

STEGG LIMITED - GLOBAL TERMS FOR PRODUCTION PARTS

GENERAL

These terms and conditions and associated documents are issued on behalf of STEGG LIMITED identified as the "Buyer" and will apply to all orders issued to you as the Seller for parts and materials for production goods and services ("Supplies"). Purchase Orders and other associated purchasing documents will be valid without a signature if issued by Buyer through its computer system or other electronic means. The reference to Purchase Order herein shall include a Release or a Tooling Purchase Order issued by Buyer to Seller.

1. OFFER ACCEPTANCE

- a) A Purchase Order or Release against a Purchase Order is an offer to Seller by Buyer to enter into the purchase and supply agreement it describes. Seller's commencement of work thereunder will constitute acceptance of the offer.
- b) Once accepted, a Purchase Order, together with these terms and conditions and referenced documents, will be the complete and exclusive statement of the purchase agreement. Any modifications proposed by Seller are not part of the agreement in the absence of Buyer's written acceptance.
- c) Any conflicting terms between the face of a purchase order and these Global Terms, the face of a purchase order will take precedence.

2. MODIFICATIONS

- a) Buyer, at any time, by way of written notice to Seller, may change the design (including drawings, materials and specifications), processing, method of packing and shipping, and the date or place of delivery of the Supplies.
- b) If any such change affects cost or timing, Buyer will adjust the purchase price and delivery schedules equitably.

3. SAMPLES & PRODUCTION APPROVALS

Where specified, Seller will supply samples and production parts in accordance with Buyer's written requirements.

4. BAILED PROPERTY

Seller bears all responsibility for loss of and damage to any property owned by Buyer and possessed by Seller for use in performing a Purchase Order, including responsibility for loss and damage which occur despite Seller's exercise of reasonable care, but excluding normal wear and tear. Seller will:

- i) properly house and maintain such property on Seller's premises,
- ii) prominently mark it Property of Buyer,
- iii) refrain from commingling it with the property of Seller or with that of a third party, and
- iv) adequately insure such property against loss of damage.

Upon request, Seller immediately will deliver such property at Buyer's option F.O.B. Seller's facility or F.O.B. Buyer's premises, properly packed and marked in accordance with the requirements of the carrier and Buyer.

5. DELIVERY DATES, RELEASES

If delivery dates are not specified in a Purchase Order, Seller will procure materials and fabricate, assemble, and ship Supplies or provide services only as authorized in shipment releases issued to Seller by Buyer. Buyer may return over shipments to Seller at Seller's risk and expense for all packing, handling, sorting and transportation. Buyer, at any time, may change or temporarily suspend shipping schedules specified in a Purchase Order or shipment release or other written instructions issued by Buyer pursuant to this Section.

Supplier's delivery performance shall be evaluated, and a rating assigned, at regular intervals against the goal of 100% on-time delivery.

6. PACKING, LABELLING AND SHIPPING

- a) Seller will pack and ship Supplies in accordance to Buyer's packaging standards. Seller will ensure that any third parties that supply packaging for Buyer's Supplies agree to comply with such standards.
- b) Parts are to be labelled and identified correctly with Buyer's part number to ensure proper receipt.
- c) Seller will reimburse Buyer for all expenses incurred by Buyer as a result of improper packing, marking, routing, or shipping. Suppliers are liable for excess transportation charges resulting from behind schedule conditions, shipping discrepancies, quality rejections, failure to maintain assigned shipping conveyances, and non-conformance to the normal shipping instructions issued by Buyer. Additionally, any deviation from the carrier specified on the routing instructions without authorization will relieve Buyer from any 3rd party liability claims. When a normal minimum shipping weight is shown, a lesser weight should not be shipped without specific authorization from Buyer.

7. SHIPPING DOCUMENTS

- a) All shipments made to the Buyer's facility must be accompanied by a Packing Slip and Carrier Bill of Lading. The Packing Slip must include the Buyer's part number.
- b) For suppliers outside of Canada, the following documents and information will be sent with the carrier/forwarder for customs clearance.
 - i) Packing Slip* (copy ATTACHED TO GOODS)
 - ii) Commercial Invoice*
 - State: "Customs Clearance by "DESIGNATED BROKER."
 - iii) Export Certificate of Origin. (N.A.F.T.A.)
 - Please contact Designated Broker for instructions.
 - Not necessary if blanket certificate is on file with Designated Broker for each calendar year.
 - iv) Carrier Bill of Lading.

Please Note: Buyer's Part Number must be correctly indicated on all Packing Slips and Invoices in order to record the receipt and authorize for payment. An incorrect packaging slip may result in payment delays.

8. QUALITY INSPECTION

Buyer at its option may reject and return at Seller's risk and expense, or retain and correct, Supplies that fail to conform

to the requirements of a Purchase Order even if the nonconformity does not become apparent until the manufacturing or processing stage. If Buyer elects to correct the Supplies, it will consult with Seller on the method of correction. Seller will reimburse Buyer for all reasonable expenses resulting from rejection or correction.

9. INVOICES, PAYMENT

- a) Seller will operate in accordance with all applicable payment guidelines provided by Buyer.
- b) Payment terms will be as specified in the relevant Purchase Order.
- c) Seller agrees that all its accounts with Buyer will be administered on net settlement basis and that Buyer may set off debits and credits against any of Seller's accounts regardless of the Purchase Orders or contracts from which such debits or credits arise.

10. APPLICABLE TAXES

The total price specified for Supplies on a Purchase Order will include all elements of freight, duty and tax as specified in the relevant delivery terms.

11. WARRANTY

- a) Seller warrants that Supplies under a Purchase Order will, during the warranty period specified, conform to the applicable drawings, specifications, or other description furnished pursuant to the Purchase Order, and regulations in force in the countries where the Supplies are to be sold and are free of defects in design (to the extent that Seller furnished the design), materials, and workmanship and are suitable for the purpose intended.
- b) Seller will indemnify and hold Buyer harmless in respect of the cost of recall campaigns and other corrective service actions that, in Buyer's reasonable judgment, are required to rectify non conformities in the Supplies that are the result of a breach of the foregoing warranty.

12. TITLE AND ENGINEERING DRAWINGS, SPECIFICATIONS

- a) Any documents produced or acquired by Seller under a Purchase Order will belong to Buyer.
- b) All drawings, know-how and confidential information supplied to Seller by Buyer and all rights therein will remain the property of Buyer and will be kept confidential by Seller. Seller is licensed to use Buyer's drawings, know-how and confidential information only for the purpose of fulfilling its obligations under a Purchase Order. Seller will not disclose such drawings to third parties unless this is required for Seller to fulfill its duties under a Purchase Order. Seller will inform Buyer in writing of any third parties to which Seller subcontracts any of the work required under a Purchase Order specifying in detail the work which has been subcontracted to such third party. Seller will ensure that any third party to which Seller subcontracts any of the work hereunder is bound by all the terms and conditions relating to such work to which Seller is bound under a Purchase Order.

13. INFRINGEMENT AND PROPRIETARY RIGHTS

Seller will not sell or otherwise dispose of any product that incorporates any trademark, patentable invention, copyright work, industrial design or other matter the subject of any intellectual property right of Buyer to any party other than Buyer except where specifically authorized by Buyer in writing.

14. INFORMATION AND DATA

Seller will furnish to Buyer, or another party designated by Buyer, without restrictions on use or disclosure, all information and data Seller acquires or develops in the course of Seller's activities under a Purchase Order.

15. COPYRIGHTS

Any work of authorship created by Seller or Seller's employees under a Purchase Order which is specially ordered or commissioned by Buyer will be considered as a "work made for hire" and all copyrights for such works for authorship will belong to Buyer.

16. AUDIT RIGHTS

Buyer will have the right at any reasonable time to send its authorized representatives to examine all pertinent documents and materials in the possession or under the control of Seller relating to any of Seller's obligations under a Purchase Order or any payments requested by Seller pursuant to a Purchase Order.

17. ASSIGNMENT

Seller will not assign all of its substantive duties under a Purchase Order without Buyer's written approval. Seller will provide Buyer with reasonable advance written notice of any assignment of Seller's right to receive payment under a Purchase Order. Any such assignment shall not prohibit Buyer from enforcing any of its rights against the assignee.

18. EXCUSABLE DELAYS

Neither Buyer nor Seller will be liable for a failure to perform that arises from causes or events beyond its reasonable control and without its fault or negligence, including labor disputes. The party claiming the excusable delay shall give notice in writing as soon as possible after the occurrence of the cause relied on and after termination of the condition. In the event of an excusable delay in performance, Buyer at its option may acquire possession of Buyer owned tooling, all finished goods, work in process, and parts and materials produced or acquired for the work under a Purchase Order.

19. TERMINATION

- a) Unless a Purchase order specifically states otherwise, Buyer may terminate its purchase obligations under a Purchase Order, in whole or in part, at any time by a written notice of termination to Seller. Buyer will have such right of termination notwithstanding the existence of an Excusable Delay of Section 18.
- b) Upon receipt of the notice of termination, Seller, unless otherwise directed by Buyer, will
 - i) terminate promptly all work under a Purchase Order,
 - ii) transfer title and deliver to Buyer the finished work, the work in process, and the parts and materials which Seller produced or acquired in accordance with a Purchase Order and which Seller cannot use in producing goods for itself or for others;
 - iii) verify/settle all claims by subcontractors for actual costs that are rendered unrecoverable by such termination and provided the recovery of materials in Seller's possession is ensured, and
 - iv) take actions reasonably necessary to protect property in Seller's possession in which Buyer has an interest until disposal instruction from Buyer has been received.
- c) Upon termination by Buyer under this Section, Buyer's obligation to Seller will be
 - i) the Purchase Order price for all finished work and completed services which conform to the requirements of a Purchase Order,
 - ii) Seller's actual cost of the work in process and parts and materials transferred to Buyer in accordance

- iii) with subsection (b)(ii) hereof,
Seller's actual costs of settling the claims by subcontractors of subsection (b)(iii) hereof; and
- iv) Seller's actual cost of carrying out its obligations of subsection (b)(iv) hereof, but Buyer's obligations will not exceed those Buyer would have had to Seller in the absence of termination.
- d) Seller will furnish to Buyer, within one month after the effective date of termination, Seller's termination claim, which will consist exclusively of the items of Buyer's obligation to Seller that are listed in subsection (c) hereof. Buyer may audit Seller's records, before or subsequent to payment, to verify amounts requested in Seller's termination claim.
- e) Buyer will have no obligation to Seller under (b), (c), or (d) above if Buyer terminates its' purchase obligations of a Purchase Order because of a default by Seller.

20. Government Safety and Environmental Regulations

Seller is responsible to ensure all supplied materials used in part manufacture shall satisfy current governmental and safety constraints on restricted, toxic and hazardous materials: as well as environmental, electrical and electromagnetic considerations applicable to the country of manufacture and sale. Where required, seller shall supply the necessary documents as proof of compliance.

Supplemental Provisions Applicable to Tooling

21. TOOLING ORDER

If Buyer issues a Tooling Purchase Order, Seller will design and fabricate, rework, or acquire from such sources as Buyer has given prior approval, and install the tools, dies, fixtures, molds, or patterns, described in such Tooling Order ("Tooling"), subject to the terms and conditions contained herein. Tooling drawings shall be provided to Buyer by Seller. Unless waived by Buyer, tool designs will be reviewed and approved by Buyer. Any changes to the tooling drawings must have Buyer approval, and updated drawings supplied to Buyer by Seller.

22. TITLE, IDENTIFICATION

All right, title, and interest in and to any part of the Tooling shall pass to Buyer as soon as it is acquired or fabricated in accordance with a Tooling Purchase Order. All Tooling in the possession of Seller shall be deemed to be Bailed Property. Seller will

- i) properly house and maintain such property on Seller's premises,
- ii) prominently mark it Property of Buyer,
- iii) refrain from commingling it with the property of Seller or with that of a third party, and
- iv) adequately insure it against loss or damage.

Seller shall indemnify Buyer against any claim adverse to Buyer's ownership of the Tooling, except as such claims may result from any acts or omissions of Buyer. To the extent permitted by law, Seller waives its right to object to the repossession of the Tooling by Buyer in the event Seller is involved in bankruptcy proceedings. While in its possession, Seller, at Seller's expense, shall maintain the Tooling in first class condition and immediately replace any items which are lost or destroyed or become worn out. All repaired or replaced Tooling shall be the property of Buyer. Wear and repair of the Tooling is Seller's responsibility. None of the Tooling shall be removed from Seller's premises without Buyer's written consent. Seller shall keep such records in relation to the Tooling as Buyer may reasonably require. None of the Tooling shall be used in the production, manufacture or design of any goods or materials except to the order of Buyer. Seller shall not sell or otherwise dispose of any product using Buyer's Tooling to any party other than Buyer except

where specifically authorized by Buyer in writing.

23. TOOLING INVOICES. PAYMENT

Payment for Tooling will be made in accordance with Buyer's standard/normal payment terms unless stated otherwise on the Purchase Order.