# Supplier Terms & Conditions of Purchase

**1. ACCEPTANCE OF PO**

The Purchase Order ("PO") to which these terms and conditions are attached, and into which these terms and conditions are hereby incorporated, is issued subject to the express condition that it may be accepted only on the terms and conditions contained in it. Vendor shall be bound by this PO when any of the following occur: Vendor executes and returns the acknowledgment copy to LP Custom Machining Ltd. (hereinafter referred to as "LP"); Vendor otherwise indicates its acceptance of this PO; or Vendor commences performance or delivers to LP any of the goods ordered herein. The date on which Vendor becomes bound by this PO in accordance with the above is the "Effective Date". This PO constitutes the entire agreement between LP and the Vendor.

**2. PRICES AND PAYMENT TERMS**

The prices on the face of the PO may not be increased without the prior written approval of LP. Payment terms shall be net thirty (30) days after LP's receipt of (a) compliant goods or the performance of services, (b) complete required documentation or (c) a detailed invoice, whichever occurs latest, unless otherwise agreed to by the parties in writing. A detailed invoice must include, as applicable, purchase order numbers, item numbers, quantities delivered and such other information required by the PO.

**3. TERMINATION AND MODIFICATION**

LP has the right to terminate this PO or any part thereof at any time in its sole and absolute discretion upon giving the Vendor written notice. The Vendor shall immediately cease all action under this PO, and shall be reimbursed for all goods shipped, subject to acceptance by LP, and all expenses properly incurred to the date of termination specified in the notice. In no event shall payment exceed the PO price less any amount previously received by the Vendor. Additionally, LP may, at any time, change drawings, specifications, quantities, delivery schedules, places of delivery or methods of shipment or packaging, and Vendor agrees to comply with such changes. Vendor must assert claims for equitable adjustment of price and delivery schedule within ten (10) days of receiving notice of a change, and LP may, at its option, terminate this Agreement in accordance with this section if the parties cannot agree on an equitable adjustment within a reasonable time. Except as set forth in this section, no modifications or terminations of this Agreement may be made without LP's written agreement.

**4. DELAYS**

Vendor shall notify LP within twenty-four (24) hours of the occurrence of any event which could affect the delivery schedule, the price, the Vendor's performance under this PO or any other condition of or action required to be taken by the Vendor under this PO, whether or not such event is beyond the control of the Vendor. In the event that delivery of goods is not made in the quantities and at the time or times specified, LP may, at its sole option and without incurring any liability and in addition to all other rights and remedies which it may have pursuant to this PO or otherwise at law or equity, take either or both of the following courses of action: (a) direct expeditious routing of goods (the difference in cost between the expedited routing and the PO routing costs to be paid wholly by the Vendor); or as to goods not yet shipped, (b) terminate this PO by notice in writing and purchase substitute goods elsewhere and charge the Vendor with any loss, direct or indirect, thereby incurred, including, without limitation, any loss incurred as a result of paying more for the replacement goods than would have been paid for the goods to be acquired hereunder.

**5. TITLE AND RISK**

Vendor warrants that delivered goods are free of all liens, encumbrances and other defects of title. Title to the goods shall pass to LP upon delivery. This PO shall be performed at the sole risk of the Vendor. Without prejudice to LP's right of rejection under "QUALITY ASSURANCE AND INSPECTION", risk shall pass to LP upon delivery of the goods to the destination specified.

**6. QUALITY ASSURANCE AND INSPECTION**

Vendor shall maintain a quality assurance program that conforms to the requirements set out in this PO, or as otherwise required by LP. All material supplied or purchased must be identifiable. If any permanent part markings are removed during the process; they are to be restored via a method approved by LP. All work and goods are subject to inspection at the discretion of LP and/or its authorized representatives (which may include a third-party inspection company or LP's customer). Vendor shall provide reasonable access to its facilities at any time during business hours and shall supply assistance, tools, etc. as may be required to carry out inspection or monitor work in progress at Vendor's and/or Vendor's subcontractors' and sub-vendors' plants. Supplier must provide reasonable notice and access at all points in the supplier's Inspection and Test Plan where LP or LP's customer are required to verify conformance to contract requirements. Any inspection or testing performed shall not be deemed to constitute acceptance of the goods or related work and shall not be deemed to constitute a waiver to any of Vendor's contractual obligations. LP shall have no obligation to pay for or give other consideration for rejected goods.

**7. WARRANTY**

Vendor warrants the goods and services furnished hereunder (whether materials, parts or equipment) to be (a) as specified, (b) free and clear of all liens or other security interests and encumbrances, good, valid and marketable title thereto being solely in Vendor, (c) made exclusively of new materials or material provided by LP, (d) free of defects of any type (whether in design, material, workmanship or otherwise), (e) of good and merchantable

quality and (f) fit for intended and general purposes for which LP is purchasing them. If any such goods or services are found to be in breach of any of the foregoing warranties, Vendor shall promptly, at its sole cost and at LP's option, either (a) replace the goods, (b) repair the goods (c) re-perform the services found to be defective. Vendor shall be responsible for all costs arising out of breach of warrant and repair, replacement or re-performance including, but limited to, disassembly, reassembly, transportation, installation, storage, commissioning and re-testing. If Vendor fails to promptly replace or repair the goods or re-perform the services, LP may have the goods repaired or replaced or the services re-performed by LP or a third party at the Vendor's expense. If repair, replacement or re-performance is not possible, LP may terminate the PO and Vendor shall refund LP the full purchase price and be liable for all direct and indirect expenses, costs, and damages incurred by LP. The foregoing and all other, legal, statutory, express and implied warranties that can have application to the goods and services furnished hereunder shall be deemed conditions of this PO and the remedies provided in this paragraph shall be cumulative and in addition to any other or further remedies LP may have, including under applicable law.

**8. LP PROPERTY**
All equipment loaned or supplied to the Vendor by LP pursuant to this PO shall remain the property of LP. The Vendor shall be wholly liable for any damage or loss to the said equipment until returned to and accepted by LP.

**9. CONTINUOUS PERFORMANCE**
Pending the settlement of any dispute, difference or claim arising under this PO, the Vendor shall proceed diligently with the performance required of it under this PO.

**10. SUSPENSION**
LP may suspend the Vendor's performance of the PO, in whole or in part, at any time, upon giving the Vendor written notice. In the event that a suspension is ordered by LP, the Vendor shall be entitled to payment for all reasonable costs allowable pursuant to the PO and incurred by the Vendor in its performance of the PO up to the date of suspension. Such costs shall be subject to audit by LP. In no event shall payment exceed the PO price less any amount previously received by Vendor.

**11. SHIPPING INSTRUCTIONS**
All goods delivered shall be accompanied by a packing slip and, where appropriate, Material Safety Data Sheets. The packing slip shall provide at least the following information: a description of the items, part numbers, revision status, quantity shipped and PO number. Requirements for specific preservation, packaging and specification are to be followed as per PO or drawing instructions. LP will provide all information and instructions required on the PO to the supplier when products are to be shipped directly to a consignee other than LP. The Vendor shall comply with all requirements of the Transportation of Dangerous Goods Act (Canada).

**12. CUSTOMS and IMPORT/EXPORT**
Properly completed and signed Canada Border Services Agency invoice showing number of parcels, description of the goods, description of the PO, weight, part number and serial number, quantity, unit price and selling price, country of origin, broker, reason or export if other than "sold to", and NAFTA Certificate (where applicable) is required with every shipment of goods into Canada. The Vendor shall be solely responsible for the accuracy and completeness of information provided to meet traffic and Border Services requirements and shall be responsible for all costs or delays resulting from failure to provide accurate and complete information. The Vendor shall be solely responsible for obtaining and maintaining any registration or operation licenses and permits, and import or export approvals, including those in compliance with Canada's Export and Import Permits Act, Defence Production Act and the United States' Department of Commerce, International Traffic in Arms Regulations, and Export Administration Act and regulations issued thereunder, from any governmental authority in Canada, the United States, and any other applicable nation, province, state or other subdivision thereof is required for shipment, distribution of technical data, and any other disclosure or performance under this PO. The Vendor shall be solely responsible for any and all costs or delays resulting from failure to comply with this Section.

**13. DEFAULT**
If Vendor fails to make satisfactory progress in performing its obligations hereunder, as may reasonably be determined by LP, or if Vendor is in default of performing any obligation under the PO and fails to take steps satisfactory to LP to remedy the default within ten (10) days of receipt of written notice from LP, LP may at any time by notice terminate all or any part of this PO. LP may terminate this PO forthwith if Vendor commits any act of insolvency, bankruptcy or enters into receivership, or if Vendor breaches Section 23 hereof.

**14. VENDOR'S LIABILITY**
Vendor shall indemnify and protect LP from and against all claims, demands, proceedings, damages, costs and expenses made against or incurred by LP which may be caused by the Vendor, directly or indirectly, in whole or in part. Vendor's liability shall survive delivery, acceptance, approval or use of the goods or any part thereof, by LP.

**15. LIMITATION OF LIABILITY**
Notwithstanding any other provision of this PO, LP's total liability resulting from or in connection with this PO shall not exceed the PO price. In no event whatsoever shall LP be liable for indirect or consequential damages or for loss of Vendor's use or profit.

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**16. FINANCIAL**
This is a firm fixed-price PO in Canadian dollars (unless stated otherwise on the face of this PO). The price includes all charges, including, but not limited to, charges related to packaging, preservation, transportation, delivery, taxes, costs relating to customs and duties, and shall not be subject to adjustment due to changes in rates. Any amount payable or refundable by the Vendor to LP may be taken by LP as a cash refund or may be offset by LP against payment due, or to become due, to the Vendor under this or any other Purchase Order between LP and the Vendor, as LP in its sole discretion may decide. Credits in favour of LP shall not expire.

**17. INSURANCE**
Vendor shall provide and maintain, at its own expense, adequate all-risks insurance covering the work and all premises wheresoever situated in which this PO is being performed during the entire period of performance of this PO, which insurance shall be acceptable to LP acting reasonably. Vendor shall provide proof of such insurance upon request. Vendor shall be responsible to LP for any and all damages incurred by LP including all costs and expenses arising from or due to the Vendor's failure to obtain and maintain insurance.

**18. PUBLICITY**
Vendor agrees that it shall not release for publicity in any manner, style or form any information whatsoever in connection with this PO, without the prior written permission of LP.

**19. INTELLECTUAL PROPERTY**
In this section, "Intellectual Property" means inventions, patents, mask works, trademarks, copyrights, trade secrets, know-how and other proprietary information. "Foreground Intellectual Property" means all Intellectual Property which is conceived or made or reduced to a tangible medium of expression during the performance of any of the activities contemplated by this PO. "Background Intellectual Property" means all Intellectual Property which is owned or controlled by the parties on or prior to the Effective Date of this PO, but not arising from the performance of any of the activities contemplated by this PO. Each party shall continue to own all of its respective Background Intellectual Property. All Foreground Intellectual Property shall be and remain the property of LP.

**20. APPLICABLE LAW**
The laws of the Province of Ontario and the Dominion of Canada applicable therein shall govern the legal obligations of the parties and the interpretation of this PO. The parties irrevocably attorn regardless of domicile to the jurisdiction of the courts of Ontario. Vendor shall comply with all applicable laws and regulations, by-laws and directives relating to the provision of goods and services hereunder, including without limitation all those relating to occupational health and safety, environmental protection, hazardous products and workers' safety insurance board requirements. The provisions of the United Nations Agreement on the International Sale of Goods are hereby excluded.

**21. USE OF LP PROPRIETARY INFORMATION PROVIDED TO VENDOR**
LP's Proprietary Information delivered to the Vendor under this PO shall be used solely for the purpose of performing the obligations contained in this PO. The Vendor agrees that LP's Proprietary Information will not be copied or furnished to any affiliate, subsidiary company or third parties except as specifically authorized in advance by LP Custom Machining Ltd., in writing.

**22. SUBCONTRACTING**
Vendor shall not sublet, subcontract, or sub-supply any portion of the PO without LP's prior, written consent. Vendor shall remain fully responsible and liable for the acts and omissions of any of its sub-vendors and of any persons employed by any of them, and Vendor shall not be relieved from any responsibility for the portion of the PO that is sublet, subcontracted or sub-supplied. Nothing contained in this Agreement shall create any contractual relationship between LP and the sub-vendors. LP shall have the right to expedite and inspect all such work and the production of such goods as though they were performed by Vendor.

**23. SUPPLIER RESPONSIBILITY**
Supplier is responsible to:
- Notify LP of nonconforming product
- Obtain LP approval for nonconforming product disposition
- Notify LP of changes in product/process, changes of suppliers, changes of manufacturing facility location, and where applicable obtain LP approval
- Flow down to the supply chain the applicable requirements including Customer requirements
- Retain records for 10 years unless otherwise requested/required.
- Satisfy the specified requirements and provide objective evidence that the requirements specified have been met.
- Upon request, submit, update, and resubmit the QA program documents, required by Clauses 5.4

**24. COMMUNICATIONS**
Any PO received by the Vendor must be acknowledged in writing. Any notices to be given under this Agreement can be made via electronic communication with the Buyer.

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**25. RIGHT OF ACCESS**

Buyer, their customer and regulatory authorities are to have right of access to the applicable areas of all facilities, at any level of the supply chain and to all applicable records.

**26. DELIVERY OF SUSPECT/COUNTERFEIT ITEMS**

LP Custom Machining Ltd. suppliers are hereby notified that the delivery of suspect/counterfeit items or services provided is of concern to LP Custom Machining Ltd.. If any items or services covered by this Purchase Order are described using a manufacturer's part number or using a product description and/or specified using an industry standard, the Supplier shall be responsible to assure that the item or service supplied by Supplier meets all requirements of the latest version of the applicable manufacturer data sheet, description, code or specification requirements and/or industry standards. Should the Supplier desire to supply an item or service that may not meet the requirements of this paragraph, Supplier shall notify LP Custom Machining Ltd. of any exceptions and receive LP Custom Machining Ltd. written approval prior to shipment of the item or service provided to LP Custom Machining Ltd. If suspect/counterfeit items, documentation or services are furnished under this Purchase Order or are found in any of the goods delivered hereunder, such Item(s) will be dispositioned by LP Custom Machining Ltd. and may be returned to the Supplier. The Supplier shall promptly replace such suspect/counterfeit items, documentation or provide services acceptable to LP Custom Machining Ltd. and the Supplier shall be liable for all costs, including but not limited to Ulrich's internal and external costs, relating to the resolution and/or replacement of said item or service.

**27. PRODUCT SAFETY**

The Supplier must maintain and operate its manufacturing/production facilities and processes in accordance with local,
federal laws/regulations in the country of origin. At no time, shall any LP Custom Employee, be exposed to hazardous materials or unsafe conditions as a result of Supplier shipments to LP Custom. For items with inherent
hazards, safety notices must be clearly visible. As applicable, documented safety handling and protection information
must be provided.
The Purchase reserve the right to require and request evidence of external provider's ensuring that their personnel are
aware of:
a) Their contribution to product or service conformity
b) Their contribution to product safety
c) The importance of ethical behavior