

| | | | |
|---|---|--|---|
| GENERAL DYNAMICS Ordnance and Tactical Systems | ST. PETERSBURG, FLORIDA | | |
| | SUPPLIER QUALITY CLAUSE | | |
| TITLE GOVERNMENT FURNISHED PROPERTY | QUALITY CLAUSE <p style="text-align: center;">S5</p> | REVISION <p style="text-align: center;">0</p> | EFFECTIVE DATE <p style="text-align: center;">June 9, 2023</p> |
| Material and/or services supplied to purchase orders must be in accordance with all quality clause requirements and any additional requirements outlined on the Purchase Order. | | | |

1.0 REFERENCES

- DD Form 1149 Requisition and Invoice/Shipping Document
- Defense Federal Acquisition Regulation Supplement (DFARS) 252.211-7007/252.211-7003
- Federal Acquisition Regulation (FAR) Part 45, 52.245-1
- Federal Acquisition Regulation 52.245-2
- DI-MGMT-80438 Product Quality Deficiency Report
- Form SF368

2.0 REQUIREMENTS

2.1 GOVERNMENT PROPERTY (GP) CONTROL AND REPORTING

This section prescribes the minimum requirements Subcontractors and lower-tier Subcontractors (hereinafter referred to as Subcontractors) must meet in establishing and maintaining control over Government property (includes Government Furnished and Contractor Acquired Property) and all procedures must be strictly adhered to by all subcontractors. This includes but is not limited to the control, care, and disposition of Government property: Federal Acquisition Regulation (FAR) Part 45, 52.245-1, 52.245-2 apply to each agreement entered into by General Dynamics Ordnance and Tactical Systems (GD-OTS) whereby government property may come under the control of a subcontractor. Whenever a subcontractor is in possession of Government property, the GD-OTS Government Property Manager (GPM) will ensure that the subcontractor is in compliance with these regulations. However, GD-OTS of St. Petersburg is responsible and accountable for all Government property in the possession of the subcontractor accountable to GD-OTS Contracts. It is imperative that the subcontractor adheres to all the appropriate provisions in its subcontracts providing for Government Property. The Subcontractor shall comply with the following requirements relating to Acquisition, Receiving, Identification, Records, Movement, Storage, physical Inventories, Reports, Consumption, Utilization of Property, Maintenance, Disposition and Contract Property Closeout as it related to Government Property.

2.1.1 Acquisition

The subcontractor should assure that all necessary approvals have been obtained prior to acquiring any Government property on GD-OTS contracts. Upon receipt, title to this property will vest with the Government.

- Reporting Requirement: Submit copies of acquisition documentation, (Bill of Lading (BoL), Packing Slip, DD1149 and DD1342 [if applicable]) and tag numbers applied to equipment or material (see S5-1). A report containing document reference numbers and property record information will also suffice.
- Reporting Frequency: Monthly on the first Monday of every month

| | | | |
|---|---|--|---|
| GENERAL DYNAMICS Ordnance and Tactical Systems | ST. PETERSBURG, FLORIDA | | |
| | SUPPLIER QUALITY CLAUSE | | |
| TITLE GOVERNMENT FURNISHED PROPERTY | QUALITY CLAUSE <p style="text-align: center;">S5</p> | REVISION <p style="text-align: center;">0</p> | EFFECTIVE DATE <p style="text-align: center;">June 9, 2023</p> |
| Material and/or services supplied to purchase orders must be in accordance with all quality clause requirements and any additional requirements outlined on the Purchase Order. | | | |

2.1.2 Receiving

Upon receipt, title to the property will vest in the Government and as such all procedures related to the handling, care, inventory, utilization, and disposition, etc. will be done in accordance with federal regulations. All shipments should be inspected, and the receiving date should be noted on the applicable invoice for future reference. If there are any discrepancies or damage in the shipment it should be addressed immediately as defined in S5-3. Upon receipt of Government Property, a count will be made of each container/item received. This count will be reconciled with the shipping documentation to ensure that item(s) received, and the items shipped are consistent. The following shall be listed in the report:

1. Item description, National Stock Number (NSN) or PN, lot number, Unique Item Identifier (UII) information if available, item serial number if applicable, quantity, unit of measure, and Purchase Order (PO) or shipment number will be recorded.
2. The contract number/PO number and acquisition cost will be recorded for Government property.
3. Any discrepancies between shipment and received quantities will be noted.
4. Any damaged or unusable items, along with the quantity damaged and a description of the problem will also be noted. Discrepant GP received will be reported per DI-MGMT-80438 (Product Quality Deficiency Report) on form SF368.
 - Reporting Requirement: Submit copies of receiving report utilizing the above stated report fields (see S5-1)
 - Reporting Frequency: Monthly on the first Monday of every month

2.1.3 Identification

All subcontractors will be issued a block of GD-OTS Government Property tags to be affixed to Government Property by the GD-OTS GPM. The subcontractor will be responsible for accounting for all used and any unused tags given to them at the time of award. Both tags will be affixed to equipment in a visible location so as not to interfere with the operation of the property when the property is received. If a tag cannot be affixed because the property is too small, the subcontractor will so annotate a copy of the PO as "Untaggable". The tag can then be affixed to a copy of the PO for further reference. If Item Unique Identification (IUID) is applicable (Defense Federal Acquisition Regulation Supplement (DFARS) 252.211-7007/252.211-7003), GD-OTS GPM will provide tags (if able to tag) and enter property into Wide Area Workflow (WAWF).

2.1.4 Records

GD-OTS will maintain the official property records for all government property. The subcontractor's records will be used as a secondary locator record. GD-OTS and subcontractor records must match with any discrepancies investigated and resolved between both records. Unless the Government authorizes otherwise, subcontractors with large amounts of government property will require an on-site review of records and inventory of all Government property in the possession of the subcontractor and must be done periodically. As referenced IAW FAR 52.245-1, the

| | | | |
|--|---|--|---|
| GENERAL DYNAMICS Ordnance and Tactical Systems | ST. PETERSBURG, FLORIDA | | |
| | SUPPLIER QUALITY CLAUSE | | |
| TITLE GOVERNMENT FURNISHED PROPERTY | QUALITY CLAUSE <p style="text-align: center;">S5</p> | REVISION <p style="text-align: center;">0</p> | EFFECTIVE DATE <p style="text-align: center;">June 9, 2023</p> |
| <i>Material and/or services supplied to purchase orders must be in accordance with all quality clause requirements and any additional requirements outlined on the Purchase Order.</i> | | | |

Subcontractor's property control records shall provide a complete, current, auditable record of all transactions and should include at least the following:

1. The name, PN, description, and NSN (if needed for additional item identification tracking and/or disposition), and other data elements as necessary and required in accordance with the terms and conditions of the contract
2. Quantity received (or fabricated), issued, and balance-on-hand
3. Unit acquisition cost
4. Unique-item identifier or equivalent (IUID tags and information will be provided by the GD-OTS GPM)
5. Unit of measure
6. Accountable contract number or equivalent code designation
7. Location
8. Disposition
9. Posting reference and date of transaction
10. Date placed in service (if required in accordance with the terms and conditions of the contract)

2.1.5 Movement

Government property should not be removed from the site of the subcontractor without prior written permission from GD-OTS GPM. All movement of GP will be documented at the time of relocation and at a minimum include: contract/PO number, description, quantity, unit price, date of movement, losing/gaining parties address and POC signature. The DD Form 1149 Requisition and Invoice/Shipping Document is the preferred format for property movement, but subcontractor's format is acceptable provided the above stated data requirements are met. Auditable transactional histories must be made available upon request to support all inventory movement including:

1. Receipts
2. Transfers
3. Issues/Movements, along with work order or shipping record
4. Adjustments, with supporting documentation
5. Classification changes, including scrap, discrepant/non-conforming material (to be reported as set out in S5-3), or destruction, along with supporting documentation
 - Reporting Requirement: Submit copies of shipping documentation (see S5-1).
 - Reporting Frequency: Monthly on the first Monday of every month

2.1.6 Storage

Government property in the possession of the subcontractor should be easily locatable, easily identifiable, not commingle with other property not owned by the Government and stored in such a way to ensure that it is always protected. If Government property becomes 30 calendar days idle, the subcontractor should immediately, in writing, request disposition instructions from GD-OTS GPM and/or subcontract administrator. GD-OTS GPM will coordinate the request and final disposition.

| | | | |
|---|---|--|---|
| GENERAL DYNAMICS Ordnance and Tactical Systems | ST. PETERSBURG, FLORIDA | | |
| | SUPPLIER QUALITY CLAUSE | | |
| TITLE GOVERNMENT FURNISHED PROPERTY | QUALITY CLAUSE <p style="text-align: center;">S5</p> | REVISION <p style="text-align: center;">0</p> | EFFECTIVE DATE <p style="text-align: center;">June 9, 2023</p> |
| Material and/or services supplied to purchase orders must be in accordance with all quality clause requirements and any additional requirements outlined on the Purchase Order. | | | |

The subcontractor shall provide enclosed storage that is not open to any of the elements, for all incoming government property. The enclosure or enclosures where the government property will be stored must be inspected for water leakage before any government property is stored in that area to be sure that any leakages are corrected prior to any storage of government property in that area. The area or areas used for storage must be periodically inspected to be sure that there are not any leaks that could damage the products being stored. If any evidence of water leakage is detected at any time, the government property must be moved to an area that has been verified to be dry, or the leak must be immediately corrected if the government property is not moved.

2.1.7 Physical Inventories

GD-OTS requires that all subcontractors inventory all accountable government property and report it annually. This will allow time for all records to be reviewed accordingly. At the termination or completion of the subcontract, a final inventory will be conducted and submitted within 30 calendar days so GD-OTS MS GPM can coordinate final disposition.

- Reporting Requirement: Physical Inventory report containing 100% inventory completion. Report must include any variances in inventory records to on-hand inventory, corrective actions, and changes (see S5-2).
- Reporting Frequency: Annually

2.1.8 Physical Inventory Reports and Consumption Reports

The government requires transactions relieving GFM from subcontractors inventories to be reported. Inventory reporting of all GP will be conducted in accordance with the following criteria (see S5-2 and S5-3):

- Reporting Requirement:
 - Quantity of GP in inventory at the beginning/ending of reporting period
 - Quantity of GP received during the reporting period
 - Quantity of GP consumed by category during the reporting period:
 - i. Production
 - ii. Testing, destruction, discrepant GP
 - iii. Scrap
- Reporting Frequency: Monthly on the first Monday of every month

2.1.9 Consumption (As it relates to Fabrication)

When equipment is fabricated, and the total acquisition cost exceeds \$5,000 it will be immediately added to the subcontractor's equipment records and the information on this item will be transmitted simultaneously to GD-OTS GPM and/or Supply Chain Representative (SCR) (See S5-5). Utilization of Property – Government property in the possession of the subcontractor may only be utilized for the purpose of the contract. Periodic screening must ensure that no excess property is on hand for prolonged periods.

| | | | |
|---|---|--|---|
| GENERAL DYNAMICS Ordnance and Tactical Systems | ST. PETERSBURG, FLORIDA | | |
| | SUPPLIER QUALITY CLAUSE | | |
| TITLE GOVERNMENT FURNISHED PROPERTY | QUALITY CLAUSE <p style="text-align: center;">S5</p> | REVISION <p style="text-align: center;">0</p> | EFFECTIVE DATE <p style="text-align: center;">June 9, 2023</p> |
| Material and/or services supplied to purchase orders must be in accordance with all quality clause requirements and any additional requirements outlined on the Purchase Order. | | | |

2.1.10 Maintenance

The subcontractor is responsible for preventative maintenance on all government property. Should any major repairs be necessary, written approval from GD-OTS GPM and/or designee is required. A log of all maintenance should be retained.

2.1.11 Disposition

Should surplus property be identified by the subcontractor, it shall be reported to GD-OTS GPM and/or subcontract administrator. Instructions will be given on disposing of the Property and making any necessary records adjustments. Prior to any Government property being scrapped, traded-in, dismantled for parts or transferred, the subcontractor must request written authority from GD-OTS GPM who will coordinate final disposition. Do not remove Government property from the records until instructions are received.

2.1.12 Loss of Government Property

The subcontractor must immediately report to GD-OTS GPM and/or subcontract administrator all cases of loss, theft, damage, or destroyed government property. The subcontractor shall submit a Lost, Theft, Damaged and Destroyed (LTDD) report that contains the minimum information stated in the FAR clause 52.245-1(v)(A)(B)(vi)(vii)(A)(B)(1) through (12) within 7 business days to the GD-OTS GPM and/or subcontract administrator. Do not remove Government property from the records until instructions are received from the GD-OTS GPM and/or SCR. The LTDD report submitted by the subcontractor which should at a minimum contain the following information (see S5-4):

1. Contract Number or PO
2. Date of Incident
3. Full Description of Item(s) including Item description, NSN or PN, Lot number, UII information (if available), Item Serial Number (if applicable), quantity and unit of measure
4. Full Narrative of the Incident
5. Cost of Item(s)
6. Cause and corrective action taken or to be taken to prevent recurrence

2.1.13 Contract Property Closeout

The subcontractor must complete a final inventory at the completion or termination of the subcontract. Disposition instructions will be given to the subcontractor of all GP in these situations by GD-OTS GPM and/or SCR.

3.0 QUALITY CLAUSE DELIVERABLES

Microsoft Office or PDF formats are preferred. All subcontractor data submittals shall be in English. These data items shall be submitted to GD-OTS in accordance with the QCDs as indicated below. The method of submission to GD-OTS St. Petersburg is specified in the General Supplier Quality Clause "S1" located on GD-OTS's Supplier Portal <https://www.gd-ots.com/suppliers/quality-clauses/> under GD-OTS St. Petersburg, FL.

| | | | |
|---|--------------------------------|----------------------|---------------------------------------|
| GENERAL DYNAMICS Ordnance and Tactical Systems | ST. PETERSBURG, FLORIDA | | |
| | SUPPLIER QUALITY CLAUSE | | |
| TITLE GOVERNMENT FURNISHED PROPERTY | QUALITY CLAUSE S5 | REVISION 0 | EFFECTIVE DATE June 9, 2023 |
| Material and/or services supplied to purchase orders must be in accordance with all quality clause requirements and any additional requirements outlined on the Purchase Order. | | | |

| NO. | TITLE | GD-OTS APPROVAL REQUIRED | SUBMITTAL TIMING/FREQUENCY |
|------|--|--------------------------|--|
| S5-1 | Ship/Receive/ Movement Report | No | Unless otherwise directed in the Subcontract/PO or Special Instructions document provided by GD-OTS; QCD is due weekly |
| S5-2 | Physical Inventory Audits | No | Unless otherwise directed in the Subcontract/PO or Special Instructions document provided by GD-OTS; QCD is due within 14 calendar days of Physical Inventory Audit or Cycle Counting is due Monthly first Monday of each month. |
| S5-3 | Non-conforming Material | No | Unless otherwise directed in the Subcontract/PO or Special Instructions document provided by GD-OTS; QCD is due daily during production runs or monthly during extended gaps in production. |
| S5-4 | Lost, Theft, Damaged and Destroyed (LTDD) Report | No | Unless otherwise directed in the Subcontract/PO or Special Instructions document provided by GD-OTS; QCD is due within 5 calendar days of the incident. |
| S5-5 | Subcontractor Equipment Record | No | Unless otherwise directed in the Subcontract/PO or Special Instructions document provided by GD-OTS; QCD is due the month the equipment fabrication is completed. |

4.0 REVISION HISTORY

| REV | DATE | CHANGE |
|-----|------------|--------------------------|
| 0 | 06/09/2023 | ECN23315-Initial Release |