

TERMS AND CONDITIONS OF PURCHASE ORDER

1. **ACCEPTANCE MODIFICATION:** Acceptance of this order shall be limited to the terms and conditions contained herein and incorporated herein by reference. This order shall be deemed accepted upon the return of the acknowledgement copy of this order or the commencement of performance by Seller. Buyer rejects any additional or inconsistent terms and conditions offered by Seller at any time and irrespective of Buyer's acceptance of or payment for Seller's items or services. These terms and conditions constitute the entire agreement between the parties and no change to or modification of this order shall be binding upon Buyer unless signed by an authorized representative of Buyer.

2. **CHANGES:** Buyer may at any time, by a written order, make changes in any one or more of the following: (i) drawings, designs or specifications, where the items to be furnished are to be specially manufactured for the Buyer in accordance therewith; (ii) method of shipment or packing; (iii) place or time of inspection, delivery or acceptance; and (iv) the amount of any Buyer furnished property, if any such change causes an increase or decrease in the cost of or time required for performance of this order, an equitable adjustment shall be made in the price or delivery schedule or both. No claim by Seller for adjustment hereunder, shall be allowed unless made in writing within ten (10) days from the date notice of any such change is received by Seller. Where the cost of property rendered obsolete or excess as the result of a change is included in Seller's claim for adjustment. Buyer will have the right to take title thereto and prescribe the manner of disposition thereof. Nothing in this clause shall excuse Seller from proceeding with performance of this order as changed. Price increases or extension of time for delivery shall not be binding on Buyer unless evidenced by a Purchase Order Change Notice issued and signed by Buyer.

3. **DELIVERY.** Time and rate of deliveries are of the essence in this order and if delivery of items or rendering of services is not completed by the time promised, the Buyer reserves the right without liability, in addition to its other rights and remedies to terminate this order by notice effective when received by Seller as to stated items not yet shipped or services not yet rendered and to purchase substitute items or services elsewhere and charge the Seller with any loss incurred. Any provisions herein for delivery of articles or the rendering of services by installments shall not be construed as making the obligations of Seller severable. Shipments sent C.O.D. without Buyer's prior written consent will not be accepted and will be at Seller's risk. Transportation charges on goods sold delivered destination must be prepaid. No insurance charge which increases shipping cost will be allowed unless authorized by Buyer. Regardless of f.o.b. point, Seller will handle all claims regarding losses or damage of material in transit and billing and payment for such material will be held in abeyance until claim is resolved. Goods must be shipped as per instructions otherwise any extra handling charge will be billed back to Seller.

4. **INSPECTION.** Notwithstanding (i) payment, (ii) passage of title, or (iii) prior instruction or test, all items are subject to final inspection and acceptance or rejection at destination stated herein. At all reasonable times during the period of Seller's performance hereunder, including the period of manufacture. Buyer and its customers may inspect and/or test the items to be furnished hereunder at the plants where the work is being performed, including those of the Seller's suppliers and Seller shall provide, without additional charge, reasonable facilities and assistance for sale and convenient inspection and test. All such inspections and tests shall be conducted in such a manner as not to unduly delay the work. Buyer may conduct 100% inspection of items or any lot of items or at Buyer's option. Buyer may select and inspect samples thereof, and Buyer shall have the right to reject all, or any portion of the items or lot of items if any such inspection reveals that any item is defective or nonconforming. Seller shall disclose to Buyer all prior rejections upon delivery of any item(s) or lot(s) of items containing replacement or corrected item(s). Seller shall provide and maintain a test and inspection system acceptable to the Buyer. Records of all inspection work by Seller shall be kept complete and available to Buyer and its customers during the performance hereof and for three (3) years after final payment by Buyer or for such longer period as may be specified elsewhere herein. Seller agrees to insert the substance of the clause including this sentence in every purchase order or subcontract issued under this order.

5. **ADVANCE MANUFACTURE AND SHIPMENTS.** Seller shall not manufacture in advance of Seller's normal Flow Time or deliver any material in advance of the schedule set forth in this order without Buyer's written permission. Buyer reserves the right to return shipping charges collect all material received at Buyer's plant in advance of the schedule shown in this order. Seller may request Buyer's written consent to advance manufacture and/or delivery at the time of the retuning acknowledgement of this order.

6. **CONTAINER REFUNDS.** Seller agrees to refund to Buyer an amount equal to the price charged for any returned spools, reels, barrels or drums, or other type of containers upon their return by Buyer.

7. **WARRANTY.** Seller warrants to Buyer, its successors and customers that all items or services furnished (including all replacement items and all replacement or corrected components which Seller furnishes pursuant to this warranty) will be free from defects in material and workmanship will conform to applicable drawings, specifications, samples and other descriptions furnished or specified by Buyer and, to the extent such items are not of a detailed design furnished by Buyer will be merchantable, suitable for the intended purposes and free from all other defects, including defects in design. Buyer's approval of Seller's samples or first articles shall not be construed as a waiver by the Buyer of any requirement of the drawings, specifications and/or other referenced descriptions applicable hereto or of any express or implied warranty. This warranty in addition to and without prejudice to all other warranties, express or implied by law, shall survive acceptance of any payment for the goods or services and shall run to Buyer, its successors, assigns, customers and the users of its Products. Seller will indemnify and save harmless Buyer from all loss or the payment of all sums of money including reasonable attorneys' fees by reasons of accidents, injuries or damages to persons or property that may happen or occur as a result of the breach of this warranty by Seller.

8. **TOOLS AND MATERIALS.** Buyer shall retain title to any designs, sketches, drawings, blueprints, patterns, dies, models, molds, tools special appliances and materials (hereinafter collectively referred to as "Articles"), furnished by or paid for by Buyer in connection with this order. They shall be marked as Buyer's property. They shall be at the Seller's risk, and shall be replaced by the Seller if lost or destroyed. They shall be kept insured by the Seller, with loss payable to Buyer. Such Articles shall be used exclusively in the filling of orders from Buyer, and shall not be used for production of larger quantities than those specified or in the production, manufacture or design of any other article for any other person, without Buyer's prior written consent. Such Articles shall be subject to disposition by Buyer at any and at all times; and at the termination of this order, they shall be returned to Buyer, including any unused materials furnished by Buyer and all spoiled or defective materials or products which may contain any secret or patented device, unless Buyer shall otherwise direct. Nothing in this paragraph shall be construed as imposing any obligation on Buyer to furnish any such Articles. Buyer does not guarantee the accuracy of any tooling or the quality or suitability of any material supplied by it.

9. **PATENT INDEMNITY.** Seller agrees to defend and hold harmless Buyer, its customer and those for whom Buyer may act as agent from all loss or damage by reason of any and all actions or proceedings charging infringement or wrongful use of any patent; trademark, copyright of any third party property right by reason of the sale or use of any items, including software and data, furnished hereunder except items for which Buyer furnished complete specifications. If the use or sale of any item with respect to which Seller indemnifies Buyer is enjoined as a result of such action or proceeding. Seller, at no expense to Buyer, shall obtain for Buyer and his customers, the right to use and sell said item or shall substitute an equivalent item acceptable to Buyer and extend this patent, trademark and copyright indemnity with respect to such equivalent item. In the event that Seller is unable to secure such right of use for Buyer or its customers or to secure an equivalent article as a substitute. Seller will indemnify Buyer and its customers for any and all losses of damages sustained by reason of such injunction.

10. RIGHTS IN DATA. Buyer retains ownership of all proprietary data disclosed to Seller in connection with this order. Seller shall not disclose such proprietary data to other except where prior to disclosure to seller by Buyer (a) proprietary data is already known to the general public or (b) Seller had knowledge of proprietary data. For the purpose of this Paragraph, "proprietary data" means all design, engineering and technical information (whether patentable or not) and other information concerning Buyer's trade secrets, such other information includes, but is not limited to, secrets of manufacture contained in Buyer's manufacturing methods or processes, treatments and chemical composition, plant layout and tooling, to the extent that such other information is not disclosed by inspection or analysis of the goods covered by this order.

11. PRICE. Buyer shall not be billed at prices higher than stated on this order unless authorized by a Purchase Order Change Notice issued and signed by Buyer. Seller represents that the price charged for the items or services covered by this order is the lowest price charged by the Seller to buyers of a class similar to Buyer under conditions similar to those specified in this order, and that the prices comply with applicable government regulations in effect at time of quotation, sale or delivery. Seller agrees that any price reduction made in merchandise covered by this order subsequent to the placement of this order will be applicable to this order. If price is omitted on order, except where order is given an acceptance or quoted price, it is agreed that Seller's price will be the lowest prevailing market price, and in no event is this order to be filled at higher prices than last previously quoted or charged without Buyer's written consent. No boxing, packing, or canage charges will be allowed by Buyer unless specifically authorized on the face of the order.

12. NOTICE OF LABOUR DISPUTE OR MATERIAL SHORTAGES. Whenever Seller has knowledge that any actual or potential labour dispute or materials shortages or other production difficulties may delay or threatens to delay it timely performance under this order. Seller will immediately give written notice thereof to Buyer, specifying the nature and extent of such delay.

13. COMPLIANCE WITH LAWS. By accepting this order Seller represents and warrants to Buyer that it has and will continue during the performance of this order to comply with all applicable federal, provincial, state and local laws, executive orders, rules and regulations.

14. RESALE CERTIFICATION. If this order is marked "Resale" the property purchased hereunder is purchased for purposes of resale.

15. SUSPENSION OF WORK. Buyer shall have the right to direct the Seller, by written or telegraphic notice, or verbal notice confirmed in writing to suspend all or any part of the work being done pursuant to this order for a period of time not to exceed ninety (90) days.

(a) If the work is suspended pursuant to this paragraph, an equitable adjustment shall be made for any increase in the time and the cost (exclusive of profit) of performing this order necessarily caused by such suspension, and the order will be modified in writing accordingly.

(b) No claim will be allowed under this paragraph unless the claim in an amount stated is asserted in writing within ten (10) days after the termination of the suspension. When the suspension has been terminated the Seller shall immediately commence performance notwithstanding the fact that the amount of the adjustment in price if any, of the order has not been agreed to.

16. TERMINATION. Buyer may, at any time, terminate this order in whole or in part by written or telegraphic notice, or verbal notice confirmed in writing. If this order is terminated for convenience, any claim of Seller shall be settled on the basis of reasonable cost (excluding anticipated profits) it has incurred in the performance of this order. If, however, termination is occasioned by Seller's breach of any condition hereof, including breach of warranty, or by Seller's delay, except due to considerations beyond the Seller's control and without Seller's fault or negligence, Seller shall not be entitled to any costs, and Buyer shall have against Seller all remedies provided by law and equity. Further, in the event Seller shall become insolvent or if a petition under the Bankruptcy Act shall have been filed, Buyer may,

without further obligation to Seller, terminate this order in whole or in part upon the giving of proper notice.

17. SET-OFF. Buyer shall have the right at any time to set-off any amount owed by Seller, its parent or affiliated companies to Buyer, or its parent or affiliated companies against any amount due and owed to Seller on this order.

18. DESIGN CHANGES. During performance of this order, Seller shall not make any changes in the design of items to be furnished by Seller under this order without advance notification to and approval of the Buyer.

19. TAXES. Except as otherwise provided herein and unless prohibited by statute, the Seller agrees to pay any Federal, Provincial, State or Local Sales or Use Tax, Transportation Tax or other excise tax which may be imposed upon the articles ordered hereunder or by reason of their sale, use of delivery.

20. WORK ON PREMISES. If Seller's work under this order involves operations by Seller on the premises of Buyer or one of its customers, Seller shall take all necessary precautions to prevent occurrence of any injuries to any person or property during the progress of such work, except to the extent that any such injury is due solely and directly to Buyer or its customer's negligence. Seller shall indemnify Buyer against all loss which may result in any way from any act or omission of the Seller, its agents, employees, or sub-contractors Seller shall maintain such public liability, property damage and employee's liability and compensation insurance as will protect Buyer from said risk and from any claims under applicable worker's compensation and occupational disease acts. Seller agrees in supplying the materials or furnishing the services hereunder, Seller's performance will be consistent and in accordance with the current labour agreements between the Buyer and any union organization with which the Buyer may have a collective bargaining agreement and agrees to indemnify and hold Buyer harmless in the event such performance breaches or is in violation of such labour agreements.

21. THE SELLER is in good standing with the WSIB (Workplace Safety & Insurance Board) and will provide the appropriate compliance documentation. The Buyer will not be held liable for any outstanding claims by WSIB pertaining to the Seller's employees or subcontractors. Should the Seller not be registered under WSIB, the buyer will not be responsible nor liable for WSIB coverage of life insurance for the Seller's employees or subcontractors.

22. ENDORSEMENTS. Shall not without prior written consent of Buyer, make any release of information concerning this order (other than to Seller's employees and subcontractors which is required for the performance of their duties) nor use the name of Buyer in any advertising or publicity.

23. RIGHTS TO INFORMATION. If incidental to the performance of this order, Seller shall disclose to Buyer any unpatented information concerning the Seller's products, manufacturing methods or processes, then, unless otherwise expressly agreed in writing, Buyer shall have the right to use such information for any purpose.

24. EXCUSABLE DELAYS. Neither party shall be in default for any delay or failure to perform hereunder due to causes beyond its control and without its fault or negligence; provided, that any delay or failure to perform caused by the default of a supplier of the Seller is beyond the control of both Seller and such supplier and without the fault or negligence of either and the items to be furnished are not obtainable from other sources in sufficient time to permit Seller to meet the delivery schedule; and provided further, that Seller furnishes prompt written notice to Buyer of the occurrence of any such cause which will or may delay Seller's performance.

25. APPLICABLE LAW. This order shall be construed in accord with the laws or the jurisdiction for which this purchase order is issued.