

Progressive Machining Purchase Order Terms and Conditions

1. **ACCEPTANCE:** This Purchase Order constitutes Buyer's offer to Seller and becomes a binding contract subject to the terms and conditions set forth herein when it is accepted by the Seller either by acknowledgement or the commencement of performance by Seller pursuant to this order. No revisions of this order or any of the terms and conditions thereof shall be valid unless in writing and signed by Buyer and no condition stated by Seller in accepting or acknowledging this order shall be binding upon Buyer if in conflict with, inconsistent with, or in addition to the terms and conditions contained herein unless expressly accepted in writing by Buyer. This contract contains the entire agreement of the parties, and failure of either party to enforce any of its rights hereunder shall not constitute a waiver of such rights or to any other rights hereunder.
2. **SPECIFICATIONS:** Any specifications, drawings, tools, samples, models, formulas, jigs, fixtures, materials or other descriptions (collectively "Specifications") referred to in this Purchase Order are hereby made a part of the contract. Seller warrants that all goods furnished shall conform to Buyer's Specifications where such Specifications are indicated on the Purchase Order. All Specifications furnished by Buyer or the cost of which is charged against this Purchase Order shall be held strictly confidential by Seller and shall remain the property of the Buyer and where possible must be returned to Buyer within fifteen (15) days of written request. Seller shall notify Buyer with a minimum of 60 days should any part, component or raw material undergo modification or change to the Specification (in particular, fit, form or function) which is controlled either by the Seller or the Sellers source of supply.
3. **MATERIAL CERTIFICATION:** Seller is to provide Material Test Reports for all orders, unless given written consent from the Buyer to not provide such documentation. At the discretion of the buyer a Certificate of Conformance and/or a Certificate of Compliance may also be requested for any goods sold to Buyer. Due to the nature of Buyer's business, these documents are critical for acceptance of goods. Failure to provide these documents with original shipment will result in a \$50 administration charge for secondary request.
4. **WARRANTIES:** Seller warrants all goods covered by this Purchase Order to be of quality, quantity, size, description and dimensions specified and free from defects, in design, materials and workmanship, including latent defects for a period of 1 year from the date of delivery to Buyer. Such warranty shall survive delivery and include workmanship of the materials and shall not be deemed waived either by reason of Buyer's acceptance or payment of said goods.
5. **INDEMNIFICATION:** To the fullest extent permitted by applicable law Seller agrees to protect, indemnify and hold Buyer and its affiliates harmless from and against all damages, liabilities, and claims for any infringement, claimed infringement, patent, copyright, proprietary data, loss, damage or injury (including death) allegedly caused by any goods purchased under this Agreement (except in respect of any of the same resulting or arising from Goods manufactured and supplied by Seller in accordance with drawings and related specifications or other items provided by or on behalf of Buyer to Seller or to the extent not caused by misuse, abuse or other fault directly attributable to Buyer or its customer).
6. **ASSIGNMENT:** Seller may not assign, transfer, or subcontract this Purchase Order or any right or obligation hereunder without Buyer's written consent.
7. **TERMINATION:** Buyer may terminate (by written or electronic notice to Seller) the Purchase Order for its convenience in whole or in part, at any time prior to shipment. Upon receipt of such termination notice, Seller shall promptly comply with the directions contained in such notice and shall as required, (i) take action necessary to terminate the work as provided in notice, minimizing costs and liabilities for the terminated work and (ii) continue performance of any part of the work not terminated by Buyer. Buyer and Seller shall negotiate reasonable termination charges which will be identified by Seller within seven (7) days of notice of termination by Buyer.

8. **CHANGES AND ALTERATIONS:** Buyer reserves the right at any time to issue a change order or amendment (written or electronic) to the Purchase Order concerning any of the following; a) specifications, drawings, and data in the Purchase Order where the items to be furnished are to be specifically manufactured for the Buyer; b) quantity; c) methods of shipments or packaging, d) place of delivery; or e) any other matters affecting this Purchase Order. No revisions of change order or amendment shall be valid unless in writing and signed by an authorized representative of Buyer. Any change in costs must be mutually agreed upon by Buyer and Seller.
9. **COMPLIANCE WITH LAWS:** Seller has and will comply with all laws and regulations of federal, provincial, state and local governments, as applicable from which because of non-compliance by the Seller, liability may accrue to Buyer. Seller agrees to indemnify Buyer for any liability imposed on Buyer resulting from such non-compliance by Seller.
- Nuclear Sector Specifics:
- A. Suppliers are accountable to ensures their system prohibits delivery of Counterfeit, Fraudulent and Substandard Items (CFSIs)
 - B. Legal consequences of supplying CFSIs include monetary penalty and / or criminal liability
 - C. Any supplied CFSIs must be replaced in a timely manner as the Supplier cost.
10. **CONFIDENTIALITY:** Seller agrees to hold all information provided by Buyer , in either written or any electronic format, including but not limited to, design information, drawings, specifications, reports, requests for quotation or proposals, customer information or the like in strictest confidentiality. No dissemination of any information is permitted without explicit written consent of the Buyer.
11. **FORCE MAJEURE:** Neither party shall be liable for damages because of delays in failure of performance required under this Agreement when such delay or failure is due to acts of God, acts of civil or military authority, fire, flood, strikes, war, epidemics, shortage of power, or other cause beyond such party's reasonable control and without its fault or negligence, provided that such party (i) uses best efforts to promptly notify the other in advance of conditions which will result in any such delay in or failure of performance, and (ii) uses best efforts to avoid or remove such conditions, and (iii) immediately continue performance whenever such conditions are removed.
12. **INSPECTION:** Receiving material shall not constitute acceptance of goods covered by this Purchase Order and shall be without prejudice to any and all claims of Buyer against Seller. All goods covered by the Purchase Order shall be subject to Buyer's inspection and approval within a reasonable time after delivery. If specifications are not met, goods shall be nonconforming to this Purchase Order in any way such goods may be returned to Seller at Seller's expense, including transportation charges for return and replacement. Buyer, in addition to its other remedies at law or hereunder, shall have the right to have rejected goods replaced, or not, at Buyers option and at the purchase price stated in the Purchase Order and also the right to accept such part of any shipment which conforms to this Purchase Order and reject any part not conforming to this Purchase Order, and to consider the Purchase Order breached to the extent of the rejected material. Both accounts receivable and prepaid purchases shall be governed by this term.
13. **PRICE AND TERMS OF PAYMENT:** Invoices shall be dated no earlier than the date of shipment or delivery of service. If applicable the discount period begins upon receipt of invoice, otherwise Buyer will pay all invoices within sixty (60) days after receipt of invoice. All packages, invoices, correspondence, customs documentation, bills of lading, and packing slips must have the complete Purchase Order number prominently displayed and packing slips must accompany all shipments.
14. **DELIVERY:** If any shipment or delivery is made which is not in all respects in accordance with the provisions of this Purchase Order or the delivery schedule, the Buyer reserves the right to reject any shipments or deliveries not then made and cancel the Purchase Order without any liability to Buyer. Each delivery shall be accompanied by a packing slip specifying the exact quantity and description of the delivery and shall contain the Purchase Order assigned to said delivery. All applicable Customs

documentation must accompany each shipment. Unless otherwise specified all shipments shall be FOB Buyer's dock.

15. **PACKAGING AND CRATING:** No charges will be allowed for boxing, crating or cartage unless otherwise stated herein. The Seller shall properly package the goods covered by the Purchase Order in order to prevent damage and the Buyer may reject items that are not properly packaged and labeled to the following address;
Progressive Machining Inc
75 Bathurst Drive
Waterloo, Ontario
N2V 1A2
16. **ENVIRONMENTAL:** Seller shall provide goods and services with appropriate considerations to reduced levels of toxicity, end of life disposal, shipping efficiencies and the overall environmental impact. All goods and services supplied shall be compliant with RoHS, REACH and SVHC regulations, unless otherwise specified in writing by buyer.
17. **CONFLICT MINERALS:** Seller shall ensure reasonable efforts are in place to prevent the sourcing of "Conflict Minerals" as outlined in Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.
18. **INDEPENDENT CONTRACTOR:** Seller is an independent contractor and is subject to these terms and conditions, shall control the means, method and manner of providing goods and services. Neither Seller nor its subcontractors nor Seller's or subcontractor's employees, agents or representatives be deemed to be an agent, partner, venture, representative or employee of Buyer.
19. **ENTIRE AGREEMENT:** Unless superseded by a Supply Line agreement between the Buyer and Seller, this agreement shall include the Purchase Order, these General Terms and Conditions, and all attachments referred to in the Purchase Order and it shall constitute the entire agreement of the Buyer and Seller with regards to the subject matter contained herein. All other prior representations, warranties, covenants, or agreements between Buyer and Seller with respect to the subject matter are hereby superseded.
20. **GOVERNING LAW:** This agreement shall be governed and construed in accordance with the laws of Waterloo, Ontario and the federal laws of Canada applicable therein and shall be treated, in all respects, as an Ontario contract. The parties submit to the non-exclusive jurisdiction of the Courts of Ontario. The parties hereby expressly exclude the application of the United Nations Convention on Contracts for the International Sale of Goods.
21. **LANGUAGE:** The parties have expressly requested and required that this agreement and all other related documents be drawn up in the English language.
22. **REVISION:** Buyer reserves the right to revise terms and conditions without notice.
23. **CONTROL OF CFSI:** hereby notified that the delivery of non-conforming counterfeit, fraudulent and suspect (CFSI) is of special concern to us. If any items under the scope of work are described using a part or model number, a product description, and/or industry standard referenced, supplier shall assure that the items supplied meet all requirements of the latest version of the applicable manufacturer data sheet, description, and/or industry standard.

Supplier shall document and implement a process for detecting and resolving CFSI. Which shall include:

The manufacturer/supplier shall inspect materials and related documentation to assure against the use of counterfeit, fraudulent and suspect materials and items. This inspection shall specifically focus on:

- Altered manufacturer's name, logo, serial number, manufacturing date
- Items differing in configuration, dimensions, fit, finish, color, or other attributes from that expected
- Markings on items or documentation are missing, unusual, altered, or inconsistent with that expected
- Markings or documentation from country other than that of the qualified sub-supplier
- Items, sold as new, exhibit evidence of prior use
- Performance inconsistent with specification or certification or test data furnished
- Documentation that appear altered, incomplete, or lack expected traceability or code/manufacturer's markings
- Poor Workmanship

The supplier shall supply a certificate of compliance that the above noted inspections have been performed.

24. REQUIREMENTS OF (AJH) AUTHORITY HAVING JURISDICTION

When the Supplier name scope of work provokes the requirements of Authority having Jurisdiction such as TSSA or other the supplier shall provide the item with evidence of registration by way of a Canadian Registration Number (CRN) along with the shipment.

25. RIGHT TO ACCESS

Progressive Machining and their customers, and their authorized representatives, shall have the right to inspect the work during normal business hours and may reject any part thereof which is found to be not in accordance with these terms and conditions.