



THE WORLD'S PREMIER PROVIDER OF  
ON-HIGHWAY THERMAL MANAGEMENT SOLUTIONS:



# Supplier Manual

Horton Purchasing

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## Objectives and Scope

Founded in 1951, Horton is the world's leading provider of premium engine-cooling solutions for OEM applications and the aftermarket. Its customer-inspired innovations — including fans, fan drives and related components — can help products last longer, run quieter and consume less fuel. We promise our customers the highest quality in our products and take this responsibility very seriously. That is why we expect you, our partners, to make the same promise to us. Because it is only by working together that we can ensure that our products meet the highest standards. For us, quality begins with the early binding and complete coordination with you, our supplier.

This supplier manual lists the essential aspects and requirements for our suppliers. In case of ambiguities, please do not hesitate to ask questions or suggest improvements. We are looking forward to a successful and cooperative partnership!

## Supplier Expectations

We recognize that our customers have ever increasing expectations of quality and performance from the products they purchase. With the help of our valued suppliers, we are confident that we can meet and exceed the following expectations.

1. **Certification.** Horton is an ISO 9001, IATF 16949 and ISO 14001 registered company. It is required that our suppliers be registered to ISO 9001 or IATF 16949 and are committed to minimizing waste generation and energy consumption.
2. **Quality Management.** Horton suppliers shall achieve and maintain a zero-defect performance goal, providing products, materials, and services that meet Horton requirements. As an IATF 16949 certified company it is required that you have read, understand, and agree to comply with Horton's Supplier Quality Manual (page 4).
3. **On-Time Delivery.** All orders must arrive on-time 100% of the time. If an order is going to be delayed, we must be notified in advance of due date. Any cost or expenses related to late shipments (e.g., special freight costs) will be the responsibility of the supplier.
4. **Continuous Improvement.** Horton requires continuous improvement from our suppliers. Depending on the supplier's performance evaluation per the Supplier Management Program (page 3), specific short and middle term action plans may be required, showing how quality, cost, and delivery objectives are to be achieved.
5. **Inventory Management.** Horton utilizes JIT, Kanban, and Consignment programs with suppliers. Providing such services is a critical requirement that puts suppliers at a competitive advantage with Horton over other suppliers not offering such programs; suppliers are to participate in such programs when parts meet volume requirements.
6. **Lead Times.** Horton is focused on shortening the overall product delivery cycle time from customer order to product delivery. The objective is to have lead-times less than 15 working days. Lead times must be short by industry standards, dependable, and decreasing over time.
7. **Cost Reduction.** Suppliers shall use their best efforts to identify and implement cost reduction opportunities, without sacrificing quality. Supplier agrees to aggressively seek out, notify and advise Horton of cost reduction opportunities.
8. **Price Increases.** Under unique circumstances a supplier may need to increase prices. When those circumstances arise, the following must be provided: 90-day advance notice of any price changes, a complete justification including detailed cost breakdown information on materials, labor, and overhead, and ideas for reducing costs.

9. Regulatory and Commercial Compliance. Understand and comply with: Supplier Terms and Conditions of the Purchase Order, Inbound Product Requirements, Environmental Requirements, Supplier Management Program, U. S. Free Trade Agreement, Conflict Mineral Reporting, IMDS Reporting, California Proposition 65 Reporting, and the Supplier Request for Change Procedure. A list of regulations to comply with can be seen below under Material Compliance (page 9).

## Supplier Management Program

### Objective

The Horton Supplier Management Program is based on the fundamentals of quality, delivery performance and support. The purpose of this program is to continuously measure, develop and, if necessary, improve the performance of our suppliers. Horton expects to accomplish this by driving improvement of the key performance requirements. Horton will work with suppliers who consistently and reliably perform at or above Horton’s expectations.

### How We Measure Success

Horton expects suppliers to comply with on time deliveries and defect free products, 100% OTD and 0 PPM. The Horton Supplier Management Program has a total score of 100 available points for evaluating suppliers’ performance monthly. This score is based off Parts Per Million (PPM) and On-time Delivery (OTD).

Approved suppliers need to strive to achieve Top Performer category or higher and attain a minimum score of 80 points (80%). Supplier performance information will be evaluated and sent monthly. Approved suppliers who fall below this rating may be requested to submit an action plan. Progress against the action plan will be reviewed by the Horton Commodity Team. If sufficient progress by the supplier is not made against the agreed plan, the Horton Commodity Team will determine the appropriate course of action. Action may include the removal of the supplier from the Approved list, resulting in no new business awards and/or elimination from the Horton supply base.

### Evaluation Criteria and Distribution of Points

**Parts Per Million (PPM):** The PPM score is made up of the components produced and those that have failed. PPM agreements are made with all suppliers to ensure consistent quality or to regulate exactly who bears the costs in the event of failures or defective components. The PPM score is calculated with the following formula:

$$PPM = \frac{\text{Failure per period under consideration}}{\text{Number of manufactured parts per period under consideration}} * 1,000,000$$

PPM defects are pro-rated according to *Table 1*.

Table 1

Supplier PPM	Score
0	50
1-50	45
51-250	40
251-500	35
501-1000	30
1001-5000	25
>5000	0

The casting industry is not currently capable of achieving the prescribed defect levels for non- machined castings. PPM defects based on castings are pro-rated according to *Table 2*.

Table 2

Supplier PPM	Score
0-2500	50
2501-3500	45
3501-4500	40
4501-5000	35
5001-10000	30
>10000	0

**On-Time Delivery (OTD):** The OTD score considers items received on time measured against the need- by date on the purchase order. The window for an order line to be received and be considered on- time is **five days early, zero days late** of the need-by date found on the purchase order. All orders must be delivered 100% within the specified time. If an order is delayed, we must be informed in advance. All costs incurred due to late deliveries (e.g., special freight charges) will be borne by the supplier. Product is considered delivered upon receipt of goods into Horton’s business, so suppliers must allow enough time for transportation and in-house processing at Horton.

The OTD score is calculated with the following formula:

$$OTD = \frac{\text{Number of delivered parts within the on – time window per period under review}}{\text{Total number of parts supplied per period under review}}$$

Points for the OTD are pro-rated according to *Table 3*.

Table 3

Supplier OTD %	Score
>99%	50
>98%	45
>95%	40
>90%	35
>85%	30
>80%	20
≤80%	10

## Supplier Quality Manual

This Supplier Quality Document is intended to assist our current suppliers and potential new suppliers with the basis for understanding the quality expectations of Horton. It establishes the minimum quality requirements for all suppliers of production materials, whether the products being furnished are provided by the supplier directly or are purchased from sub-tier suppliers for the use in Horton products. Please view the Supplier Quality Manual with the link below.

<https://www.hortonww.com/wp-content/uploads/documents/supplier-quality-manual-20230720.pdf>

## Supplier Change Notification Process

The purpose of this process is to define the procedure suppliers must follow when requesting a change to product, process, equipment, or any other component which may directly or indirectly impact quality, cost, delivery, performance, appearance or otherwise alters the condition of the material as agreed in the original standard, print, specification, or purchase order. In all cases, a completed Supplier Request for Change Form must precede a change. The Supplier Change Request Form can be accessed via:

<https://www.hortonww.com/resources/supplier-information/supplier-request-for-change/>

Table 4

Change Category	Example	Approval Required
Mfg. Plant Environmental Conditions	Change/addition of production sites that manufacture Horton products.	Yes
	Changes in the work environment that could affect the manufacturing or storage condition of Horton products. Example: excessive humidity	Yes
	Changes that do not affect Horton product. Example: lighting change.	No
Mfg. Processes, Equipment & Tooling	Change of production line layouts. Example: physically moving a machine.	No
	Shift Changes.	No
	Maintenance of work standards Preventive Maintenance.	No
	Change of production methods.	Yes
	Adding, deleting, changing to/from automated manufacturing processes.	Yes
	Addition, modification, repair/transfer or jigs, tools, or fixtures.	Yes
	Changes to processing conditions or methods.	Yes
Materials / Supply Base	Adding new equipment that will be used to manufacture Horton product.	Yes
	Change/addition of a supplier, sub-tier supplier, outside or contract manufacturer.	Yes
	Any changes that will affect the fit, form, function or appearance of a material that is or is not specified on a drawing.	Yes
Inspection / Calibrated Devices	Requesting to use recycled materials or changing mixing ratios/times, etc.	Yes
	Changes to the in-process or raw material sampling methods, number of inspection points, inspection items or ratios.	No
	Changes to final inspection sampling plans, number of inspection points, inspection items or ratios without having data to substantiate the changes.	Yes
Packaging/Warehouse conditions	Changes to or the inability to recalibrate gages or equipment used to validate Horton products prior to shipment to Horton.	Yes
	Changes to “internal” packaging components or configurations.	Yes
	Changes to “external” packaging components or configurations.	Yes
	Change of transportation methods (freight forwarders, air vs sea, etc.)	Yes
	Changes to packaging quantities (relative to the originally agreed upon specs).	Yes
	Changes to the warehouse environment that could affect the manufacturing or storage condition of Horton products.	Yes
	Physical location changes of warehouse / storage area.	Yes

## Shipping and Packaging

### Bill of Lading

For prepaid shipments, clearly mark prepaid on the bill of lading. For collect shipments, contact Horton@SupplyChainSolutions.com for a BOL. All collect shipments are billed through a third party. Any BOL submitted directly through a carrier will be denied payment. (Any supplier on the preidentified internal “milk run” route should continue to contact Dahme Trucking. If you were not previously identified, please follow the steps above.)

### Packing Lists

All shipments must include a Packing List that provides the following minimum information in human readable text and alphanumeric barcode symbology 128b or 39 (Standard Non-Full ASCII). Code 128b is preferred because part numbers assume much less space than code 39.

1. Horton’s Purchase Order Number. If a blanket Purchase Order is used, please indicate purchase order release number.
2. Horton Part Number(s), Revision level, Date and Descriptions.
3. Supplier Packing Slip number.
4. The quantity of each item included in the shipment.

If a Packing List is attached to the Bill of Lading, a second copy must be attached to one of the shipment’s containers, clearly marked “Packing Slip Enclosed.”

### Packaging of Parts

1. Only one part number should be contained per package. Never mix multiple part numbers in a box or container.
2. Date codes or pour dates cannot be mixed, unless pre-approved by Horton to mix a maximum of two date codes or pour dates to accommodate transition times.
3. All packaging will have no less than two barcode labels including Horton part number, revision levels, purchase order, quantity, and line number (systems permitting). These labels are to be visible on adjacent sides of box or container.
4. Barrels or wood crates, pallets, and containers must be in sound condition and heat treated. They must also contain the proper labeling. Packages should be marked 1 of 5, 2 of 5, 3 of 5, etc.
5. Suppliers who provide Horton product as part of the “consignment program” must mark each bag or container “Consignment Inventory-Dock to Stock.”
6. All products with a shelf life must have the cure date on the package or product label. These items include seals, sealants, hardware with lock-patch, etc.

### Packaging Design

Supplier is responsible for design and procurement of expendable packaging. Packaging must protect the parts from damage, corrosion or other defects during the entire distribution chain and warehousing of up to 6 months. Horton recommends additional testing or validation for high risk or high value parts.

Horton packaging engineering will assist in developing acceptable expendable or returnable packaging on request or in certain circumstances. Approval of the pack design and cost must be completed prior to the first shipment.

### **Palletization of Packaged Parts**

1. Inbound Product Weight Restrictions: Individual shipping containers or pallets must not exceed 2500# gross weight, and product furnished in open top packaging cannot extend beyond the max. height of the container.
2. Horton requests that its' suppliers use standard 40" X 48" 4-way double entry pallets with standard 3 1/2" sideboards. Variation to these criteria must be pre-approved or requested by Horton.
3. Material should not extend beyond the facing edge of the pallet and should be placed with labels facing outside to allow easy reading of labels on the adjacent sides of boxes or containers.
4. Where pre-approved, materials that are not packaged or do not fit standard palletization must be shipped on pallets of appropriate size.
5. All material must be banded or stretch wrapped to ensure damage does not occur during shipment.
6. It is the supplier's responsibility to ensure that loads are placed in carrier equipment, so they do not shift during transport. When double stacking pallets, load separators should be used.
  - a. Bearings must never be double stacked.

### **Mixed Loads**

If the part quantity shipped is not sufficient to form complete pallet loads those packages or containers containing the parts may be combined with the packaging of another pallet. The pallets must have a "MIXED LOAD" label attached. No part can appear on more than one mixed pallet per shipment. The label should be placed on two sides, at least 4"x6" in size, 1" lettering, top right location on pallet.

### **Supplier Bar Code Label Specifications**

Please review the Supplier Documentation for Barcode Labels via the link below:

<https://www.hortonww.com/wp-content/uploads/supplier-barcode-labels.pdf>

### **Returnable Containers**

Through agreement with Horton, suppliers may utilize returnable packaging.

1. All returnable containers must be approved in writing by a representative from the Horton safety committee prior to program implementation.
2. Casting suppliers must use Horton returnable containers, or Horton approved pallets/containers.
3. that are 30" x 36" to accommodate Horton storage racks.
4. It is the supplier's responsibility to keep all packaging clean, including removing old labels, and to inspect all containers for damage before use. Only clean containers should be used to transport product.
5. Horton owned returnable containers are to be treated as product. It is the supplier's responsibility to maintain Horton returnable in a safe environment and free from damage. All damage must be reported to Horton personnel immediately.
6. Labels on returnable packaging should be removable without use of excessive force or cleaning agents. Non-stick label placards should be used.
7. Return documentation with reference number must be included with each return.

### **Delivery Policy**

All orders must obtain to the Supplier Management Program OTD performance requirements (page 4).



## Material Compliance

Horton is committed to doing business in an ethical manner, consistent with all applicable laws and regulations. Although, some regulations may not directly apply to Horton, many of our customers are required to comply and Horton is committed to complying with the following requirements, and we expect our suppliers to comply as well. Please note that these requirements are ever-changing and driven by a dynamic environment and evolving Horton customer expectations. If suppliers are not compliant with UpToDate regulations, Horton may redirect our business to other compliant suppliers.

- **Conflict Minerals.** The U.S. Dodd-Frank Act required the Securities and Exchange Commission (.SEC.) to adopt rules to require certain SEC registrants to publicly disclose their use of Conflict Minerals originating from the Democratic Republic of the Congo (.DRC.) or an adjoining country due to concerns about human rights abuses associated with the mining and sale of such minerals. These rules went into effect at the end of 2012 and require publicly traded companies to report on their Conflict Mineral use annually starting in 2013.
- **REACH.** The REACH Regulation is a European Union regulation enacted to improve the protection of human health and the environment from the risks that can be posed by chemicals. This includes the registration, evaluation, authorization, and restriction of chemical substances.
- **Restriction of Hazardous Substances (RoHS).** This directive regulates certain requirements for placing electrical and electronic equipment on the market. Its purpose is to ban certain hazardous substances from electrical and electronic equipment. For this purpose, the RoHS Directive restricts the use of certain substances in electrical and electronic equipment.
- **Prop 65.** Officially known as the Safe Drinking Water and Toxic Enforcement Act of 1986, Prop 65 is a law to protect and inform the state of chemicals in the state's drinking water that can cause cancer, birth defects or other reproductive harm. This law requires companies to disclose and label products that contain one or more chemicals on the specified list.
- **Toxic Substance Control Act (TSCA).** The TSCA authorizes the EPA to regulate all chemicals produced or imported into the United States to prevent unreasonable risks to health and the environment. If you import chemical substances, mixtures, or articles, you are subject to TSCA.
- **Per and Polyfluoroalkyl Substances (PFAS).** PFAS are long last chemicals that resist grease, oil, water, and heat. Suppliers whose products contain intentionally added PFAS are required to notify DTNA Product Compliance of the added presence in each product.
- **Chemical Data Exchange (CDX).** The CDX is an application used by EPA to manage the environmental data and collect information on the manufacturing, processing, and industrial, commercial and consumer uses of certain chemical substances on the TSCA. Manufacturers are required to report if they meet certain volume thresholds of a chemical substance at any single site.
- **Persistent Organic Pollutants (POPs).** POPs are toxic chemicals that adversely affect human health and the environment around the world. In the 2001 treaty, Stockholm Convention, the United States and ninety other countries agreed to reduce/eliminate the production, use or release of twelve key POPs.
- **International Material Data System (IMDS).** IMDS, is an internet-based database for archiving, exchange, and management purposes of materials. It facilitates the recycling and reuse of end-of-life vehicles and their components. IMDS was developed on behalf of the automotive industry to comply with the End-of-Life Vehicle Directive (ELV Directive) and to transmit material data in a secure and fast way.

## Code of Conduct

At Horton, we believe that adhering to the highest possible standards of integrity and ethical behavior is the only way to succeed in all areas ranging from corporate and social responsibility to sound and responsible business ethics. This Supplier Code of Conduct, while not all inclusive, is established to serve as a guideline of expectations, highlighting some key laws and regulations, as well as outlining additional requirements that Horton expects its suppliers to meet. Suppliers must take reasonable measures to ensure that their suppliers and sub-contractors act in accordance with this Supplier Code of Conduct.

### Applicable Laws, Regulations and Practices

Suppliers are required to act in accordance with all applicable federal, state, and local laws and regulations. Where applicable, suppliers must comply with all relevant international laws.

### Legal and Regulatory

- **Export Control Laws.** Horton is subject to laws that regulate, restrict, and sometimes prohibit business dealings with certain countries, entities, and individuals. These restrictions include controls on export and re-export of goods that originate in the United States or that contain U.S. parts, components, sub-assemblies, or assemblies. International Traffic in Arms Regulation (ITAR) rules may apply to products or technical data used in any type of military application. Suppliers must be aware of these restrictions.
- **Bribery and Corruption.** Horton forbids all bribery to anyone, anywhere. Suppliers must follow all anti-bribery laws throughout the world and educate their employees about compliance with these laws and specifically The United States Foreign Corrupt Practices Act (FCPA).
- **Fair Competition and Anti-Trust Compliance.** Suppliers must comply with all local anti-trust or anti-competition laws and regulations. These laws deal with agreements among competitors to engage in price discrimination or other acts that may unfairly reduce competition.
- **Responsible Sourcing.** Through due diligence, Horton suppliers and their subcontractors are expected to discern the source of the raw materials in their products to uphold the highest standards of integrity and ethical behavior. Horton is committed to these standards and recognizes the negative implications of conflict minerals in terms of human rights violations, ethics violations or environmental impacts. Suppliers must acknowledge their commitment to responsible sourcing along their supply chains.
- **Conflicts of Interest.** Suppliers must avoid conflicts of interest in their business activities and conduct business on objective measures.
- **Private & Public Security Forces.** Suppliers shall limit any use of security forces to providing security to the business in accordance with the law.

### Workplace and Human Rights

- **Respect and Dignity.** Proper measures must be taken to promote a workplace free from harassment, harsh treatment, threats of violence, corporal punishment, or other forms of coercion.
- **Voluntary Employment.** Horton suppliers must ensure that no forced labor, including bonded, indentured, and involuntary prison labor is used. Only voluntary employment may be utilized, and workers must be allowed to terminate the employment at any time upon reasonable notice.
- **Child Labor.** Horton suppliers and their subcontractors are forbidden from using child labor in any circumstance. The term “child” refers to any person employed under the age of 15 (or 14 where the applicable laws permit). Horton suppliers must ensure proper employment of minors at all stages of the process.

- **Working Hours, Conditions, and Wages and Benefits.** Horton suppliers must comply with all applicable laws governing the number of maximum work hours, vacation time, leave periods and holidays. Suppliers' employees shall not work beyond the maximum working hours permitted by applicable law. Suppliers will compensate for overtime hours in accordance with applicable laws. Suppliers must comply with all applicable laws regarding working conditions, including worker health and safety, sanitation, fire safety, risk protection and electrical, mechanical, and structural safety by implementing an employee safety management system such as OHSAS 18001. Suppliers must provide compensation, including regular wages and overtime hours, and legally mandated benefits, in accordance with all applicable laws and standards.
- **Commitment to Freedom of Association.** Horton requires that its suppliers recognize and respect the rights of employees to freely associate, organize, and collectively bargain in accordance with all applicable laws. Additionally, Horton encourages its suppliers to establish open communication and direct engagement between employees and management as a means by which to support positive employee relations.
- **Non-Discrimination.** Horton expects its suppliers to promote equal treatment and equal opportunity and to prohibit discrimination of any kind in hiring and in promoting or granting training and development. No employee shall be discriminated against based on sex, age, nationality, color, ethnic origin, culture, sexual orientation, disability, religious affiliation, belief, disability, or trade union activity.

### Environmental Compliance

**Environmental Responsibility.** Suppliers to Horton must make every effort to protect the environment and must comply with all applicable laws and regulations. Horton encourages all its suppliers to consider registration to the international environmental standard, ISO-14001.

The following are key environmental aspects suppliers should consider within their supply chain:

- **Climate Protection.** Protecting the climate actively and sustainably, for example by increasing energy efficiency, generating, or purchasing energy from renewable sources, and taking other measures to reduce CO2 and greenhouse gas emissions.
- **Biodiversity, land use and deforestation.** Suppliers are expected to follow biodiversity regulations, ensure proper land use, discourage deforestation, and focus on animal welfare.
- **Preservation of the Natural Basis of Life.** The supplier undertakes to protect the natural basis of life as much as possible; in particular, they shall take care to refrain from harmful soil changes, water and air pollution, noise emissions and excessive water consumption.
- **No Unlawful Eviction.** Suppliers must not engage in unlawful eviction or unlawful deprivation of land, forests and waters through acquisition, development, or use.

### Horton Technology, Information, and Intellectual Property

**Confidential Information.** The secure use and distribution of information and data in the workplace is critical to Horton and our supply base in today's competitive marketplace. Both parties must maintain physical and electronic security for all confidential. If confidential information is to be discussed or exchanged between Horton and the supplier or the supplier and a Third Party, the parties must first ensure that a confidentiality or non-disclosure agreement has been signed and is in place.

## Horton Terms and Conditions

1. **ACCEPTANCE.** Acceptance of this Purchase Order ("Purchase Order") must be made on the exact terms herein. The shipment by Seller of the goods described on the front side hereof (the "Goods") shall conclusively be deemed an unconditional acceptance by Seller of the terms and conditions ("Terms") set out in this Purchase Order notwithstanding any provision in any acknowledgement, invoice, quotation, or other document of any kind of Seller.
2. **REVOCATION.** Horton, Inc. ("Horton") may, in its discretion, revoke this Purchase Order at any time before acceptance by Seller.
3. **DELIVERY.** The Goods shall be delivered to the destination specified on the front side hereof no later than the date set forth on the front side hereof. All Goods are to be provided F.O.B. destination. All risk of loss or damage in transit shall be borne by Seller. Any documents necessary to enable Horton to obtain the Goods from the carrier when delivered will be mailed to Horton at or prior to shipment.
4. **PACKING AND SHIPPING.** Deliveries shall be made as specified without charge for boxing, crating, carting, or storage unless otherwise specified, and the Goods shall be suitably packed to secure lowest transportation costs, in accordance with the requirements of common carriers, and in such manner as to assure against damage from weather or transportation. The Goods shall be described on bills of lading in accordance with current Motor Freight or Uniform Freight Classification, whichever is applicable. Horton's order numbers and symbols must be plainly marked on all invoices, packages, bills of lading and shipping orders. Packing lists shall accompany each box or package shipment. Horton's count or weight shall be final and conclusive on shipments not accompanied by packing lists. Except as consented to by Horton, Seller shall not ship in advance of schedule and shall ship exact quantities ordered.
5. **WARRANTIES.** Seller warrants to Horton and its customers and to users of the Goods that all Goods (a) will conform to all specifications, drawings, descriptions, and samples set forth in or referred to in this Purchase Order and any applicable governmental or regulatory standards, (b) will be new, (c) will be free from defects in material or workmanship, (d) will conform to any statements made on the containers or labels or advertisements for such Goods, (e) will be adequately and properly contained, packaged, marked and labeled, (f) will be merchantable, (g) will be free from design defects (except for any defects related to designs provided by Horton), (h) will be free from any encumbrance, lien or claim, and (i) will conform in all respects to all samples. If Seller knows or has reason to know the particular purpose for which Horton intends to use the Goods, Seller warrants that such Goods will be fit for such particular purpose. Seller's warranties shall run to Horton, its successors, assigns and customers, and users of products sold by Horton.
6. **REMEDIES.** In the event of a breach of any warranty given by Seller to Horton, Horton shall be entitled to exercise any and all of the remedies available under the Uniform Commercial Code, as adopted in Minnesota.
7. **PRICE; TERMS OF PAYMENT.** Seller represents that the prices specified herein for the Goods are not less favorable than those currently extended to any other customer of Seller for the same or similar articles in similar quantities. In the event Seller reduces its price for such articles prior to completing performance under this Purchase Order, Seller shall notify Horton and reduce the prices for the Goods correspondingly. Seller warrants that prices shown on this Purchase Order are complete, and that no additional charges of any type (including, but not limited to, charges for shipping, packaging, labeling, custom duties, taxes, storage, insurance, boxing, carting) shall be added without Horton's express written consent. Terms of payment shall be as specified on the front side hereof.
8. **INSPECTION.** Upon delivery, Horton shall have a reasonable time within which to inspect the Goods before accepting or paying for them. If upon inspection Horton determines that the Goods do not conform to the description on the front side hereof or any warranties contained herein, Horton shall have the right to preserve and keep a sample of the Goods tendered for the purpose of having evidence of the kind and quality of the Goods tendered. In addition to the foregoing, Horton may inspect the Goods during production at Seller's facilities during Seller's regular business hours. No inspection, test, acceptance, or use of the Goods by Horton shall affect Seller's warranties or Horton's rights hereunder, and such warranties and rights shall survive any such inspection, test, acceptance, or use.
9. **REJECTION.** In the event any Goods to be delivered hereunder fail to conform to the terms of this Purchase Order, or in the event delivery is not made as herein provided, Horton may, at its option, reject the whole, or accept any unit or units and reject the rest. If Horton rejects any part of the Goods delivered or tendered under this Purchase Order, it shall forthwith notify Seller in writing. Said notice of rejection shall specify all claimed defects and nonconformity in the Goods; provided however, that failure by Horton to state a particular defect shall not preclude Horton from relying upon the unstated defect to justify rejection or to establish breach.
10. **TERMINATION.** Horton shall have the right to terminate, cancel or suspend, by written notice, in whole or in part, this Purchase Order. Except in case of termination by Horton for breach by Seller of the terms hereof, allowance will be made for normal and reasonable expenses incurred by Seller prior to receipt of notice of cancellation, but Horton will not be liable for any charges or expenses incurred by Seller in advance of the normal or reasonable lead time necessary to meet scheduled delivery dates nor for any expenses, charges or liability incurred subsequent to the giving of notice of cancellation.
11. **FORCE MAJEURE.** Failure of Seller to make, or of Horton to take, all or any part of any delivery hereunder, if such failure is due to acts of God, war, labor difficulties, breakdowns or damage to Seller's facilities or Horton's facilities, embargoes, shortages of transportation equipment and any other cause beyond a party's control, shall not subject such party to any liability to the other party; provided however, that in the event Seller is unable to meet the delivery schedule provided by Horton due to conditions beyond Seller's control, Horton may, if it chooses and without liability to Seller, refuse shipment or any other schedule unless such schedule has been submitted to and approved by Horton.
12. **NONCONFORMING GOODS.** Seller will not substitute nonconforming Goods, or back-order Goods without first obtaining Horton's consent thereto.
13. **PROPRIETARY INFORMATION - CONFIDENTIALITY - ADVERTISING.** All information furnished by Horton shall be confidential and Seller shall not disclose any such information to any other person or use such information itself for any purpose other than performing this Purchase Order unless Seller obtains prior written permission from Horton to do so. This paragraph shall apply to drawings, specifications, or other documents prepared by Seller for Horton in connection with this Purchase Order. Seller shall not advertise or publish the fact that Horton has contracted to purchase goods from Seller, nor shall any information relating to this Purchase Order be disclosed without Horton's express written permission. Unless otherwise agreed in writing, no commercial, financial, or technical information disclosed in any manner or at any time by Seller to Horton shall be deemed secret or

confidential and Seller shall have no rights against Horton with respect thereto. Seller recognizes that Horton's employees have no authority to accept any information in confidence.

14. **INDEMNIFICATION.** Seller shall defend, indemnify and hold Horton, and Horton's customers and users of the Goods harmless from and against any and all claims, expenses (including reasonable attorneys' fees), or losses suffered or incurred by Horton as a result of or arising out of a claim that (a) any Goods infringe on any patent, trademark, copyright or other intellectual property right of any person or entity or (b) from breach of the warranties set forth in Paragraph 5 of these Terms. Horton may be represented by and actively participate through its own counsel in any such suit or proceeding if it so desires, and the costs of such representation shall be paid by Seller. The fact that Horton furnishes specifications to Seller with respect to any such article shall neither relieve Seller from its obligations hereunder nor limit Seller's liability therefor, nor shall the same be deemed to constitute an undertaking by Horton to hold Seller harmless against any such claim which arises out of compliance with the specifications.
15. **NON-WAIVER.** Waiver by either Seller or Horton of a breach by the other of any provision of this Purchase Order shall not be deemed a waiver of future compliance therewith, and such provision shall remain in full force and effect.
16. **MODIFICATION.** With the exception of express warranties made by Seller to Horton which are not set forth herein, this writing is intended by the parties as a final and complete expression of their agreement as to the subject matter hereof, and shall supersede all prior oral or written negotiations, understandings, or agreements with respect thereto. This Purchase Order may be modified or rescinded only by a writing signed by the duly authorized agents of the parties. The express terms hereof shall not be varied by any course of dealing, performance, or usage of trade. ACCEPTANCE OF THIS PURCHASE ORDER IS EXPRESSLY LIMITED TO THE TERMS HEREOF. ANY DIFFERENT, CONFLICTING OR ADDITIONAL TERMS IN ANY INVOICE, SALES ACKNOWLEDGMENT OR OTHER DOCUMENT PROVIDED OR OFFERED BY SELLER ARE HEREBY EXPRESSLY REJECTED.
17. **ASSIGNMENT.** This Purchase Order may not be assigned by Seller, nor may Seller delegate its duties hereunder, without the prior written consent of Horton.
18. **GOVERNING LAW/FORUM SELECTION.** This Purchase Order shall be construed and interpreted in accordance with the laws of the State of Minnesota without reference to the principles of conflict of laws. Any proceedings arising from or related to breach of this Agreement shall be brought only in the state or federal courts located in the State of Minnesota. Seller hereby consents to the jurisdiction of such courts over any such actions.
19. **GRATUITIES.** Seller warrants that neither it nor any of its employees, agents or representatives has offered or given any gratuities to Horton's employees, agents, or representatives with a view toward securing this Purchase Order or securing favorable treatment with respect thereto.
20. **NOTICE OF HAZARDOUS SUBSTANCES.** Seller warrants that the Goods do not contain or constitute a hazardous or toxic substance or material or in any way pose a danger to Horton or its officers, agents, employees, or customers or to any other person or entity. Seller shall promptly notify Horton if it at any time discovers or concludes that the Goods contain or constitute a hazardous or toxic substance or material or might otherwise constitute a threat to human health, welfare, or the environment.
21. **CONFLICT MINERALS.** Unless Horton specifically agrees in writing that particular Goods may contain a particular material, Seller warrants that the Goods do not contain "conflict minerals" as defined by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 as it may be amended from time to time and any regulations, rules, decisions or orders relating thereto adopted by the Securities and Exchange Commission or any successor governmental agency responsible for adopting regulations relating thereto (collectively, "Dodd-Frank Section 1502"). Without limiting the generality of the foregoing, Seller agrees to disclose to Horton, upon Horton's request, to the extent known or discoverable by Seller following inquiry, the original source and amounts of all minerals contained in the Goods. Seller shall comply with all laws regarding the sourcing of minerals, including, without limitation, laws prohibiting the sourcing of minerals from mines controlled by combatants and Dodd-Frank Section 1502. Without any further consideration, Seller shall provide such further cooperation as Horton may reasonably require in order to meet any obligations it may have, directly or indirectly, under conflict minerals laws, including, without limitation, under Dodd-Frank Section 1502.
22. **TAXES.** Unless expressly otherwise stated on this Purchase Order, Horton shall not be liable for any federal, state, or local taxes related to the sale, purchase or use of the Goods, and Seller shall indemnify Horton with respect thereto.
23. **COMPLIANCE WITH LAW.** Seller shall, in the performance of this Purchase Order, comply with all applicable laws, executive orders, regulations, ordinances, proclamations, demands and requisitions of any federal, state, or local governmental authority which may now or hereafter govern performance hereunder. Seller, in accepting this Purchase Order, represents that the Goods to be furnished hereunder were or will be produced or performed in full compliance with all applicable laws. To the extent applicable, Seller agrees to be bound by, comply with, and fully implement the following orders, regulations and clauses, each of which are incorporated by reference: 41 CFR §60- 1.4, 41 CFR §61-300.10, 29 CFR Part 471 Appendix A to Subpart A, 41 CFR §60-300.5, 41 CFR§60-741.5, and, Employment Eligibility Verification under the Federal Acquisition Regulations (48 CFR 52.222-54). As a contractor and subcontractor shall abide by the requirements of 41 CFR §60-300.5(a) and §60-741.5(a). These regulations prohibit discrimination against qualified individuals on the basis of protected veteran status or disability and require affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans and individuals with disabilities.
24. **PRODUCT – PROCESS CHANGE.** With respect to any Goods purchased by Horton hereunder, Seller may not, without first obtaining Horton's prior written approval, change raw materials, Seller's manufacturing facilities, the tooling used to produce such Goods or in any manner change the process used to produce such Goods from the process described in the pre-production approval process submitted to Horton.
25. **ACCESS TO SELLER'S FACILITIES.** Horton, its representatives, and its customers, shall have the right upon reasonable notice to Seller, to inspect the facilities, equipment and processes used by Seller to produce the Goods purchased hereunder and to inspect the Goods at Seller's facilities. Any such inspections shall occur during normal business hours at mutually convenient times and shall be performed in a manner reasonably designed to limit any disruption to Seller's operations.



## Confirmation

# Horton Supplier Manual

We hereby confirm receipt and acknowledgement of this Supplier Manual. This represents the basis for all purchasing processes of Horton.

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For and on Behalf of

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Print Name

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Signature

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Date

Please complete, sign, and return the manual to your purchasing contact.