

PURCHASE ORDER TERMS AND CONDITIONS

1. **OFFER TO BUY:** The purchase order (“PO”) constitutes an offer to buy goods or services according to the description and other terms set forth on its face and reverse side (“Goods”). Together with these terms and conditions the PO constitutes this Agreement (“Agreement”). Terms on the face of the PO shall govern where directly inconsistent with those of the Agreement. It is the Seller’s responsibility to read and understand the terms and conditions issued with each PO, as these terms may be amended from time to time without notice to Seller. No additional or different terms offered by Seller shall be or become part of this PO nor shall this PO be modified, without the express written approval of Buyer noted on the face of the PO. Buyer’s signature on a Seller’s agreement or any other forms of agreement provided by Seller shall not constitute written approval for the purposes of modifying the terms and conditions of this PO.
2. **BLANKET PURCHASE ORDER:** If a blanket PO is issued to Seller, Buyer will issue short-term releases under the blanket PO to satisfy program requirements. Without a firm release, Buyer is under no obligation to Seller for purchase of any of its inventory. If Seller produces Goods without a firm release, it does so at its own risk and accordingly, will only be compensated for such Goods at Buyer’s sole discretion.
3. **WARRANTY:** Seller warrants that Goods shall: a) Conform in all respects to the drawings, specifications, samples and other descriptions and requirements relating to the Goods that have been furnished, specified or approved by the Buyer; b) Comply with all Governmental Requirements of the countries in which the Goods or the products into which the Goods are to be installed are to be sold; c) Be merchantable; d) Be free from defects in design to the extent furnished by Seller, its affiliates or their subcontractors, even if the design has been approved by Buyer and/or Buyer’s customer; e) Be free from defects in materials and workmanship; and f) Be suitable for their intended use by Buyer and/or Buyer’s customer, including specified performance in the component, system, subsystem and product location specified by the Buyer and in the environment in which the Goods are or may reasonably be expected to perform. Seller shall maintain an inspection and process control system acceptable to Buyer. All specifications, drawings and data submitted to Seller by Buyer in connection with this PO are incorporated and made part of these terms and conditions. Seller warrants that it has title to the Goods supplied under this PO and the Goods are and shall be free of liens and other encumbrances. Supplier shall at its own cost, replace or repair at Buyer’s sole discretion any non-conforming Goods or re-perform Services within a period of 12 months from the date of acceptance. If Seller does not replace, repair or re-perform within a reasonable time after notice, Buyer or a third party authorized by Buyer may do so at Seller’s expense. These warranties will survive acceptance and payment and will run to Buyer, its customers, and their successors and assigns. The remedies set out above are not exclusive and are in addition to Buyer’s other rights under the terms of this Agreement, or at law or equity.
4. **PRICING:** Except as a result of engineering changes, there shall be no price increases during the term of the PO for any Goods covered by this PO. Base pricing is to remain firm for the duration of the PO or pricing agreement, if any. Buyer shall not accept any form of surcharge (Energy, Fuel, etc). Seller must maintain a competitive position in the marketplace. Should Buyer receive a competitive bid from a reputable alternate source, Buyer may discontinue purchases from Seller by providing written notice. Seller warrants the prices for Goods are not less favourable than those currently extended to any other customer for the same or similar Goods. In the event Seller reduces its price for the same or similar products to other buyers during the course of this program, Seller agrees to reduce its pricing for Goods to Buyer correspondingly.
5. **PAYMENT TERMS:** Except as otherwise agreed, Buyer shall pay Seller’s invoices net 60 days after receipt of the invoice. Payment for Goods shall not be considered acceptance in whole or in part of such Goods. It is the Seller’s responsibility to ensure that all of its invoices on all programs are correct. If the Seller discovers a *bona fide* error on invoice amounts, the Buyer shall only pay a retroactive adjustment of up to a maximum of 90 days prior to when said error was discovered (“Adjustment Period”). Seller shall bear any loss for invoicing errors outside of this Adjustment Period.
6. **CONSIGNED GOODS:** Any material furnished by Buyer on a “No Charge” basis shall remain property of Buyer and be fully accounted for, including scrap. Any such material scrapped because of defective workmanship of Seller shall, at Buyer’s discretion be replaced or paid for by Seller.
7. **QUALITY:** Seller is solely responsible for maintaining the quality of the manufacturing process to the

specifications of Buyer or Buyer's customer as detailed in the relevant blueprint and/or the referring specifications relating to such blueprint. Costs incurred by Buyer or its customer (i.e. sorting charges, labour, damaged tooling, rework, etc.) resulting from defective Seller-provided Goods will be settled within a period of twenty working days from notification to Seller by Buyer or Buyer's customer. Costs incurred shall be charged back to Seller. Changes in design, material, material source, processing or manufacturing source from the part previously approved for production requires Buyer's engineering approval prior to each such change.

8. **CHANGES:** Buyer may at any time by a written order make changes within the general scope of this PO, in any one or more of the following: a) drawings, designs or specifications where the Goods to be furnished are specifically manufactured for Buyer in accordance therewith; b) method of shipment or packing; c) place of delivery; and d) the amount of Buyer- furnished property. If any such change causes an increase or decrease in the cost of, or the time required for the performance of any work under this PO, whether changed or not changed, an equitable adjustment shall be made in the contract price or delivery schedule or both, and the PO shall be modified in writing accordingly. Seller shall proceed with the PO as changed unless such changes will result in an increase in the cost and/or time of performance. Seller must notify Buyer in writing to that effect within five (5) working days after receipt of changes (such notification will include an estimate of the extent of the effect of the changes on the cost and/or time of performance) so that Buyer can determine if it wishes to proceed with the changes in view of the impact on cost and/or time of performance. After such notification Buyer shall specifically instruct Seller in writing to proceed or not proceed with the changes. Any claim by Seller for adjustment under this clause must be asserted within thirty (30) days from the date of receipt by Seller of notification from Buyer to proceed with the changes provided, however, that Buyer, if it so chooses may receive and act upon such claim asserted at any time prior to the final payment under this PO. Nothing in this clause shall excuse Seller from proceeding with the PO as changed. Where the cost or property made obsolete or excess as the result of a change is included in Seller's claim for adjustment, Buyer shall have the right to prescribe the manner of disposition of such property.

9. **CANCELLATION:** Buyer, without waiving any other legal rights, reserves the right to cancel without charge or to postpone deliveries of any of the Goods covered by this PO which have not yet been shipped. However, if Seller suffers delay in performance due to causes beyond its reasonable control, such as an act of God, war, act of Government, fire, flood, strike, sabotage, or delay in transportation, the required date shall be extended by a period of time equal to the period of delay, provided that Seller gives Buyer notice in writing of its cause within a reasonable time after being aware of such delay.

10. **TERMINATION:** Buyer may terminate work on this PO for its own convenience in whole or in part by written notice at any time. In that event any claim arising out of such termination shall be settled by negotiation on the basis of Seller's direct costs properly incurred or made in compliance with this PO and supported with appropriate documentation, with due allowance for salvage value.

11. **INDEMNIFICATION AND INSURANCE:** Seller shall indemnify, defend and save harmless Buyer, its employees, agents and invitees from and against all liability, demands, claims, loss, cost, damage and expense arising out of, as a result of or in connection with the performance of this PO which is occasioned by the actions and omissions of Seller or its suppliers. Seller will maintain and carry liability insurance which includes but is not limited to employer's liability, worker's compensation, general liability and contractual liability in amounts set forth in this PO with carriers approved by Buyer but in no event shall such amounts be less than the minimum statutory requirements, if any. Seller will, if requested by Buyer, furnish certificates of insurance indicating the foregoing coverage. Seller agrees to perform the work in accordance with the safety rules of Buyer and all applicable laws and regulations.

12. **QUANTITIES:** It is Seller's responsibility to furnish the proper quantity called for on this PO. No variation in the quantities specified herein will be accepted as compliance with this PO, except by Buyer's prior written agreement. Buyer may in its sole discretion retain any over shipments and consider them as having been delivered within the total price set forth in this PO.

13. **DELIVERY:** Shipment must be made to meet the specified schedule. Time is of the essence in this PO. Goods shipped to Buyer in advance of schedule may be returned at Seller's expense. Alternatively, and at Buyer's sole discretion, payment may be withheld and the discount period will begin from the scheduled date of receipt. Late

shipments caused by Seller's failure to perform must be expedited. Any additional charges for overtime, expedited freight, or other unusual cost shall be borne by Seller.

14. **ALL SHIPMENTS** must contain packing slips giving part number, description of material, quantity and the PO number. If shipment is not made F.O.B. destination, the original Bill of Lading must be furnished with invoices. Buyer's count shall be accepted as final on all shipments not accompanied by packing slips.

15. **PACKAGING AND LABELLING:** Buyer's PO number shall appear conspicuously on each package, box, keg, bale, bundle or any other type of container. When shipping by weight, the tare weight of the containers should be permanently marked on each container. If this PO covers stationery or printing, a label must also be placed on the outside end of each package showing Buyer's PO number, date ordered, quantity and form number. Seller will ensure that all products are packaged in such a way that no damage will occur to the Goods during normal transportation.

16. **ALL EXPORT SHIPMENTS** must be adequately boxed or crated, with any special handling marked, and contents waterproofed, rust protected, and otherwise packaged to prevent damage in transit, and must meet all export shipping requirements. When applicable, Buyer must be supplied with a proper certificate of origin complying with customs regulations and all proper export documents for customs clearance. Seller is to fax necessary paperwork to Buyer's custom broker/agent at port of entry.

17. **ROUTING INSTRUCTIONS:** Seller shall make shipments as instructed. In the absence of specific routing instructions, shipments are to be routed "Best Way". Title and risk of loss pass to Buyer at the delivery point designated by it.

18. **DIRECT SHIPMENTS:** When Goods are invoiced by Seller but shipped by another company the invoice shall bear the name of the shipper and the point from which shipment originated. Local and warehouse shipments of steel and bar stock should be marked or tagged in a suitable manner to permit prompt identification upon request.

19. **TOOLING CONSIGNMENT AND ACCESS RIGHTS:** All tools, gauges, dies, fixtures and patterns furnished by Buyer or which Buyer specifically authorized Seller to acquire for work on this PO ("**Tooling**"), shall be and remain the property of Buyer. Buyer shall have unfettered access to Tooling at any time. All such Tooling shall be conspicuously labelled by Seller as "Property of Class 1 Inc". All Tooling shall be listed and maintained in suitable condition due to the work, by and at the expense of Seller, and returned to Buyer at any time upon request, F.O.B. Seller's plant. All Tooling shall be maintained and/or replaced as required to produce dimensionally capable products, at Seller's expense. Seller shall not dispose of Tooling without the express written approval of Buyer.

20. **AFTER-SALES SERVICE SUPPORT:** Seller shall provide prompt and efficient after-sales support and warranty services with respect to all Goods sold under this Agreement. Such after-sales support and warranty services shall be provided in accordance in such a manner as to meet all reasonable expectations of Buyer and Buyer's customers. All costs related to after-sales support, which shall include but is not limited to, costs incurred by Buyer to properly administer any cross-border access required for service technicians, shall be borne by Seller.

21. **REJECTIONS:** All Goods received by Buyer may be subject to inspection. At Buyer's discretion, any or all of the Goods in a lot, in which there are articles which do not conform to the terms and conditions of the PO may be returned at Seller's expense. Due to schedule or other constraints, Buyer may elect to sort and/or repair the non-conforming Goods at Buyer's facility, in which case all inspection, sorting and repair costs shall be at Seller's expense. When Seller receives consigned Goods on Buyer's behalf, Seller is responsible for completing appropriate incoming inspection with respect to count, verification, and any quality inspection that may be required as negotiated with Buyer. If a count discrepancy occurs, Seller must notify Buyer within two (2) working days. Failure to do so may result in Seller being responsible for the cost of any related material variances. Failure of Seller to provide adequate material certification when required by order specification shall deem the Goods to be rejected and the receipt date delayed until adequate material certification is provided.

22. **TAXES:** Any taxes whether sales, goods and services, value added or otherwise shall be shown separately on the invoice.

23. **ASSIGNMENT:** This PO or monies due thereunder may not be assigned in whole or in part without written consent of Buyer.

24. **SET-OFF:** Buyer shall be entitled at all times to set off any amount owing at any time by Seller to Buyer, which includes setting off amounts owing to any of Seller's affiliated companies against any amount payable at any time by Buyer in connection with this PO. This may include, but is not limited to, set-off of any costs borne by Buyer

under Section 20 which is chargeable to Seller.

25. **NO ASSIGNMENT/ SUB-CONTRACTING.** Neither this Agreement, nor any right or obligation of Seller, may be assigned or delegated by Seller by contract, merger, operation of law, or otherwise, to any third party without written consent of Buyer, which consent will not be unreasonably withheld. Seller may not sub-contract any work to be performed in connection with this Agreement without the prior written consent of Buyer, which shall not be unreasonably withheld.

26. **NO THIRD-PARTY BENEFICIARIES:** The parties acknowledge and agree that there are no intended, direct or indirect third-party beneficiaries to this Agreement. Seller agrees to indemnify, defend and hold harmless Buyer for any and all claims advanced by any of its third-party suppliers arising out of or related to the sale of Goods under this Agreement.

27. **EXTRA CHARGES:** No extra charges of any kind will be allowed unless specifically agreed to in writing by Buyer.

28. **ADVERTISING:** Seller shall not, without first obtaining Buyer's written consent, in any manner advertise or publish the fact that Seller has contracted to furnish Buyer Goods herein ordered, or use any trademarks or trade name of Buyer in Seller's advertising or promotional materials. In the event of Seller's breach of this provision, Buyer shall have the right to cancel the undelivered portion of any Goods covered by this PO and shall not be required to make further payments except for conforming Goods delivered or services rendered prior to cancellation.

29. **INTELLECTUAL PROPERTY:**

(a) Ownership of Inventions. To the extent that this Agreement is for the purchase of "off the shelf," pre-existing unmodified Goods and/or Services, nothing in this Agreement shall affect the pre-existing intellectual property rights of the parties. Additionally, each party shall retain all its rights, title and interest in any and all inventions (including discoveries, ideas, or improvements, whether patentable or not) ("Inventions") owned by it prior to this Agreement. Further, except as expressly provided herein, no license or right is granted hereby to a party, by implication or otherwise, with respect to or under any existing patent application, patent, claims of patent or proprietary rights of the other party.

(b) Seller grants a non-exclusive, fully paid, royalty-free, world-wide, perpetual, non-terminable license to any patents, copyrights, trademarks or trade secrets necessary for Buyer to fully possess, sell and use the Goods purchased hereunder.

(c) With respect to new or modified Goods and/or Services, the parties agree that all rights, titles, and interest in any and all Inventions, which are conceived or made during or after the term of this Agreement and are: (i) based upon or arising from Buyer's information, or (ii) developed or paid for specifically by Buyer shall belong to Buyer. In the event Seller produces works of authorship specifically for Buyer under this Agreement ("Works"), such Works shall be deemed "works made for hire" and as such, Buyer will receive all rights, title, and interest thereto. However, if any such Works are determined to not be "works made for hire," Seller agrees to assign, and hereby assigns to Buyer and its successors all rights, title, and interest in and to such Works. Except as otherwise expressly agreed by Buyer, Seller may not sell Goods incorporating the Works to any third parties other than Buyer.

30. **INTELLECTUAL PROPERTY INDEMNITY:** Seller will indemnify and hold Buyer and its affiliates and parents and their directors, officers, and employees harmless from and against any suits, liabilities, losses, damages, claims, causes of actions, and expenses (including reasonable attorneys' fees) arising out of or related to any third party's claim that design, manufacture, use, or sale of any Good constitutes infringement of any patent, copyright, trademark or other form of intellectual property (except to the extent the infringement is caused by Buyer's design). In the event that a Good or part of a Good is held to constitute infringement, or the sale or use of the Good or part are enjoined, regardless of whether the determination constitutes a final judgment, Seller will, at its expense, either procure for Buyer the right to sell and use the Good or part, or replace the infringing item with a substantially equal but non-infringing Good or part.

31. **COMPLIANCE WITH LAWS:** Seller agrees to comply with a Code of Basic Working Conditions, which includes where applicable, compliance with the United Nations Universal Declaration of Human Rights, the ILO's Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, OECD Guidelines for Multinational Enterprises and the Global Sullivan Principles of Social Responsibility. Seller warrants that it adheres to the following practices: does not use child labour for any persons under 15 years of age, unless it is

a government-sponsored program; does not use forced labour of any kind; provides fair compensation and benefits to its employees in compliance with applicable laws; allows employees the right not to join or to join a union and maintains open lines of communication for employees to express their concerns; provides a workplace environment free of harassment and discrimination; ensures adherence to sound Occupational Health & Safety policies and programs; complies with applicable laws regulating work hours; recognizes and respects the concerns of Indigenous communities; does not tolerate bribes or corruption of any kind, for any end; complies with all environmental laws and works toward sustainable operations. By supplying Goods and/or Services to Buyer, Seller agrees that it shall adhere to the Atlas Copco Business Partner Criteria to the extent it is applicable to Seller's performance under this Agreement. Copies of the Business Partner Criteria may be viewed on <https://www.atlascopcogroup.com/en/sustainability/atlas-copco-business-partner-criteria>. As part of an ongoing supplier relationship, Seller agrees that Buyer may from time to time verify compliance with the above. Seller understands that non-compliance may threaten an ongoing supplier relationship.

32. **ENTIRE AGREEMENT:** This PO constitutes the entire agreement between the parties pertaining to this subject matter hereof and supersedes all prior or contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the Parties (except Class 1 Inc. Supplier Agreement, if any, which is incorporated here by reference) and there are no warranties, representations or other agreements between parties in connection with the subject matter hereof except as specifically set forth herein.

33. **CHOICE OF LAW AND JURISDICTION:** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario and shall be treated, in all respects, as an Ontario contract. Each Party to this Agreement irrevocably attorns to and submits to the jurisdiction of the Courts of Ontario with respect to any matter arising under or relating to this Agreement. The Convention on Contracts for the International Sale of Goods does not apply.

34. **SUCCESSORS:** This Agreement is binding upon the Parties and will bind and inure to the benefit of their respective heirs, executors, legal and personal representatives, successors, and assigns. Seller will require any successor (whether direct or indirect, by purchase of stock or assets, merger, consolidation, or otherwise) to all or substantially all of its business and/or assets to expressly assume and agree to perform its obligations under this Agreement in the same manner and to the same extent that Seller would be required to perform those obligations if no such succession had taken place.

35. **WAIVER:** Any waiver of strict compliance with the provisions of this PO shall not be deemed a waiver of Buyer's right to insist upon strict compliance with this PO thereafter.