



PRECISION STAMPING & ASSEMBLY
SINCE 1912

Terms & Conditions of Purchase

Parties

The term "H&M" refers to Hobson & Motzer, Inc.

The term "Buyer" is an agent authorized to make purchases on behalf of Hobson & Motzer, Inc.

The terms "Seller" or "Supplier" is the Organization or Individual to whom the Purchase Order is addressed.

Acceptance

By accepting this Purchase Order, either by acknowledgement or performance hereunder, Seller agrees: (a) that the terms and conditions set forth on the face hereof, and all documents expressly included by reference herein constitute the entire agreement between the parties, and (b) to comply fully with the terms and conditions of purchase set forth on the face of this document. Acceptance of the Purchase Order is expressly limited to the terms and conditions of the order and not subject to the Seller's terms and conditions unless expressly agreed in writing by an H&M authorized representative. Clerical errors and omissions are subject to correction by Buyer at any time. An acknowledgement is requested to be returned upon receipt of order.

Specifications

Specifications, requirements, drawings, notes, instructions, engineering information or technical data (collectively "Specifications") shall be incorporated into the order by their reference. Supplier shall be fully and solely responsible for obtaining data adequate to design, manufacture, fabricate, construct, and deliver any product in compliance with all requirements of the order. No changes are to be made to the Specifications or the product manufactured from those Specifications without written approval from H&M. Supplier shall obtain from H&M written approval of all Specification deviations prior to delivery to H&M.

Changes

H&M shall have the right at any time to make changes in drawings, designs, specifications, materials, packaging, time and place of delivery, and method of transportation. If any such changes cause an increase or decrease in the cost, or the time required for performance, an equitable adjustment shall be made and the Order modified accordingly. Supplier agrees to accept any such changes subject to this paragraph.

The Seller shall not substitute alternate product, materials, or processes without written approval from H&M.

Warranty

H&M may require Supplier to promptly repair or replace, at Buyer's option, any goods which are found to be non-conforming and may return ship the goods to the Supplier at Supplier's expense and risk of loss.

Supplier shall conduct a review, analysis, and any other activity required to evaluate whether the returned goods are non-conforming and covered by the Warranty at no expense to Buyer.



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Supplier warrants to Buyer that all documentation and certifications by Supplier or Supplier's subcontractors or business partners related to the goods, Services and Order, as applicable, are current, complete, truthful, and accurate and have been signed or stamped, as applicable, by individuals authorized and qualified to sign or stamp such documentation and certifications.

Payments and Invoices

Unless otherwise agreed by H&M and Seller in writing, payment terms shall be 30 days from receipt of invoice. Unless otherwise agreed upon, no invoice shall be issued before a shipment or performance of the items Ordered. No payment shall be made before receipt of items and a proper invoice issued for such items.

Packaging, Shipping, and Delivery

All packaging and shipping documents must bear the Purchase Order number. The shipment must include documentation specifying (a) goods and quantities in each container, (b) Material Number and Revision, (c) Certificate of Compliance (as required) which accurately reflects materials and methods of manufacture. Where applicable the documentation must also include gross, tare, and net weights for the product. Seller shall deliver the item(s) specified on the order to the Buyer by or on the date(s) specified on the Purchase Order. If the seller fails to make delivery of any part of the order on the date indicated, the Buyer retains the right to terminate the order and pursue other remedies. The seller agrees that any delays to the delivery will be communicated to the Buyer as soon as known to allow for alternate agreement.

Inspection

H&M shall have the right to inspect and test all goods and/or services delivered under the Order. Neither receipt nor payment for goods and/or services shall constitute acceptance. H&M may reject any or all items that are non-conforming, as determined by H&M reasonable judgement. H&M failure to inspect shall not relieve Seller of any of its responsibilities. Material shipped in quantities in excess of H&M stated requirements may be returned at Sellers expense.

Supplier agrees to maintain an ISO 9000, or equivalent compliant quality program, and to use all reasonable efforts to deliver product free of defects in workmanship or material. H&M shall have the right to reject shipments that exceed defect levels mutually agreed to by the parties hereto.

Any corrective action requested by H&M, H&M's Customers and/or any said authority following any such inspection, test, audit or investigation shall be implemented by Supplier at Supplier's cost.



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Loss or Damage

Supplier shall ensure that Hobson & Motzer product is not damaged or lost while under their control, including in transit. Supplier liability for lost or damaged parts may exceed the financial terms of the Purchase Order depending on the remedy. Liability for loss or damage may include costs involved with repair or re-manufacture of parts if deemed unusable; costs may include but are not limited to material costs, labor costs (engineering and manufacture), expediting costs, and transportation costs.

Overshipment

Seller is instructed to ship only the quantity specified in the Purchase Order. However, small (less than 5%) deviation caused by conditions of loading, shipping, packing, or allowances in manufacturing processes may be accepted by the Buyer. In the case where the finished quantity of a custom manufactured item exceeds the Purchase order by more than 5%, the Seller shall notify the Buyer prior to shipment for authorization. Buyer reserves the right to return any unauthorized overshipment at the Sellers expense.

Termination for Convenience

H&M may, by written notice to the Seller, terminate the Order, or any part thereof, for any reason. Upon notice of termination, Seller shall immediately stop all work in connection with the order, including any work at its suppliers or subcontractors. If H&M terminates for convenience, H&M shall pay Seller for goods and services accepted as of the date of termination.

Termination for Cause

H&M may, by written notice to Seller, terminate the Order, or any part thereof, if Seller breaches any of the terms and conditions of the Order, becomes insolvent or files for bankruptcy protection. By way of example, (a) failure by Seller to make timely, complete and conforming delivery of goods or services, or (b) breach of the representations or warranties set forth in the Order, shall entitle H&M to terminate the Order for cause. In the event that H&M terminates for cause, H&M shall have no payment obligations to the Seller.

Confidentiality

Seller shall preserve in strict confidence all confidential, sensitive or proprietary information of H&M received from H&M, whether or not marked "Proprietary" or "Confidential", and whether written or oral, using the same degree of care as it takes to preserve and safeguard its own confidential and proprietary information. Seller will not (a) disclose or cause to be disclosed at any time any confidential information obtained from H&M, or (b) use or cause to be used any of such Confidential information for any purpose, except as required in the performance of the services required by the order. Seller represents, warrants and covenants that it shall maintain physical, electronic, and procedural safeguards designed to protect the security, integrity, and confidentiality of all Confidential Information.



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Compliance with Laws

Supplier shall comply with all applicable national, federal, state, provincial, and local laws, ordinances, rules, and regulations applicable to the performance of the Order, except to the extent inconsistent with U.S. antiboycott laws, including the manufacture or provisioning of goods and the supply of Services, the shipping of goods and the configuration or content of goods and/or Services for the use intended by Buyer.

RoHS

Seller warrants and agrees that the goods or services sold to Buyer under this Order and specified to be “RoHS compliant” shall be fully compliant with the European Union Directive No. 2002/95/EC on the Restriction of Hazardous Substances (“RoHS”). Upon Buyer’s request, Seller shall promptly provide Buyer with access to all necessary information and records evidencing the goods’ RoHS compliance.

Additionally, Seller shall promptly provide material declarations upon request with respect to the goods provided to Buyer hereunder.

REACH

Seller warrants and agrees that each chemical substance or its preparations on their own or contained in goods sold or otherwise transferred to Buyer will be supplied in full compliance with European Regulation (EC) No. 1907/2006 Registration, Evaluation, Authorization and Restriction of Chemicals (“REACH”), is not restricted under Annex XVII of REACH and if subject to authorization under REACH, is authorized for Buyer’s use.

Seller shall investigate and communicate to Buyer if there are any substances present in the Products, or in any of the processes used to manufacture, assemble, use, maintain or repair, and shall provide Buyer with access to all relevant information on substances meeting the criteria under REACH Annex XIV (the “candidate list”) including the name of the substance, where the substance is used, and sufficient information to allow Buyer to safely use the goods, or fulfill its own obligations under REACH.

Where the Products or parts thereof meet the definition of “articles” under REACH and contain chemical substances listed on the Candidate List, Supplier undertakes to timely provide Buyer with all relevant information on such Products and parts that Supplier and/or its suppliers are required to communicate down the supply chain under the REACH Regulation, including safe use information compliant with REACH.



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Conflict Minerals

Supplier recognizes, consistent with the public policy underlying enactment of the Conflict Minerals provision (Section 1502) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”), the significant legal and non-legal risks associated with sourcing tin, tantalum, tungsten and gold (the “Conflict Minerals”) from the Democratic Republic of the Congo and adjoining countries (“DRC countries”). Accordingly, Supplier commits to comply with Section 1502 of the Act and its implementing regulations; to the extent Supplier is not a “Registrant” as defined in the Act, Supplier shall comply with Section 1502 of the Act and its implementation regulations except for the filing requirements. In particular, Supplier commits to have in place a supply chain policy and processes to undertake (i) a reasonable inquiry into the country of origin of Conflict Minerals incorporated into products it provides Buyer; (ii) due diligence of its supply chain, following a nationally or internationally recognized due diligence framework, as necessary, to determine if Conflict Minerals sourced from the DRC countries directly or indirectly support unlawful conflict there, and (iii) risk assessment and mitigation actions necessary to implement the country of origin inquiry and due diligence procedures. Supplier shall take all other measures as are necessary to comply with Section 1502 of the Act and its implementing regulations, including any amendments thereto.

Advertising or Release of Information

Seller shall not publicly announce or otherwise disclose to third parties, by advertising, publicity, or other oral or written communication, the existence or terms of this Purchase Order without prior written consent from H&M. This provision will survive the expiration, termination, or cancellation of this Purchase Order.

Conduct of Personnel

While at any Hobson & Motzer location, Supplier’s personnel, agents, and subcontractors shall comply with all reasonable requests, standard rules, and regulations of H&M communicated to Supplier regarding personal and professional conduct, including without limitation any security or privacy requirements, and shall otherwise conduct themselves in a businesslike manner. Additionally the Supplier shall ensure the Legal immigration and work status of all individuals working on their behalf at H&M facilities.

Supplier shall not offer or give anything of value (in the form of entertainment, gifts, gratuities or otherwise) to Buyer's employees or representatives for the purpose of obtaining the Order or favorable treatment under the Order. Any breach of this warranty shall be a material breach of each and every contract between H&M and Supplier.



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Force Majeure

Neither party hereto shall be liable for any delays in performance beyond their reasonable control, including but not limited to fire, flood, epidemic, unusually severe weather, strike, act of God or public enemy, public disorder, restriction by civil or military authority in their sovereign, or transportation failure. In the event of such delay, delivery dates shall be appropriately adjusted. The party experiencing such delay, however, shall immediately inform the other party in writing of such delay and the anticipated length of such delay. If the delay lasts, or is reasonably expected or anticipated to last for six (6) months or more, either party may terminate this Agreement by written notice to the other, without further liability to the other, except to pay for products previously received and accepted.

Arbitration/Applicable Law

The parties hereto agree to submit any disputes regarding the interpretation or enforcement of this Agreement to binding tripartite arbitration according to the rules of the American Arbitration Association in the jurisdiction of the party against whom enforcement is sought. The parties further agree to be bound by the laws of said jurisdiction. In any such arbitration preceding the parties agree to provide all discovery deemed necessary by the arbitrators. The decision and award made by the arbitrators shall be final, binding and conclusive on all parties hereto for all purposes, and judgment may be entered thereon in any court having jurisdiction thereof.



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Insurance

Supplier shall maintain all necessary insurance coverages stated below. The Supplier shall furnish Hobson & Motzer with a certificate of insurance evidencing such coverage. Supplier shall indemnify and hold H&M harmless from any and all claims or liabilities arising from the work covered by this agreement including all claims or liabilities arising from the use of H&M tools or equipment.

1. Workers' Compensation statutory coverage and disability benefits required in the jurisdiction in which the work is to be performed.
2. Employers' Liability coverage in the minimum amount of:
\$1,000,000 for any one occurrence
3. General Liability coverage shall be written on an occurrence basis. Coverage shall include without limitation premises liability and contractual liability, products/completed operations (to be maintained for a period of 3 years following completion of the work).
In the minimum amount of:
\$5,000,000 Bodily Injury & Property Damage combined for any one occurrence
\$5,000,000 Bodily Injury & Property Damage combined aggregate
(\$5,000,000 Umbrella Policy)
Any applicable deductible should be clearly noted and is subject to approval by H&M.
4. Automobile Liability coverage in the minimum amount of \$1,000,000 for all owned, hired, non-owned and borrowed vehicles used in connection with the work, for injuries, including accidental death and damage to property for any one occurrence combined.
5. Umbrella Liability coverage on an occurrence basis in the minimum amount of \$5,000,000 per occurrence and aggregate per policy year for bodily injury and property damage combined. Coverage should follow form over the primary coverage listed in 2, 3, and 4 above.
6. Installation coverage for any contractor performing work on the premise of Hobson & Motzer in an amount sufficient to protect H&M from loss relating to the work itself, but in no case less than the value of the contract between Supplier and H&M. Hobson & Motzer shall be named as a loss payee in so far as its interest may appear at the time of loss.
7. All provisions of the General Requirements are hereby included by reference and make up a part of this insurance requirement.