



Horstman

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STANDARD TERMS AND CONDITIONS OF PURCHASE

1. Definitions:

- “The Company” is Horstman, Incorporated (H-Inc.)
- “Supplier” means the person, firm or company to whom the Purchase Order is addressed.
- “The goods” means the goods or work and materials, or services specified in the Purchase Order.
- “Additional Terms” are conditions of purchase specified by the Company from time to time relating to the Company’s purchase of particular types of goods and referred to in the Company’s Purchase Order by code letters and numbers. Copies of such items will normally be attached to the order referring to them, and will be supplied on request to the Company’s buyer.
- “Conditions of Purchase” means the terms and conditions set out herein together with the terms stated and any Additional Terms referred to in the Purchase Order.
- “A Purchase Order” means the properly signed, printed and numbered order form issued by the Company.

2. Systems Documents:

- (a) Delivery Note. All goods shall be accompanied by a detailed packing list stating the Purchase Order number, the date and number of any relevant delivery schedule, and giving identification particulars of any goods supplied, including the Company’s part-number, drawing number or specification number and the revision level, issue number, and/or modification letters or numbers where these are known to the Supplier.
- (b) Invoice. The invoice shall state the Purchase Order number. The part number, the packing list number and the date and number of any relevant delivery schedule shall be stated if any have been quoted to the Supplier. Otherwise a sufficiently detailed description to enable the Goods to be identified shall be given. Where any charge is made for Sales Tax, the invoice shall be in the form as defined for Sales Tax purposes.
- (c) Monthly Statement: Any monthly statement of account must list the Invoices to which it relates and must be sent to the address of the Company.
- (d) Advice Note: On dispatch the Supplier shall send to the Company by separate letter an advice note stating every carrier employed to transport the Goods and all the matters stated on the packing list.
- (e) No document sent by the Supplier will be considered by the Company to be relevant to the Purchase Order unless the appropriate Purchase Order number is quoted.

3. Formation of contract issue of Order and acceptance

- (a) No document or statement which might otherwise be capable of constituting a variation of the purchase-Order or a counter-offer by the Supplier shall bind the Company.

- (b) Without prejudice to any other mode of acceptance the Commencement of any work on or connected with the Goods (including work in connection with samples and tooling) will comprise acceptance by the Supplier of the Purchase Order on the Conditions of Purchase
- (c) The agreed price will normally be specified in the Purchase Order. If the price is calculable but not given as monetary amount the Seller will notify the Chief Buyer of the agreed monetary amount as soon as possible after receipt of the Purchase Order, or must be prepared to accept delay in payment. Where the price quoted by the Company is not the agreed price, any notification by the Supplier of a new agreed price shall not vary the Conditions of Purchase otherwise.
- (d) The prices on the Purchase Order exclude Sales Tax unless otherwise stated.

4. Variations

- (a) The company shall be entitled to regulate the rate of delivery or performance of the Goods by means of delivery schedules.
- (b) The Company reserves the right by written notice to require changes in:-
 - (i) The designs and/or the specifications applicable of the Goods covered by the purchase Order.
 - (ii) The method of shipment and packing.
 - (iii) The place of delivery.
- (c) If any such changes affect the time for performance, the cost of manufacture or the cost of furnishing services, the Company shall make an equitable adjustment of the Cost or the delivery schedule or both.
- (d) The Supplier shall not make any changes in the design or composition of any Goods without the company's prior written consent.
- (e) If strikes, accidents or other unforeseen contingencies cause stoppage or delay in the company's or the Supplier's production the Company shall be entitled to cancel, extend, suspend and/or vary the Purchase Order or any part of it, and to pay only for Goods and work in progress actually accepted.

5. Operation

- (a) Payment will be made only after an invoice and a monthly statement have been received from the supplier and the goods accepted as stated in 5d. No interest shall be chargeable on payments due without the prior written approval of the company
- (b) Unless the Company expressly agrees in writing all Goods are to be delivered freight paid. Containers and packing are to be supplied free but will be returned if required at the Supplier's risk and expense.
- (c) Time is of the essence of the contract.
- (d) The Company shall not be bound to accept and pay for any Goods unless the same are specified in a Purchase Order or the Conditions of Purchase and the Company will not accept responsibility for the safe custody or protection of Goods left at its premises and the risk shall pass only when delivered to the address and in the place and manner specified in the Purchase Order and the signature of an authorized member of the Company's goods receiving department is obtained on a document quoting the number of a Purchase Order on the Conditions of Purchase. The Company will not accept Goods until it has had a reasonable opportunity of examining them for the purpose of ascertaining whether they are in conformity with the contract.

- (e) (i) If required by the Company the Supplier shall submit samples for approval and the bulk of the Goods shall not be started until the Company has communicated its approval in writing. The Company may retain the samples until the whole of the Goods are delivered
- (ii) Any person duly authorized by the Company shall not unreasonably be refused permission by the Supplier to enter any Works, warehouses or other premises under the suppliers control to inspect any tools or materials procured or used for the manufacture of the Goods or the process of manufacture carried out by the supplier or the completed Goods themselves before dispatch.
- (iii) Any person duly authorized by the Company shall be entitled to remove samples of tools and Goods in process of manufacture and completed Goods and if changes, adaptations, modifications or improvements are required by the Company to bring the Goods up to specification the Supplier shall carry out the same immediately
- (f) (i) All drawings, specifications, patterns, tools, free issue materials and documents or things supplied, or fully paid for by the Company shall be identified as the Company's property and unless otherwise agreed in writing remain or become the property of the Company. They shall be returned to the Company in good condition immediately upon request, and they, and the Conditions of Purchase, shall be treated by the Supplier as confidential and shall not be communicated to any other person nor used by the Supplier for any purpose other than in connection with the Company's Purchase Order. In addition, the Supplier shall ensure that all such tooling is maintained in good condition and shall replace any such tooling or part thereof, lost or damaged and shall adequately insure against loss or damage thereof. The Supplier waives any lien which it might otherwise have whether at the date hereof or subsequently on any of the Company's property for work done thereon or otherwise. This paragraph shall not be construed as a waiver of any other right of recovery of any other charges that may be due to the Supplier of such work.
- (ii) The supplier will not without the prior written authority of the Company sell, hire, use or otherwise dispose of, to or for any other person, any Goods manufactured by the Supplier to the Company's designs, drawings or specifications or based upon them, or any tooling designed for use in their manufacture and the Supplier shall refer to the company all enquiries received for such Goods or tools.
- (iii) The Company shall have an option which shall be exercised by written notice to pay not more than the balance of the replacement cost for the outright ownership of any materials, samples jigs patterns, tooling or any other item essential to the manufacture of the Goods to a design, drawing or specification supplied by the Company. At the request and cost of the Company the Supplier shall deliver any such essential item to the Company at such place and time as the Company shall stipulate. Within 30 days of receipt of the option notice the Supplier will notify the Company of the amount claimed as the said unrecovered balance and the Company will within 1 month pay the amount agreed or if it is not the agreed amount fixed by an independent Certified Accountant acting as an expert or other independent experts may be agreed.
- (g) This contract shall be performed by the Supplier, and no part of it shall be assigned, sub-let or sub-contracted by the Supplier without the written permission of the Company.
- (h) If the Goods have determinable shelf life, the Supplier shall advise the Company of the storage conditions recommended for the longest possible shelf life and the minimum duration thereof.

- (i) As required by the Health and Safety at Work etc., Act 1974 all Goods to be supplied must be designed, tested and constructed so as to be safe and without risks to health when used at work and all necessary information and instructions for the safe and proper use of the Goods must be supplied to the Company prior to delivery of the Goods. Any exemption from the foregoing must be requested in writing and must be specifically agreed to by a statement on the Purchase Order. In particular the Supplier must specify in his quotation or as soon as identified any operational or health risk which may arise during handling, storage, use or disposal after use, including known misuses of the Goods.
- (j) VESTING - title to all raw materials, sub system components, part manufactured goods, work in progress will vest in the Company as soon as they are identifiable as forming part of the goods to be delivered to the Company in pursuance of the contract.

6. Supplier's Warranties

- (a) Without prejudice to the rights of the Company under any term whether the same is expressed or implied by statute or by common law or under any term of the Conditions of Purchase the Supplier shall indemnify and assist the defense of the Company against any liability, claim, proceedings, loss or damage (Including any liability or loss incurred by the Company resulting from the failure of, or stoppage of, or interference with the production of manufacture of any equipment, goods or stock) caused by any defect in any Goods supplied by the Supplier or arising out of or caused by any breach by the Supplier of the Conditions of Purchase. The Supplier shall, if so requested by the Company accept as final and binding the decision of any English or foreign court in relation to such liability, claim, proceedings, loss or damage.
- (b) The Supplier warrants that Goods and parts of Goods not of the Company's design do not infringe any patent, trade mark, registered design or any other like protection of the provisions of any statute, statutory instrument or regulation for the time being in force in any country and agrees to indemnify and hold harmless the Company against all judgements, decrees, costs and expenses and at its own expense and at the Company's request defend or assist in the defense of any action which may be brought against the Company or those selling or using any of the Company's products resulting from any infringement or alleged infringement.

7. Breaches and Remedies

- (a) Without prejudice to any other rights or remedies possessed by the Company it is entitled to recover damages for:-
 - (i) Any delay in the Company's business due to late delivery by default of the Supplier from whatever cause including but not limited to rejection by the Company for non-compliance and subsequent sorting, alteration, repair or replacement.
 - (ii) Non-delivery due to the fault of the Supplier
- (b) Without prejudice to any other rights or remedies possessed by the Company, the Company shall be entitled to reject any Goods or a part of any Goods delivered to it if the same do not comply exactly with any drawings, specifications or instructions supplied or given by the Company or with any sample produced by the Supplier or if the Supplier is in breach of the conditions of Purchase, but if the Company does accept any such Goods which it is entitled to reject it reserves the right to pay a reduced price for them. Rejected Goods may be returned by the Company at the Supplier's risk and expense.

- (c) Where the Supplier delivers or the Company accepts a part of any Goods the Company shall be entitled to pay for the part of the Goods actually accepted and claim any applicable (See clause 7 (a) above).
- (d) Where clause 3 (c) applies, where Goods or a part of Goods have been taken and used in the business of the Company and the Supplier has not notified the Company of any new agreed price, the price payable shall be that specified on the Purchase Order, but if no price appears on the Purchase Order the Company reserves the right to pay a reasonable price calculated by reference to other prices paid to the Supplier for similar Goods.
- (e) If the Supplier fails to accept and comply with any reasonable delivery schedule submitted by the Company the Supplier shall be deemed to be in breach of the Conditions of Purchase and shall pay to the Company as damages for the breach all costs and expenses incurred by the Company in particular but without prejudice to the generality of the foregoing all sums expended by the Company in securing alternative supplies of any or all the Goods (including any sum expended by reason of any increase in the price thereof) and any loss suffered by the Company as a result of delays in their production.
- (f) If the Company shall receive any information which leads it reasonably to believe that the Supplier will be unable, because of lack of cash or credit facilities, to complete the contract satisfactorily and on time, the Company may give notice under this sub-clause to the Supplier with a copy of the information, and may either:-
 - (i) Vary the Purchase Order so that only completed items may be delivered provided that they are paid for at the rate agreed or
 - (ii) Cancel the Purchase Order summarily by notice in writing without compensation to the Supplier. The exercise of this clause shall not prejudice any rights of the Company under the Conditions of Purchase or the law related to insolvency.
- (g) Any excess Goods delivered which are not accepted by the Company will remain at the Supplier's own risk and expense and the Company may at any time return the same to the Supplier at such risk and expense. The Company may notify the Supplier in writing of the price at which it would be willing to accept Goods in excess of the quantities specified in the Purchase Order and such notice shall not constitute acceptance of the Goods unless the Supplier agrees the price notified.

8. Miscellaneous

- (a) Horstman is a company of the Renk Group. As part of the Renk group it is a global enterprise that operates in many business areas and enjoys a long tradition. RENK therefore has a responsibility to customers, employees, investors and the public. This corporate responsibility includes compliance with all applicable laws everywhere and at all times as well as respecting ethical values and acting sustainably. Acceptance of the purchase order includes compliance with the Renk Code of Conduct for Suppliers and Business Partners. The full document is available at https://horstmangroup.com/wp-content/uploads/2020/10/RENK_Code_of_Conduct_Suppliers_and_Business_Partners_en.pdf
- (b) The Company hereby gives notice that the business of the Company is such that any defect in the goods and/or services which the Supplier supplies is liable to cause serious financial loss and/or physical injury.
- (c) If the whole or part of the Goods is required to fulfil a contract for a U.S. or foreign government department that whole or part shall be deemed to be the subject of a sub-contract made under the Conditions of Purchase and such sub-contract terms as may be

- in force from time to time under the contract for the said government department, and any right of determination exercisable by the government department in question as main contractor shall be equally exercisable by the Company in relation to the Supplier as sub-contractor subject to the same formula.
- (d) Failure by the Company to enforce any of the Conditions of Purchase shall not be construed as a waiver of its rights hereunder
 - (e) This contract shall be construed and operate in accordance with U.S. Law and the Supplier hereby submits itself to the jurisdiction of the U.S. courts.
 - (f) Unless otherwise provided for in the Purchase Order/contract, all intellectual property rights shall vest in the Company.
 - (g) The Supplier shall not advertise or publish the fact that it is or has become a supplier to the Company without the Company's prior written consent. The Conditions of Purchase may be varied only by a supplementary purchase order or other document in writing signed by the chief buyer of the Company and not by an act or statement by any person acting or purporting to act on behalf of the Company.

H-Inc. SUPPLIER QUALITY CONDITIONS – HQRs are found on the H-Inc. website and are required to be adhered to by all suppliers. By accepting the purchase order from H-Inc. along with the Terms and Conditions provided the supplier agrees to follow and adhere to all assigned H-Inc. Quality Requirements (HQRs).

- **HQR 000 – No requirements** - has no requirements for this item/process.
- **HQR 001 - General Requirements** – Addresses
 - Non-conforming Material,
 - Unauthorized Repairs,
 - Changes in approved processes, materials or procedures
 - Re-submittals
 - Submittal of production Parts
 - Notification of facility changes
 - Responsibility for Conformance
 - Documentation requirements
 - Certificate of Compliance Auditing
 - Lot Sampling
 - Corrective Action Requests
 - Access to facilities
 - Calibration requirements
 - Waivers and deviations
 - Material deficiencies, shortages and/or damage
- **HQR 002 – Supplier Quality Control System** – Requires the supplier maintain a recognized quality control system to ensure that they fully support and address requirements assigned by Horstman, Inc.
- **HQR 003 – Certificates of Compliance/Conformance** – Document providing objective evidence of all purchase order requirements
- **HQR 004 - Raw Materials, Certificates of Analysis** – Defines the documentation required for all raw materials identified within the Horstman Purchase Order attesting to the materials provided to ensure compliance.
- **HQR 005 – Prototype Submission/Inspection** – Supplier inspection report (in Conformance to AS9102 format) that records and documents conformance for 100% of all characteristics and notes on drawing(s) for all ordered parts.

- **HQR 006 – First Article Inspection** – Inspection report on first initial production part or incorporation of design changes requires the Supplier to provide documentation (using an AS9102 type of format) along with the identified part used in the process. This will also be required in all cases where:
 - A significant design or process change has been made that affects the original first article configuration.
 - The item has not been manufactured for a period of 12 months or greater and/or
 - A change in facilities has occurred where the article was originally manufactured.
- **HQR 008 – Final Acceptance Source Inspection** – H-Inc. must be contacted to conduct final inspection of parts prior to shipment.
- **HQR 009 – Special Process Supplier Approvals** – All special processes utilized in the fabrication, manufacture and processing of parts provided require the supplier to submit information related to all special processes conducted by them or any sub-tier for approval.
- **HQR 010 – Welding Requirements** – Defines the supplier requirements to demonstrate ability to produce welded components with weld procedures, weld maps, understanding of American Weld Standards, equipment and demonstrated employee competency/training to be approved by Horstman.
- **HQR 011 – Visual Welding Inspection** – Provides the definition for the supplier’s welding inspection representative to be a certified inspector either on staff or under subcontract with all necessary documentation to be considered approved.
- **HQR 012 – Domestic Sources Only** - Requires that the parts and materials on the purchase order must provide complete traceability that they have been supplied from sources Located in the United States and/or within factories located within NAFTA nations (certification for all materials and processes must be completely traceable, accurate and all certification for all materials and processes are fully maintained).
- **HQR 013 – Sole Source Required for OEM** – Parts specific to a particular Original Equipment Manufacturer (OEM) require to the supplier to obtain such parts for an authorized distributor only with no exceptions.
- **HQR 014 – Irradiating (Chromate Conversion Coating) Requirements** – Defined as a special requirement requiring approval of your facility’s capability and/or your sub-tier’s with no exceptions. This requires a successful onsite assessment with all appropriate documentation and approvals by our customers’ approved supplier list and/or NADCAP for the process in question.
- **HQR 015 – Part Specific Quality Plan Applies** – Requires the supplier to follow Horstman, Inc.’s quality plan specifically determined for the part and all of its identified characteristics that requires special attention, monitoring, and /or reporting.
- **HQR 016 – Testing data required** – requires the supplier to provide a copy of acceptance and/or performance test results for each unit purchased.
- **HQR 017 – Dimensional Inspection Reporting (Lot Inspection)** – Requires use of an AS9102 type of reporting format that includes the method for determining lot size (sampling plan), individual report of each part used in the inspection process and final visual inspection acceptance sign off by authorized party.
- **HQR 018 – Special Process Certification** – Requirement to provide certification of analysis that the part and/or service met the requirement and specifications on the Purchase Order/Drawings provided
- **HQR 019 – Counterfeit Electronic Parts Detection and Prevention Certification** –

Requires the supplier to provide a Certificate or Clarifying Statement for all electronics and/or electronic assemblies that they utilize only approved suppliers or manufacturers with established codes under 48 CFR 252.246.7007 paragraph a.

- **HQR 020 – Safety Data Sheet Required** – Requires submission of SDS for any chemical, solvent, solution cleaning agent, or coating.