

Supplier Terms & Conditions

UNLESS OTHERWISE PROVIDED FOR ON THE PURCHASE ORDER, THE FOLLOWING STANDARD TERMS AND CONDITIONS SHALL APPLY:

1. The Seller, by the acceptance of this Order, accepts all the terms and conditions hereof. The terms and conditions of this Order supersede and cancel and all previous verbal or written terms and conditions made in connection with this Order. Any modification or alterations of, or additions to, the terms and conditions of this Order to be binding shall be in writing and signed by both the Seller and Purchaser. Any printed condition of contract or general reservation which may be printed in any communication or document received from the Seller, shall be of no effect.
2. Detailed statement of account must be rendered monthly to Purchaser. Unless otherwise stated in this Order, terms are Net Ninety (90) Days after delivery of goods and receipt of invoices, Inspection Notes, and all other documents prescribed on the face of the Order. Drafts will not be honored. No interest will be paid on any sum overdue.
3. If no price is stipulated on the face of this Order, The price must not exceed previous quotations, if any, without the Seller first notifying the Purchaser and obtaining its consent in writing.
4. Unless otherwise stipulated, all prices inserted on the face of this Order shall represent the total cost to the Purchaser as at the point of delivery specified herein, including all sales taxes, excise taxes and customs duties, and other Government and Municipal taxes, levies and charges of every description and charges for packing, crating, boxing, storage and all delivery charges.
5. Time shall be of the essence of this Order. The Articles must be delivered strictly in accordance with the quantities and specifications shown and the delivery schedule specified, otherwise the Purchaser shall be at liberty to cancel this Order in whole or in part and/or to purchase other Articles of the same or similar description from other persons to supply any deficiency, and in the event of any excess cost being incurred by reason of any difference between the price paid for the same and the contract price, to charge the amount of such excess to the Seller, and the sum so charged shall be deducted from any sum or sums then due, or which at any time thereafter may become due, to the

Supplier Terms & Conditions

Seller, under this or any other contract with the Purchaser or at the option of the Purchaser may be demanded of the Seller by the Purchaser to be paid and shall be paid within fourteen (14) days; provided that, if conditions or events in the nature of force majeure or any other cause reasonably beyond the control of the Seller shall delay the completion and production for inspection of any of the Articles, the time hereby fixed for so completing and producing the Articles in respect of which such delay shall have occurred, shall be extended by a period of time equal to the length of the delay so caused, provided always that the right of the Seller to any such extension shall be conditional upon the Seller having given immediate written notice to the Purchaser of the occurrence causing the delay and having obtained the written consent of the Purchaser such an extension. The Purchaser assumes no obligation for materials shipped in excess of this Order and/or delivery schedule specified.

6. The Articles are subject to inspection and approval by the Purchaser, and any Governmental Departments concerned, if applicable, either before or after delivery to the Purchaser, and the Seller shall give to the accredited representatives of the Purchaser, and/or the Governmental Departments concerned where applicable, any reasonable assistance such as the supply of sample quantities and access at all times to the Seller's plant and premises, to enable them to perform their inspection. No payment will be made to the Seller in respect of any Articles which are rejected on such inspection. The Purchaser shall be the final judge of the Articles. The Purchaser reserves the right to retain any portion or all of any shipment not strictly in accordance with the specifications and in such case will pay to the Seller a reasonable price therefore, which retention shall not preclude the Purchaser from rejecting the remainder of the shipment. The Purchaser may accept or retain and rejected Articles or return them at the Seller's expense as the Purchaser may decide. Where rework is required to meet specification requirements, requirements, such rework shall be arranged for by the Seller at no extra cost to the Purchaser. Payment for Articles, material and/or work covered by this Order, shall not constitute an acceptance thereof.

7. The Seller expressly warrants that all the Articles, material and work covered by this Order will be fit and sufficient for the purpose intended, merchantable, of good material and workmanship and free from defect. In supplement of and not by way of substitution for any term of the specifications or any warranty stipulated or implied by law

Supplier Terms & Conditions

or otherwise and notwithstanding prior acceptance by the Purchaser, the Seller shall at its own expense replace any of the Articles or any part or parts thereof which at any time within three months from delivery thereof become defective as a result of faulty or inefficient manufacture, materials or workmanship.

8. All tools, jigs, dies, patterns, gauges, equipment, material, specifications, drawings, etc., loaned or supplied by the Purchaser to the Seller for incorporation into or to aid in the manufacture of the Articles shall be preserved in good condition by the Seller and the Seller shall be liable for any damage to said tools, jigs, dies, patterns, gauges, equipment, material, specifications, drawings, etc., caused thereto whilst in the possession of Seller, save the except for ordinary wear and tear. The Seller is responsible for the security and protection of all tools, jigs, dies, patterns, gauges, equipment, material, specifications, drawings, etc., loaned or issued to him for the execution of this Order and whether or not this Order falls within the scope of the Official Secrets Act, is to regard as confidential all information and technical data such as drawings and specifications, loaned or issued to him for the execution of this Order and must not copy or reproduce or use in whole or in part or allow to be copied, reproduced or used in whole or in part, the same or any information contained therein, without the written consent of the Purchaser. Title to all tools, jigs, dies, patterns, gauges, equipment, material, specifications, drawings, etc loaned or supplied by the Purchaser to the Seller, shall remain vested in the Purchaser and shall be returned forthwith at the Purchaser's request or disposed of according to its instructions. Unless otherwise herein agreed, all tools, jigs, dies, patterns, gauges, equipment specifically required for this Order shall be furnished by and at the expense of the Seller. Said tools, jigs, dies, patterns, gauges, equipment, shall be kept in good condition by the Seller and from time to time when necessary, shall be replaced by Seller without expense to Purchaser. However, the Purchaser has the option of at any time to reimburse the Seller for the whole or any part of the cost of said tools, jigs, dies, patterns, gauges and equipment, and replacements thereof, and become the owner and entitled to the possession of same.

9. Any material furnished by Purchaser on other than a charge basis in connection with this Order, shall be deemed as held by Seller upon consignment and Seller agrees to pay for all such materials spoiled by it or not otherwise satisfactorily accounted for.

Supplier Terms & Conditions

10. The Purchaser may at any time order a suspension of the work, in whole or in part, or make modifications or changes in or additions to the purchaser's design, drawings or specifications, in which event reasonable price adjustment shall be made.

11. The Seller agrees to indemnify and save harmless the Purchaser, its' successors, assigns, customers and users of its products, against all claims, demands, actions, suits and proceedings, and all damages, costs and expense for actual or alleged infringement of any patent by reason of the manufacture, use or sale of the Articles hereby ordered and for royalties or other payments which may be payable in connection with any such patent; provided, however, that in respect of this Order only, and unless otherwise agreed, the Purchaser shall indemnify the Seller against any such claims, actions, suits, or proceedings based on the use of any model, plan, or design which shall have been supplied by or on behalf of the Purchaser to the Seller for the execution of this Order. The Seller shall notify the Purchaser of all royalties (including license fees and all other similar payments) which it will or may be obliged to pay or proposes to pay in respect of this Order and the basis thereof and the parties to whom the same are payable. If and to the extent the Purchaser directs and upon receiving a satisfactory indemnity from the Purchaser, the Seller shall not pay any further royalties and the purchase price shall be reduced accordingly.

12. (a) Notwithstanding anything in this Order contained, the Purchaser may at any time, by giving notice to the Seller, terminate, modify or reduce this Order (save and except the provisions of this clause and of clause 15 of these Terms and Conditions) as regards all or any part or parts of the work not theretofore completed. Upon such notice being given, the Seller shall cease work (including the manufacturing and/or procuring of materials for the fulfillment of this Order) in accordance with and to the extent specified in such notice. The Purchaser may, at any time or from time to time give one or more additional notices with respect to any or all parts of the work which remain to be completed after the giving of any previous notice or notices;

(b) In the event of any notice being given under the provisions of this clause: (i) All work completed by the Seller hereunder before the giving of such notice, and all work completed thereafter pursuant to such notice, shall be paid for (subject to acceptance by the Purchaser in accordance with the provisions of this Order) on the basis provided in this Order; (ii) In respect of work not completed hereunder before the

Supplier Terms & Conditions

giving of such notice, and not completed thereafter pursuant to such notice, the Seller shall be entitled to be reimbursed the actual cost to the Seller of such incomplete work and to receive in addition an amount representing a fair and reasonable profit in respect of the work done thereon. For the purpose of this subparagraph (ii) the expression "cost" shall include direct labour costs, indirect labour and/or overhead charges, depreciation of plant and equipment (at rates not in excess of those allowable by the Income Tax Division of the Department of National Revenue in respect of the fiscal period or periods in which the work performed) and the cost of materials and parts incurred or procured by the Seller (including materials and parts contracted for and for which the Seller is obligated to make payment) in respect of and properly apportionable to the performance of this Order and not included in the price paid or payable to the Seller by the Purchaser in respect of work completed by the Seller before or after the giving of any notice hereunder; provided however, that in the event the work under this Order falls within the scope of the Defence Production Act of Canada, the expression "cost" shall mean cost as determined in accordance with the Department of Defence Production Costing Memorandum D.D.P.-31;

(c) No reimbursement shall be made for materials, whether raw or in the course of manufacture or manufactured, which have been or may be rejected after inspection as not complying with the terms and conditions of this Order and the specifications, and no reimbursement shall be made of expenditures incurred by the Seller in respect of deliveries of which the Seller may be in arrears at the time the said notice is given unless the Seller is so in arrears due to a cause which was beyond the control of the Seller and where the Seller has the covering written consent of the Purchaser;

(d) In no case shall the Seller be entitled to be reimbursed any amount, which taken together with any amounts paid or due or becoming due to the Seller under this Order, shall exceed the total amount payable for the work to be performed under this Order;

(e) Upon reimbursement being made to the Seller as herein provided, title to the materials, parts, plant, equipment and/or work in process in respect of which such reimbursement is made shall pass to and vest in the Purchaser unless already so vested under any other provision hereof (the Seller hereby agreeing to execute and deliver all requisite instruments by way of further assurance) and such materials parts, plant, equipment and/or work in process shall be delivered to the Order of the Purchaser but the materials thus taken over will in no case be in

Supplier Terms & Conditions

excess of what would have been required for performing this Order in full if no notice had been given under the provisions hereof;

(f) The Seller shall have no claim for damages, compensation, loss of profit, allowance or otherwise by reason of or directly arising out of any action taken or notice given by the purchaser under or pursuant to the provisions of this clause except as and to the extent in this clause expressly provided.

13. The whole or any part of this Order shall not be assigned or sublet in whole or in part without the previous written consent of the Purchaser.

14. All scrap and waste materials derived from any materials, components Articles or things which are the property of the Purchaser shall, unless otherwise specifically provided herein remain the property of the Purchaser and shall be disposed of only in such manner, at such times and on such terms as may be proscribed by the Purchaser, and the Seller will maintain complete records of such scrap and of its disposition.

15. If the price of the Articles is not by the terms of this Order a fixed or firm price, the Seller shall unless it is otherwise provided in this Order, keep proper and detailed accounts and records of the cost of the work, and the invoices, receipts and vouchers relating thereto. Such accounts, records, invoices, receipts and vouchers shall at all times be open to audit and inspection by the authorized representatives of the Purchaser and/or Governmental Department concerned (who may make copies thereof and take extracts there from) and the Seller shall afford all facilities for such audits and inspections and shall furnish the Purchaser and such authorized representatives with all such information as it or they may from time to time require with reference to such accounts, records, invoices, receipts and vouchers. If any part of the work is performed by an allied firm or Company in Canada the Seller shall also cause such allied firm or Company to keep similar accounts, records, invoices, receipts and vouchers with respect to the cost of the work performed by such allied firm or company and to permit the same to be inspected and audited by the authorized representatives of the Purchaser and/or Governmental Department concerned. The Seller shall cause all such accounts, records, invoices, receipt and vouchers as aforesaid to be preserved and kept available for audit and inspection at any time and from time to time until the expiration of two (2) years from the date of the completion of the work

Supplier Terms & Conditions

under this Order, or until the expiration of such lesser period of time as shall be approved by the Purchaser.

16. The remedies herein reserved shall be cumulative and additional to any other or further remedies provided in law or equity. No waiver of a breach of any provision of this contract shall constitute a waiver of any other breach, or of such provision.

17. The Seller shall not, without first obtaining the written consent of the Purchaser, in any manner, advertise or publish the fact that the Seller has contracted to furnish to the Purchaser the Articles herein mentioned and for failure to observe this provision, the Purchaser shall have the right to cancel the contract resulting from the acceptance of this order without any further liability thereon.

18. In the event of any proceedings by or against either party, voluntary or involuntary, in bankruptcy or insolvency, or the appointment of a Receiver or Trustee, or an assignee for the benefit of creditors, of the property of either party, or in the event of the breach of any of the terms hereof, including any warranty of the Seller, the other party may be entitled to cancel the contract resulting from the acceptance of this Order forthwith.

19. The Seller agrees that if the Articles or materials covered by this Order are to be manufactured to design and/or technical data furnished by the Purchaser, the Seller shall not, without the prior written consent of the Purchaser, manufacture such Articles or materials except for, and upon the order of, the Purchaser.

20. Unless otherwise stated in this Order, F.O.B. point shall be Destination (Incoterms 2010 DDP for International transactions). Bills of Lading or shipping receipt must accompany invoice showing weight and rate at destination. All copies of invoices must show routing and, if shipment is made by freight, must show car numbers and initials. Orders must be shipped on the confirmation dates specified by the Seller on the attached acknowledgment form. Invoices in duplication must be forwarded on the day the goods are shipped and where shipment is made from outside Canada, Seller must forward four (4) properly certified Canadian Customs Invoices on the day shipment is made. Discounts are to be calculated from the date acceptable invoices are received by the Purchaser.

Supplier Terms & Conditions

21. Seller agrees that the performance of this Order is and shall be subject to all applicable Dominion, Provincial, Municipal or local laws, rules, regulations, ordinances, or requisitions, and agrees upon request to furnish Purchaser certificates to such effect in such form as Purchaser may from time to time require.

22. The terms and conditions of this Order shall be strictly subject to all laws, orders-in-council, directives and regulations of the Canadian Government, or any competent department thereof, affecting the rights and obligation of the Purchaser with references to re-negotiations and/or work stoppage and/or cancellations and this Order shall be construed and determined in accordance therewith and shall be subject to similar re-negotiations and/or work stoppage and/or cancellations as between the Seller and Purchaser herein, In the event of any inconsistency or conflict between this Order and any such laws, orders-in-council, directives and regulations and latter shall prevail and govern.

23. Some of the drawings supplied by the Purchaser may follow the English system of projection. If in doubt regarding the exact requirements of this Order, the Seller must consult the Purchaser and obtain adequate information before proceeding. The Purchaser assumes no responsibility for errors if this condition is not fulfilled by the Seller.

24. Any notice required to be given under the terms of this Order shall be and be deemed to be properly given if made in writing and dispatched in or through one of Her Majesty's Post Offices addressed to the Seller of his recognized address appearing elsewhere in this Order, and to the Purchaser at its recognized address as appearing at the head of this Order.

25. Where this paragraph is applicable, the Seller acknowledges that he has been notified that the work and materials covered by this Order are intended for use in or application upon articles to be built by the Purchaser under a contract with the Government of Canada and/or a foreign Government, or under a sub-contract with a contractor to the Government of Canada and/or a foreign Government. The Seller agrees that this order and the drawings and specifications and all information issued, used or disclosed in connection with the work are confidential. The Seller shall not use the same for any purpose other than this Order

Supplier Terms & Conditions

without the written authority of the Purchaser and shall at all times take and cause to be taken all measures necessary for the protection of the same and of free issues, if any, against espionage, sabotage and fire. The order, drawings, specifications and information aforesaid may be classified as to the degree of precaution necessary for their safeguarding if so classified (i) the measures to be taken by the Seller for their safeguarding shall include those set out in any instructions issued in that regard by or on behalf of the Minister of Defence Production of Canada, (ii) if so directed by the said Minister the Seller shall dispense with the services in connection with the Articles of any person employed or engaged thereon; and (iii) the Seller shall permit the said Minister to maintain on or about the Seller's premises where the work is being carried on such guards or other protective measures and for such time as the Minister deems advisable.

26. Subject as hereinbefore provided, the contract resulting from the Seller's acceptance of this Order shall ensure to the benefit of and be binding upon the successors and assigns of the Seller and Purchaser, respectively.

27. As far as practicable the Seller shall place any purchase orders and subcontracts necessary for the performance of the work on terms that will enable the Seller to terminate the same upon conditions and terms similar in effect to those provided in these terms and conditions and generally the Seller shall co-operate with the Purchaser and do everything reasonably within its power at all times to minimize and reduce the amount of the Purchaser's obligations in the event of termination for this Order as hereinbefore provided.