



Introduction

Dear Supplier,

This document is the Supplier Manual of Hittech Landes in Emmen. It contains guidelines and regulations on how we intend to cooperate with our suppliers. These guidelines and regulations stem from customers' requirements and our internal procedures and, as far as we are concerned, are prerequisites for achieving a strong and competitive Supply Chain.

Our success in the market is determined by our performance in the areas of Quality, Logistics, Technology and Cost (QLTC). To perform optimally, good cooperation with our suppliers is crucial. We hope that this Supplier Manual provides the information that allows us together to shape our cooperation in a professional, efficient, profitable and enjoyable way.

This version of our Supplier Manual replaces all previous versions. The latest version of this Supplier Manual can be found on our website www.hittech.com.

For questions, please contact your contact person or landes.info@hittech.com.

Sonja van der Voort
Managing Director



HITTECH LANDES, MISSION

Hittech Landes focuses on the development, production and assembly of fine mechanical components and small, assembled modules. The products supplied are in high-quality market segments and fall into the 'high end machining' category.

HITTECH LANDES, PROFILE

In existence since 1985, Hittech Landes specialises in the manufacture of complex turning and milling products and has been a subsidiary of the Hittech Group since January 2022. The markets we supply are the Semiconductor Industry, Medical Industry, Aerospace, Machine Building, Sensor Technology and Process Industry. For manufacturing, the focus is on 5-axis machining, production with turning/milling machines and limited-scale assembly of modules.

We predominantly process titanium, aluminium and high-alloy steels, but also machine other steels and plastics. The products we make are complex, whether due to design and tolerances or additional quality or logistic requirements. Our production is set up for serial repetitive work, a large proportion of our machines are set up for 24 x 7 operation. About 50 qualified and committed employees work at Hittech Landes. For more information about our company, please visit our website: www.hittech.com.

We work on long-term relationships with our customers. Our customers are demanding, which is why we place strong emphasis on the preliminary phase when setting up processes for new or changed processes. The process of preparation is extremely important; this phase largely determines the quality of the processes and products. For serial and repetitive work, it is an absolute prerequisite that this phase is completed carefully so that by performing optimally in the QLTC area, the basis is laid for a long-term relationship. This is also how we aim to cooperate with our suppliers. This requires a similar market approach from our suppliers. Performing optimally in the QLTC area is a prerequisite for this.

Our suppliers are important to us. Not only do they have competences we do not have ourselves, but also our flexibility increases through the ability to outsource. Flexibility is demanded by our customers and is a prerequisite for our market position.

With the information in this Supplier Manual and by sharing customers' requirements, we ensure that our suppliers have the right information to adequately fulfil their important role in the chain.

PURCHASING CONDITIONS

All our requests and orders are subject to the GENERAL TERMS AND CONDITIONS OF PURCHASING AND (SUB)CONTRACTING of the Koninklijke Metaalunie. The latest version of these conditions is available on the Metaalunie website: www.metaalunie.nl

SUPPLIER SELECTION

Suppliers to Hittech Landes are expected to be competitive in all aspects of QLTC. This means, among other things, that they deliver products according to specification and on time, at an optimal price and that they have a certified quality system appropriate to the nature of the work.

Cooperation with a potential supplier always starts with an RFI (Request for Information). In this phase, we collect information on the basis of which we decide whether to issue an RFQ (Request For Quotation).

After reviewing RFQs received back, we decide which supplier to place a PO (Purchase Order) with. Approval of the delivered products or services is the final step before the supplier in question can be added to the list of released suppliers (Supplier Scope).

We take our responsibility towards the environment seriously. We also expect this from our suppliers. We therefore explicitly select suppliers who have translated their commitment into procedures in accordance with ISO14001 and who meet the requirements set by the CM, RoHS and REACH regulations. Page 9 of this Supplier Manual provides information on these European Directives and our code of conduct.

REQUESTS AND ORDERS

Depending on the nature of the project, products or services to be outsourced, you may be asked to sign a non-disclosure agreement (NDA). NDAs always relate to a specific project. The supplier is expected to make arrangements so that the NDA is respected within its organisation and, if applicable, by its suppliers. If an NDA is required, it should be signed by both parties before exchanging information.

Projects may be subject to specific export regulations (e.g. ITAR, EAR). If this is the case, this will be communicated during the RFQ phase. Part of these regulations may require technical data of products to be exchanged via secure communication lines. We have software that enables this and can support the secure exchange of data with our suppliers.

Offers are considered binding for a minimum period of 8 weeks (unless otherwise agreed) and must be itemised by one-off costs, hours and materials so that the individual cost components are clear. This information can be used for future cost reductions and other optimisations.

Our Purchase Orders include the specifications of the products or services to be delivered and any additional requirements. Each Purchase Order should be confirmed by email within 5 working days to landes.purchasing@hittech.com. The confirmation must refer to our Purchase Order number (format 72jjxxxx), in addition it must state: the item number with the revision status, the quantities, the price per unit and the delivery date. The delivery date is the date on which the products or services are delivered to us.

In some cases, we ask our suppliers to provide us with the latest version of all production-relevant documentation after the formal release of a product and process. Production relevant documents include, for example, material certificates, CoCs, FMEAs, Control Plans, Work Instructions, etc. If additional documents are requested, they are specified the purchase orders.

New suppliers are only added to the Supplier Scope after delivery of goods/services that fully meet the requested specifications or requirements.

SUPPLIER ASSESSMENT

Annually, the performance of our suppliers listed on the Suppliers Scope is analysed. This analysis takes place on the basis of financial risks or supply risks and is based on the Kraljic method and leads to a procurement portfolio.

Based on the established procurement portfolio, risk areas are identified and suppliers in the risk areas are assessed. The outcome is discussed in the Management Team, this may lead to a rescheduling of suppliers or expanding or reducing the Suppliers Scope.

The operational, logistical and quality performance of suppliers is measured monthly. This performance must meet:

- Approval rate > 98%. This percentage is determined by the ratio of the number of rejected order lines to the total number of order lines.
- Delivery reliability > 95%. Delivery reliability is measured as the agreed delivery time (CLIP) with an allowable deviation of - 2 and + 2 days.

In addition to measuring based on these parameters, we reserve the right to request information on the internal quality performance of our suppliers.

If analysis of the available data shows that a supplier is underperforming, the supplier in question will be asked to draw up an improvement plan. This improvement plan should be

communicated with our purchasing department and quality department so that progress can be monitored.

QLTC REQUIREMENTS

Quality (Q)

General

Besides releasing suppliers on the basis of certification (ISO9001, AS9100 etc.) and a trial delivery, we consider it important to monitor the development of the supplier in general and their quality system in particular. Hittech Landes reserves the right to conduct its own, and/or together with stakeholders such as customers and authorities, audits of our suppliers on the processes relevant to the supply of products or services to our company. Our focus here is on suppliers involved with us in Aerospace projects requiring AS9100 certification, this standard prescribes the 'right to audit suppliers'. Of course, audits take place in consultation and an early appointment is made to conduct an audit. The confidentiality of other - not Hittech Landes - projects is of course respected in this respect.

Measurement reports and certificates

Products and services must meet the specifications as stated on, or sent with, our Purchase Order. Before, or no later than with the delivery of the products or services, the supplier shall provide all relevant documents such as measurement reports and certificates proving compliance with the specifications. The digital documents should be sent to landes.certificates@hittech.com identifying our Purchase Order number (format 72jjxxxx) and the line number of the Purchase Order.

If a supplier's performance is good, we can opt to send only a Certificate of Conformity (CoC) with the shipment. By signing a CoC, the supplier declares that the products meet specifications and the measurements have been carried out as agreed. A CoC must always refer to our purchase order number (format 72jjxxxx). The underlying measurement reports and certificates must be stored properly by the supplier and must be sent to us immediately upon our request.

The standard retention period for measurement reports and certificates is 3 years, CoC-related documents should be retained for 7 years. Different retention periods for documents will be communicated at the RFQ stage.

We assess delivered products or services partly on whether or not documents are included. Products or services delivered without the required documents are considered not received.

Complaint handling

If products or services do not comply with the drawing, the set specifications or additional requirements on our purchase order, a 'Complaints and deviating parts' report is prepared by Hittech Landes, which is sent to the supplier. This report states the reject number, which product or service is involved, the deviation identified, the reject date and the quantity. The supplier is expected to check whether other products or services from the same batch do comply with the specification, and the supplier is expected to take containment measures.

The supplier is responsible for analysing the rejection and determining the root cause according to the 8D method or a comparable method. Corrective and containment measures must be reported back within 2 working days, and feedback must be provided within 10 working days, including the preventive measures. Corrective actions or repairs may only be initiated after our written approval.

If the supplier discovers that it has delivered deviating products, it must notify us immediately and inform us of the nature of the deviation(s), product codes, traceability (batch data), delivery dates and quantities.

We reserve the right to repair the deviating products or services at supplier's expense if this is necessary for timely delivery to our customer. The supplier will be informed in advance.

If applicable, deviating goods will be returned to supplier at supplier's expense.

Logistics (L)

Deliveries

Unless otherwise agreed, all deliveries are deemed to be carriage-paid Emmen (ICC Incoterms 2020 / DDP).

The supplier is responsible for providing adequate packaging to prevent damage during handling and transport.

The quantities stated on the Purchase Order are net, unless otherwise agreed in writing. All products must be identified unambiguously. If there are additional requirements regarding the identification of products, this will be indicated in the RFQ phase.

Forecast

All forecasts provided by us, verbally or in writing, are 'non-binding', no rights can be derived from them. Only signed Purchase Orders shall constitute a contractual obligation **between** Hittech Landes and its supplier, provided the Purchase Order complies with the internal Hittech Landes Procurement Schedule.

Technology (T)

Changes to products, specifications or processes

Suppliers must have a procedure for managing changes. As products and specifications can change, having a procedure for managing changes and revision states is a prerequisite. We expect timely (within the agreed time) and accurate information from our suppliers on the implications of changes in the 4 areas of QLTC. Important issues include having to re-qualify processes, the first delivery of the changed product, available stocks, changed lead times, impact on fixture resources, sales price adjustments and the cost of disposing of obsolete products.

Suppliers are not permitted to make changes to its own processes and processes relevant to us at its suppliers without our prior written consent. Outsourcing of products and services by our suppliers to others is not permitted without our prior written consent. Changing processes must be carried out in accordance with a Change Procedure of which a formal release by us forms part.

Obsolescence Management

Suppliers must guarantee that they are able to supply the same product to us 10 years after the last delivery of a given product, unless otherwise agreed. If suppliers foresee that this condition can no longer be met, they must indicate this in writing at an early stage so that alternatives can be sought.

Management of digital information

Suppliers must have an IT infrastructure and related procedures that guarantee confidentiality and continuity of technical product and process information (production documents, work instructions, FAI documentation). The infrastructure must be set up in such a way that it is ensured that own employees handle the available information in a prescribed - secured - manner and that it is not possible for outsiders to access this information. Based on export regulations, additional requirements can be set for the storage, management and accessibility of digital information.

The continuity of the IT infrastructure must be guaranteed by an adequate back-up system so that all relevant information remains available in case of failure.

Specific customer requirements

Projects may have specific customer requirements, not only for us internally but also for our suppliers. These specific customer requirements are communicated in the RFQ process. Specific customer requirements are stated on our Purchase Order or sent with the Purchase Order.

Costs (C)

Market conformity and cost reductions

Hittech Landes expects its suppliers to charge market-based prices and to have a system of continuous improvement in terms of reducing quality costs, material costs and implementing productivity improvements. The supplier must demonstrably manage cost reduction programmes adequately.

Changing processes may only take place in compliance with the regulations as stated under Technology (T): 'Changes to products, specifications or processes'.

Insight into cost structure

For offers to us, as well as for ongoing projects with us, we expect suppliers to provide insight into the structure of their prices so that cost reductions can be jointly determined and implemented. The supplier must make the cost structure transparent in terms of profit margin, materials, wages, surcharges and other direct or indirect costs. One-off costs should be distinguished from recurring costs.

Customer spread

For long-term cooperation with suppliers, it is important to limit suppliers' dependence on its customers to a maximum percentage of the supplier's turnover, preferably not exceeding 10%. Upon request, suppliers should provide information showing the said dependencies.

Payment term

Hittech Landes applies a standard term of 60 days for paying its suppliers.

RELEVANT REFERENCES FOR RoHS, REACH AND CM.

REACH

Regulation (EC) 1907 / 2006

RoHS

Delegated Directive (EU) 2015 / 863

Conflict Minerals

Regulation (EU) 2017 / 821

Code of Conduct

This Supplier Manual of Hittech Landes is inseparable from the Hittech Group's Code of Conduct. The Code of Conduct is based on the Universal Declaration of Human Rights and is about social responsibility, treating employees with respect and dignity and providing good working conditions.

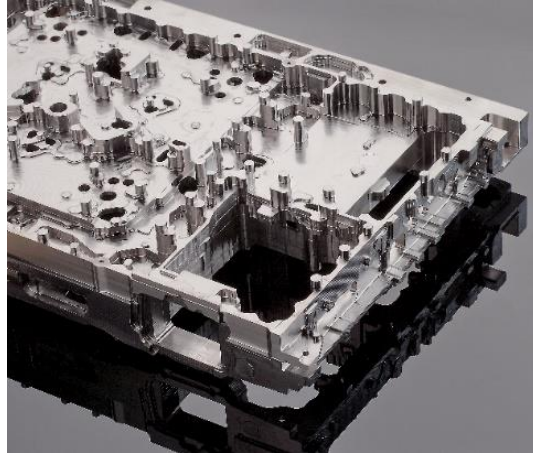
This code sets a minimum standard and is the basis to which the entire organisation of Hittech Group, and thus Hittech Landes, works. The Code defines the minimum standards under which the production of the products we develop should take place and applies to all suppliers and other business relations of Hittech Landes or Hittech Group affiliates.

The Code will be in force for all direct manufacturers, suppliers and business relations that are part of the Supply Chain of Hittech Landes. This Code refers to the general terms and conditions of Hittech Landes.

We consider compliance with the guidelines below to be a prerequisite for maintaining a business relationship with other companies. Those who wish to establish a business relationship with Hittech Landes should implement these guidelines throughout their entire organisation. Moreover, we urge our partners to impose these guidelines on all participants in the production process or Supply Chain, so that their suppliers, business relations and third parties also comply with the guidelines.

The Code of Conduct can be found on the Hittech Group site.





Hittech Landes
Landes High End Machining

Maxwellstraat 31
NL-7825 GA, Emmen
T: +31 591 632 205