

## Notice about Specialty Metals

If you are delivering any item to Derco in support of a U.S. Government contract and the item includes specialty metals, you must comply with DoD DFARS clause 252.225-7009 Restriction on Acquisition of Certain Articles Containing Specialty Metals and Derco's contractual terms and conditions. Please note that DFARS 252.225-7014(e) requires that you flow-down this requirement to all lower tier subcontractors/contractors/suppliers delivering any item that contains specialty metals. Also, there is no minimum quantity or dollar threshold exemption – any amount of specialty metal, from any tier of our supply chain, must be compliant with the DFARS clause.

If the prime contract is over the Simplified Acquisition Threshold, unless an exception applies, it requires that all 100% of the specialty metals in end items or components of airplanes, missile and space systems, ships, tank and automotive items, weapon systems, or ammunition be melted or produced in the U.S. or a qualifying country. It requires that any specialty metal (raw bar stock, wire rod, sheet, plate, etc.) bought by DoD or a prime contractor for delivery to DoD as an end item be melted or produced only in the U.S.

### Exceptions (252.225-7009(c)):

The restriction in 252.225-7009(b) does not apply to—

- (1) Electronic components.
- (2) Commercially available off-the-shelf (COTS) items, other than—
  - a. Specialty metal mill products, such as bar, billet, slab, wire, plate, or sheet, that have not been incorporated into COTS end items, subsystems, assemblies, or components;
  - b. Forgings or castings of specialty metals, unless the forgings or castings are incorporated into COTS end items, subsystems, or assemblies;
  - c. Commercially available high performance magnets that contain specialty metals, unless such high performance magnets are incorporated into COTS end items or subsystems; and
  - d. COTS fasteners, unless—
    - i. The fasteners are incorporated into COTS end items, subsystems, assemblies, or components; or
    - ii. The fasteners qualify for the commercial item exception in paragraph (c)(3) of this clause.
- (3) Fasteners that are commercial items, if the manufacturer of the fasteners certifies it will purchase, during the relevant calendar year, an amount of domestically melted or produced specialty metal, in the required form, for use in the production of fasteners for sale to the Department of Defense and other customers, that is not less than 50 percent of the total amount of the specialty metal that it will purchase to carry out the production of such fasteners for all customers.

- (4) Items manufactured in a qualifying country.
- (5) Specialty metals for which the Government has determined in accordance with DFARS 225.7003-3 that specialty metal melted or produced in the United States, its outlying areas, or a qualifying country cannot be acquired as and when needed in—
  - a. A satisfactory quality;
  - b. A sufficient quantity; and
  - c. The required form.
- (6) End items containing a minimal amount of otherwise noncompliant specialty metals (i.e. specialty metals not melted or produced in the United States, an outlying area, or a qualifying country, that are not covered by one of the other exceptions in this paragraph (c)), if the total weight of such noncompliant metals does not exceed 2 percent of the total weight of all specialty metals in the end item, as estimated in good faith by the Contractor. This exception does not apply to high performance magnets containing specialty metals.