should be intimated to DCX and should take prior approval.

#### **Q20 – Flow down requirements**

External Provider shall flow down any applicable DCX and/or customer requirements to any applicable sub-tier External Providers.

#### **Q21 -Samples/Test specimen**

External Provider shall maintain any test specimens/samples/first articles, etc. that were used for design approval and/or inspection/verification, investigations or auditing. (This includes the evidence of the production method used, storage conditions, etc).

#### **Q22-Record retention**

Retention of quality documents for DCX parts as per our customer requirement or Minimum 8 years (Whichever is more). As minimum the following records shall be maintained/retained:

1. Purchase records along with traceability
2. Drawings/specifications or any technical data provided by DCX
3. Mfg. test and special process control records
4. Calibration records of measuring instruments
5. Non-conformance and corrective action reports
6. Personnel training records

#### **Q23 - Right of access**

Right of access by DCX or our customers or our regulatory authority to any applicable areas of any facility at any level of the supply chain involved with our order and to all applicable records.

**Q24 – External provider persons should be aware of the following topics**

1. Contribution to product and service
2. Contribution to product safety
3. Importance of ethical behavior

**Q25 – Personnel and Training**

External Provider shall ensure that the personnel involved in the manufacture and inspection of the materials or components are qualified to perform their tasks.

**Q26-Traceability**

All material must be traceable with batch / invoice number.

**Q27 – MSDS Sheets**

Material Safety Data Sheets are required (If Applicable).

**Q28 – Inspection Sampling**

DCX may reject any or all the work which does not confirm to the applicable requirements within 10 working days of the receipt of delivery of product or service from External Provider.

DCX Cable Assemblies Pvt Ltd reserve the right to reject the material with subsequent proceeding if defects are noticed at any stage even though they had been accepted at incoming inspection you will replace such rejection within 10 days of our intimation and all freight, handling cost or any other cost of such replaced material will be borne by External Provider.

**Q29 – Handling, Packaging, and Delivery**

External Provider shall handle and package product to preclude damage during processing. If material is received in a damaged condition it will be treated as nonconforming material. External Provider shall provide proper shipping methods to meet contracted delivery requirements. External Provider shall package product sufficiently to preclude damage from shipping.

- All parts must be packaged and packed so as to provide adequate protection against damage during shipment. The External Provider shall be responsible for any damage incurred during shipment.
- All Packaging must be marked with a label that contains: Manufacturer's name, part number, date code or Lot number (if date code is not applicable).
- E.S.D. sensitive electronics devices should be supplied in E.S.D. protective package in accordance with the requirements of MIL-STD-1686.
- Moisture Sensitive components shall be handled, packed and marked according to JEDEC 033.
- Trays should withstand a minimum temperature of 125°C when pre-solder bake is required.
- SMT components should be packed in: T&R, TUBE or TRAY according to the definition of the ordering part number of the OCM.

**Q30 – Warranty**

Unless otherwise specified, all the material supplied against this order shall carry a warranty against all manufacturing defects and for satisfactory performance for a period of 1 year from the date of receipt or 15 months from the date of dispatch whichever is earlier. All the supplies shall be accompanied by Test certificates / certificate of conformance / Warranty certificate / date card as applicable. External Provider shall bear all the costs of repair, freight, duties, insurance during this period.

**Q31- Confidentiality**

External Provider undertakes to keep the transactions arising out of this order confidential and shall not share information in this connection with any third party without a written consent from the DCX.

**Q32- Shelf Life Requirements**

Products with shelf life requirements must have at a minimum of 75% of shelf life remaining from the date of manufacturing/Contractual requirements .

**Q33- Foreign Object Prevention**

The External Provider shall implement all necessary arrangements required to prevent, detect and eliminate foreign object debris during manufacturing, assembly, inspection, storage, maintenance, packaging and shipping.

**Q34- ESD Control Program**

Wherever applicable external provider defines the requirements for establishing, implementing and maintaining the ESD Control Program for protection of electrical and electronic parts, assemblies and equipment's and awareness should be provided to throughout the organization.

**Q35-DCX Equipment**

The receipt of the DCX Equipment by the external provider is final proof that said equipment is of good quality and is suitable for the purpose of carrying out the Order, the external provider shall be responsible for DCX Equipment for preserving and maintaining said equipment and for all losses and/or damages to said equipment, whatever the reason is.

**Q36-Compliance with Laws**

External provider shall comply with all its country's applicable laws and applicable Indian laws as will be specifically informed and referred to by DCX, orders and regulations in performing this Order. External provider covenants to save and hold DCX harmless of and from and to reimburse DCX for any and all costs, damages and expenses (including attorney's fees) incurred by DCX as a result of any failure by External provider to comply with any such laws, regulations, or orders.

**Q37-Governing Law and Jurisdiction**

- a. This Order shall be governed by and construed in accordance with the laws of the State of India, without reference to its conflict of law rules. The sole and exclusive jurisdiction for any judicial issue here under shall be in the courts of the District Bangalore, India to the explicit exclusion of any other court.
- b. In the event of any dispute arising between the parties, the parties shall in the first instance make every reasonable effort to reach an amicable settlement (Including agreement between senior management of the parties) in the event that both parties are unable to reach an agreement, the dispute shall be referred to and finally resolved in accordance with to the Clause a.
- c. The award of such arbitration shall be final and binding upon the parties and may be enforced in any court of competent jurisdiction
- d. The commencement of any arbitration proceeding under this clause shall in no way affect the continual performance of the obligation of the External Provider under this order.

### **Q38-Termination for Convenience**

38.1 DCX may from time to time and for any reason, at its discretion, terminate the Order in whole or in part. External Provider shall act in accordance with DCX notice of termination. External Provider shall be entitled, subject to proper mitigation of costs satisfactory to DCX, to the following payments:

- a. The Order price for completed Goods that are delivered to accepted and retained by DCX;
- b. The Order price for Services completed and performed; and
- c. All reasonable direct costs incurred for Work in process, up to the time and to the extent of termination, but not including costs caused by termination. In return, title to the Goods shall vest in DCX and External Provider shall deliver to DCX all the Goods or any part or unit thereof, in the manner and to the extent requested by DCX.

38.2 No termination claim by External Provider shall include:

- a) Any costs allocable to Goods not cancelled; or
- b) Allowance for any profit that would have been realized on the terminated Goods had same not been terminated.

38.3 The payments detailed above, are the sole and exclusive payments which are due to the External Provider in the case of Termination for Convenience.

### **Q39-Stop Work Order**

DCX may, at any time, by written order to External Provider, require External Provider to stop immediately all, or any part of the Work called for by this Order for a period of up to ninety (90) days after the stop work order is delivered to External Provider and for any further period to which the parties may agree. Any such order shall be specifically identified as a stop work order issued pursuant to this clause. Upon receipt of such an order, External Provider shall forthwith comply with its terms and take all reasonable steps to minimize the cost allocable to the work covered by the order during the period of work stoppage. Within a period of ninety (90) days after a stop work order is delivered to External Provider, or within any extension of that period to which the parties shall have agreed, DCX shall either:

- Cancel the stop work order; or
- Terminate the Work covered by such order by reason of External Provider's default or for DCX's convenience in accordance with the applicable provisions of this Order. If a stop work order issued by DCX is canceled or the period of the stop work order or any extension thereof expires, External Provider shall resume work.

### **Q40-Environmental Quality System**

If the External Provider is not certified to ISO 14001, he is obliged to work in accordance with Environmental quality rules and regulations. As such the External Provider shall use any effort to prevent environmental pollution during processes and use environmentally friendly material aids and packaging.

#### **Q41-Anticorruption**

External Provider represents and warrants to, and covenants and agrees that:

41.1 In connection with its performance of this Order and with the sale of any goods or services in connection therewith, the External Provider has not, directly or indirectly, offered, paid, promised to pay or authorized the payment of any money or gift, or offered, promised to give, or authorized the giving of anything of value to, and will not, directly or indirectly, offer, pay, promise to pay or authorize the payment of any money or gift, or offer, promise to give, or authorize the giving of anything of value to:

(i) Any Customer official, any political party or official thereof, or any candidate for political office (each such official, political party or official thereof, or candidate or person being herein called a Restricted Person.);

(ii) Any person while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to any such Restricted Person;

(iii) Any officer, director, shareholder, employee or agent of any customer of the External Provider or DCX (hereinafter in this section a "Customer"), for the purpose of:

- Influencing any act or decision of such Restricted Person or officer, director, shareholder, employee or agent of any Customer in his or its official capacity, or inducing such Restricted Person, or officer, director, shareholder, employee or agency of any Customer to do or omit to do any act in Violation of the lawful duty of such Restricted Person or officer, director, shareholder, employee or agency of any Customer;
- Inducing such Restricted Person or officer, director, shareholder, employee or agent of any Customer to use his or its influence with any Customer Or instrumentality thereof or any Customer to affect or influence any act or decision of such Customer or instrumentality or Customer; in order to assist either Party hereto in obtaining or retaining business for or with, or directing business to, any person.

41.2 None of External Providers officers, directors, shareholders, employees and agents is a Restricted Person.

41.3 Neither the External Provider nor any of its shareholders, directors, officers, employees or agents has performed or will perform any act which would constitute a violation of Clause 41.1 of this Agreement or any applicable anti-corruption regulation (collectively, the Relevant Anti-Corruption Laws.), or which would cause either party hereto to be in violation of the Relevant Anti-Corruption Laws.

41.4 No Restricted Person has a right to share directly or indirectly in the proceeds of any sales contract obtained pursuant to this Order. The payments made hereunder have not been used, and will not be used, for any activity or purpose that would violate the Relevant Anti-Corruption Laws or that might expose either Party to liability under the Relevant Anti-Corruption Laws.