Supplier Quality Requirements

Prepared by: **Horstman Canada**
110 East Drive
Brampton, ON
L6T 1C1

+1 (905) 458 0888

Revision Status

Issue	Description	Date
1.0	Initial issue of document	12/20/2023

Circulation

Prepared by:	Michelle Drew Purchasing and Materials Manager	Michelle.Drew@horstmancanada.com +1 905 458 0188 x127
Approved by:	Christine Albecker Quality Assurance Manager	Christine.Albecker@horstmancanada.com +1 905 458 0188 x231

Suppliers

All suppliers included on the Approved Supplier List at Horstman Canada that:

- supply deliverable product.
- perform services to deliverable product.
- supply tooling, inclusive of oils, coolants and cutting fluids, that will be used to produce a deliverable product or are contained within a deliverable product.

Table of Contents

Introduction and Purpose of this Document

Horstman Canada, based in Brampton, Ontario, is a world leader in military vehicle suspension systems with an international customer base. Our reputation is built on innovative design, reliable products supplied on time and at a competitive cost. Reliable suppliers and sub-contractors who can deliver quality components, on-time at the right price are integral to that reputation, our continued growth and future success.

Quality is emphasized in every facet of our business including the performance of our supply chain. This Supplier Quality Requirements Manual serves to detail the general and specific requirements that Horstman Canada requires suppliers to comply with during the Purchase Order review, material procurement, manufacture, assembly, test, inspection, packaging and delivery of ordered products or services.

Michelle Drew

Michelle Drew
Purchasing and Materials Manager, HCA

Christine Albecker
Quality Manager, HCA

Section 1- Introduction

1.1 Revision Control

Purchased products or services shall be manufactured, inspected and tested in accordance with the specifications, standards & document revision stated at the time of purchase order acknowledgement.

1.2 Application

All suppliers of products, materials and/or services shall adhere to all applicable requirements specified herein.

1.3 General Quality Systems Requirements

Suppliers shall provide evidence of third party certification to a minimum of ISO 9001 or equivalent system. Accreditation to other Quality Management Systems such as AS 9100 or TS 16949 will provide further evidence of ability to achieve HCA quality requirements.

Note – Where accreditation has lapsed, is removed/suspended by a regulatory body or the supplier gains new accreditation then HCA Purchasing and/or Quality must be notified.

Section 2 - Expectations

2.1 Basic Quality / Delivery

The target for HCA suppliers to achieve is zero defects & 100% on-time delivery. Suppliers must provide the exact product, service, quantity and pricing as stated within the acknowledged purchase order.

2.2 Contract Review

Suppliers shall establish and operate a Contract Review Process to fully review every incoming order from HCA. A register shall be maintained to identify the status of the Contract Review for each part on each order and matrix all standard and additional requirements, identifying which apply. The register shall also identify HCA delivery requirement and all changes from the original order. The Contract Review process shall at a minimum assess the supplier's technical capabilities to supply the part as defined, machine availability, tooling availability, suppliers own gauging availability. Requests for gauge loans shall only be accepted where the gauge order lead time is beyond the purchase order lead time. The contract review shall establish that all deviations from the specified part requirements have been authorized by Horstman. To obtain authorization, the supplier shall request permission to deviate from the specified requirement using the HCA Request for Deviation form, EX-51.

2.3 Cooperative Management Attitude

HCA is committed to reach its customers quality & delivery expectations through continuous improvements. Our supplier's top level management are expected to share our commitment and fully support achieving these goals.

2.4 Continuous Improvement

HCA's expectation is that all suppliers review their processes and products on a continuous basis to further improve their processes and HCA designs. In specific cases, suppliers will be requested to measure and/or produce data for critical features or dimensions.

2.5 Quality Planning

HCA suppliers shall carry out a review of the quality requirements of the parts that they have been requested to produce to ensure that all possible issues have been identified and resolved before part production commences.

2.6 I.T. Capabilities

Suppliers are required to have e-mail, internet access & document scanning capabilities.

2.7 Confidentiality

HCA shall only disclose proprietary information to suppliers on a need-to-know basis in accordance with an established confidential relationship via a HCA Non-Disclosure Agreement which must be signed by an authorized member of staff at both companies. The information supplied may be in a variety of formats, including but not limited to, bills of materials, solid models, 2D and electronic drawings, software, etc. Suppliers, in turn, shall take the utmost care in protecting all proprietary information. This includes notification to HCA prior to the transfer of proprietary information to a third party; wherein HCA shall make the decision to initiate a Non-Disclosure Agreement with them as well. All originals and copies of proprietary data must be destroyed when they are no longer needed or must be returned to the originating source when requested.

PROPRIETARY DOCUMENTS ARE NOT TO BE DISCLOSED TO CUSTOMERS OR COMPETITORS OF HCA WITHOUT PRIOR AUTHORIZATION FROM HCA.

Section 3 - Supplier Qualification & Performance

HCA's suppliers are selected, evaluated, monitored and developed using controlled methods. To be approved or remain a supplier to HCA relies on the supplier's ability to consistently deliver defect free products and/or services & meet on-time delivery requirements.

3.1 Supplier Monitoring & Rating

Suppliers will be monitored on a rolling 12-month basis for quality and on-time delivery. A supplier must remain in good standing with HCA to remain on the Approved List. Failure to do so will result in the supplier being informed that they are placed on new business hold pending a corrective action for improvement.

3.2 Supplier Quality Program / System Requirements

HCA requires each supplier to develop a Quality Management System with a goal of compliance with ISO 9001 to assure that the requirements of HCA's supplied product or service are satisfied. HCA supplier quality requirements are specified within this document and shall be considered as minimum requirements for supplier approval.

Objective evidence shall be available verifying that such a system exists and is being maintained. Procedures and records shall be available for examination by an authorized HCA Quality representative.

3.2.1 Notification Responsibilities

If there is a change in the supplier's facilities, utilized equipment, upper level management or sub-tier suppliers, HCA must be notified of any such changes in writing. In addition, if a supplier loses an accrediting agency certification or is put on suspension by a registrar, the supplier shall notify the HCA Purchasing and Quality representative of the occurrence in writing within 10 working days. When a supplier's certificate expires, a copy of the new Certificate shall be forwarded to the HCA Quality representative.

3.2.2 Sub-Tier Supplier Management

3.2.2.1 It is HCA's requirement that suppliers maintain responsibility for all sub-tier suppliers, flow down Purchase Order requirements, and provide requirements and guidance to their supply base consistent with the Purchase Order provisions.

3.2.2.2 The supplier shall have a process in place to ensure that all sub-tier suppliers have and maintain the ability to provide defect-free material and services in accordance with HCA delivery requirements.

3.2.2.3 The supplier shall ensure that all sub-tier suppliers provide timely response to quality concerns.

3.2.2.4 If a situation arises where HCA must take an active role with a sub-tier supplier to address a specific concern, HCA will do so only after supplier notification and discussion.

Section 4 - General Requirements

4.1 Supplier Quality Assurance Requirements

HCA Supplier Quality Assurance Requirements, referred to as SQARs, are conveyed by number on purchase order. The definitions for each SQAR can be found at: https://horstmangroup.com/en/about-us/company/quality/canada-specific-information.

4.2 Customer Property / Free Issue Material

Any raw material or semi-finished parts that are supplied as part of the suppliers Purchase Order requirements are to be identified, controlled and verified in accordance with the supplier's Quality Management System. If any of this material is lost, damaged or found to be unsuitable for use, HCA is to be informed immediately and records maintained. An annual physical inventory count is required. Unless otherwise agreed, any material not accounted for after a scrap allowance is applied will be the responsibility of the supplier. HCA will issue a debit for the material cost.

4.3 Ethical Behaviour

The Supplier shall perform all necessary due diligence to ensure that it and its suppliers comply with the requirements of the Modern Slavery Act regulations and to ensure that their supply chains are free of Human Trafficking. The supplier shall also operate in an ethical manner and ensure that their supply chain also act in an ethical manner.

4.4 Product Safety

It is the responsibility of HCA staff to ensure that products are designed, assembled and tested to ensure they are fit for purpose, and safe to operate, for the full product lifecycle, in their intended installed operational environment. It is the responsibility of the Supplier to ensure that any product or service supplied meet the stated specific requirements with regards to manufacture, quality and product safety, and that the supplied product or service shall also comply with any related laws and safety standards, and where laws and standards do not exist, apply reasonable standards.

4.5 Counterfeit Goods

The Supplier shall perform due diligence in order to ensure that Counterfeit parts shall not be supplied or installed in the Purchaser's products by the Supplier. The Supplier shall warrant that only new, unused, authentic, genuine and legitimate items shall be supplied. Any counterfeit goods supplied will be rejected and disposed of at Horstman Canada at the suppliers cost with relevant third parties notified.

4.6 Conflict Minerals

HCA requires its suppliers –

1) Not to buy products and materials containing conflict minerals directly from "conflict mines".
2) Not to discriminate against legitimate sources of conflict minerals, and thereby contribute to conflict-free trade.
3) To provide reports that document the presence and origin of materials based on the report template of the Responsible Minerals Initiative "RMI Conflict Minerals Reporting Template" from legitimate sources.
4) Obtain materials from smelters that have been declared compliant through audit protocols of the Responsible minerals initiative or mutually recognized audit protocols.
5) Comply with Section 1502 of the Dodd-Frank Wall Street Reform & Consumer Protection Act.