

1. Introduction

At Horsburgh & Scott Co. (H&S), the supply base plays a critical part in H&S’ ability to satisfy customers. The requirements in this document are mandatory for all Suppliers. Additionally, individual requirements will be discussed with each Supplier depending on the product or service supplied to H&S.

2. Supplier Quality Management System

Suppliers are to have a quality system, preferably one that meets the basic requirements of ISO 9001 or equivalent.

3. Audits

H&S will accept formal third party certification as proof of an acceptable quality system. Suppliers not having formal quality certification will allow H&S personnel to audit their quality system. System adequacy is defined as a system that ensures that Purchase Order requirements are met consistently. These audits will be performed at the discretion of H&S Quality and Purchasing Departments. Suppliers must make reasonable efforts to permit H&S to audit sub-tier Suppliers as deemed necessary by H&S.

4. Information and Documentation

The Supplier is expected to provide requested certifications to be made for specific characteristics. Suppliers to Horsburgh & Scott are required to provide this certification as a deliverable. Unless specifically allowed in writing on the purchase order or an amendment, this certification deliverable must be provided in the following fashion.

- a) Send the certification via e-mail to: certs@horsburgh-scott.com. We do not want certifications to accompany shipments.
- b) In the subject line of the e-mail, use the purchase order number to assure receipt. Without the purchase order number we cannot receive the certification.
- c) The e-mail subject line must begin with the six digit purchase order number and nothing in front of this number. This number may be followed with a short description. Due to past confusion, here are some examples:

Acceptable	Unacceptable
<ul style="list-style-type: none"> • 123456 • 123456 gear assembly • 123456 key material 1020 • 123456 Lines 1 and 3 	<ul style="list-style-type: none"> • FW: 123456 • RE: 123456 • PO# 123456 • PO123456 • PO 123456 gear assembly

- d) The e-mail must be received on or before receipt of materials. The purchase order will not be considered delivered on-time unless all deliverables including certifications are delivered on-time. Late deliveries encourage late payment.
- e) Each purchase order requires a separate e-mail.

The Supplier is to maintain process controls to assure consistent and correct product for all orders shipped to H&S. Evidence of control of key features may be requested in the form of statistics such as SPC ,or C_{pk} . and submitted on a regular basis.

5. Product Identification and Traceability

All product, certifications and critical documentation must be traceable to the H&S Purchase Order number and line item number. Product must be appropriately marked for identification prior to shipment to H&S. Documentation shall refer to the H&S Purchase Order number on each page.

6. Dock to Stock expectation

Product arriving at H&S is to meet the Purchase Order requirements or to have prior approval for any non-conformance. It is not H&S' intention to re-inspect Supplier product at Receiving Inspection. It is the expectation of H&S that all Suppliers will work to achieve dock to stock status.

Product non-conformances found at H&S (not reported by the Supplier) will be cause for return to the Supplier, freight collect, for correction or replacement. In cases where non-conformances must be corrected at H&S, the Supplier will be notified and is expected to compensate H&S for rework performed.

7. Notification of Non-conformance

Product is to arrive at H&S meeting all Purchase Order, print and specification requirements. In the unlikely event of a non-conformance on product, the Supplier must submit a Request for Deviation (RFD). The Supplier may use their form or the one available from H&S. The form must include reference to the following information:

- H&S Purchase Order number
- Quantity affected including serial number
- Description of the deviation
- Suggested action to be taken to correct deviation
- Contact person at Supplier's facility
- Action taken by Supplier to prevent reoccurrence

A signed copy of the completed RFD, including the name of the H&S person giving the disposition, must be included in the certification packet.

8. On-Time Delivery

Product and certifications must be available at H&S on or before the required delivery date for the product to be considered on-time. Product is expected to arrive on the required ship date or up to 10 calendar days early. Suppliers desiring to deliver material prior to 10 days early must obtain approval from the H&S Buyer for each shipment.

9. Response to H&S Complaints and Corrective Action Requests (CAR)

All Suppliers will respond immediately to H&S complaints and complete formal corrective action requests within the agreed upon time frame. H&S reserves the right to be involved in Supplier corrective actions as deemed necessary by the Quality and Purchasing Departments.

The most common corrective action request will be in the form of a nonconforming material report (NMR). Upon receipt of an NMR, the root cause analysis and action taken to prevent recurrence must be completed.

- ✓ The primary aim of root cause analysis is to identify the root cause of a problem in order to create effective corrective actions that will prevent that problem from ever re-occurring, otherwise known as a '100 year fix'.
- ✓ To be effective, root cause analysis must be performed systematically as an investigation, with conclusions and the root cause backed up by documented evidence. There is always one true root cause for any given problem; the difficult part is having the stamina to reach it.
- ✓ Action to prevent recurrence is the documented evidence that a solution has been found.

10. Quality Measurements & Metrics

Suppliers are to develop improvement plans in areas where shortfalls are determined and send them to the Purchasing Department at H&S for approval. Suppliers will be evaluated based on the H&S Supplier Rating System. Suppliers failing to meet requirements or improvement targets may be removed from the H&S Approved Suppliers List.

11. Packaging Requirements for Suppliers

Packaging requirements are detailed in PUWI 1.1 – Packaging Requirements for Suppliers and suppliers can access this instruction from the H&S website <http://www.horsburgh-scott.com> listed on the “Resources Tab”. This standard requirement applies to all products delivered to H&S unless additional direction is specified through P.O. text or an additional specification. Any product delivered without meeting these requirements is subject to rejection by the H&S Receiving Department.

Author	Document Changes	Approver	Date Approved
Thom Lowe	-	-	4/19/2010
Thom Lowe	Added Section 11: Packaging Requirements for Suppliers	Jody Gavlik	10/3/2011