



TERMS AND CONDITIONS OF PURCHASE

The term "product", when used in these Terms and Conditions means any materials, components and/or services supplied to Brotech Precision CNC Inc.

1. PURCHASE ORDER CONSTITUTES COMPLETE AGREEMENT

The Terms and Conditions apply to all transactions with Brotech Precision CNC Inc. except to the extent that there are written terms provided by Brotech Precision CNC Inc. to the Seller, which are contrary.

2. **APPLICABLE LAW** - The laws of the Province of Ontario govern the agreement arising from this order. Seller warrants that all applicable laws, rules and regulations of governmental authority covering the production sale and delivery of the material specified herein have been complied with.

3. **PRICE** - All orders must not be invoiced at prices higher than quoted. Where no price is given, the last quoted price will be used.

4. **MATERIALS OR SERVICES** – The materials or services covered by this order are hereinafter called "material". All orders must be filled by employees who have been trained and are qualified to do so. Records of training will be made available upon request. Release notes are required and must be submitted by the supplier covering all material parts and accessories. Records such as Material Test Reports and Certificates must be retained by the supplier for a minimum of 7 years and must be easily accessible and retrievable. The Material shall be delivered with the original of all historic records, documents, warranties and details of work or repair of the material including serviceability and other similar documentation.

5. **QUALITY** – Where required requirements of design, test, inspection, verification, use of statistical techniques for product acceptance, and related instructions for acceptance and as applicable key characteristics will be made clear on all Purchase documents and flowed down to suppliers. Material is subject to Buyers inspection and approval at a reasonable time after delivery if specifications are not met, material may be rejected by the Buyer and returned for full credit at Seller's expense. When applicable, the Quality level required will be specified on the individual purchase orders issued by Brotech Precision CNC Inc. All material is to be identified at all times, revision status of drawings, documents and records shall be clear to the user and any and all process requirements, inspection/verification instructions will be clearly stated.

6. **RISK OF LOSS** – Delivery shall not be deemed to be complete until goods have been actually received and accepted by Buyer.

7. **INDEMNITY** – Seller shall profit and indemnify Buyer from and against all claims, damages, judgments, expenses and loss arising from the manufacture sale or use of inventions embodied in the material.

8. **LIABILITY** – Neither party hereto shall be liable to the other for damages if the latter's default is due to a cause beyond its control and without its negligence, including flood, fire, explosion, act of Government, unusually severe weather, default of a supplier or subcontractor quarantine restrictions, epidemic or catastrophe.

9. All non-conformances must be reported to Brotech Precision CNC Inc. Buyer. All instances of non-conformances must have disposition determined by Brotech Precision CNC Inc.

10. All components are purchased F.O.B. at Buyers facility unless other arrangements are agreed to in advance between Buyers and Sellers.

11. Brotech Precision CNC Inc. and its customers reserve the right to visit supplier facilities and/or their sub-tiers for the purpose of verifying contract compliance and product conformity. Brotech Precision CNC Inc., any of its customers' representatives or other parties authorized by the purchaser shall have the "right of access" to your premises for the review & verification of documentation, records and quality requirements.

12. The supplier shall request in writing, Brotech Precision CNC Inc.'s approval of any changes that differ purchase order information prior to starting process and or job listed on the order.

13. The supplier must flow down to their sub-tiers all conditions and requirements set forth by Brotech Precision CNC Inc.

14. If during the accomplishment of the contract, the supplier intends to sub-contract work to a third party, this third party shall also be subjected to Brotech Precision CNC Inc.'s evaluation of its capabilities in the same manner as described above. ONLY upon Brotech Precision CNC Inc.'s written consent can this third party be utilized by the supplier as services.



TERMS AND CONDITIONS OF PURCHASE

15. **Special Process:** This category involves suppliers who perform a production process, the results of which cannot be fully verified by subsequent verification and testing of the product and where, for example, processing deficiencies may become apparent only after the product is in use. Accordingly, continuous monitoring and/or compliance with documented procedures are required to ensure that the specified requirements are met. Examples of special processes are: welding, brazing, soldering, adhesive bonding, heat treatment, nondestructive examination and painting. Where required test specimens for inspection/verification shall be documented and a list of production method, number, and storage conditions will be provided to the Buyer
16. **Calibration:** This category involves suppliers who perform calibration of measuring, monitoring and testing equipment for Brotech Precision CNC Inc. Calibration labs must meet the requirements of ISO/IEC 17025:2005 or its equivalent and have a system of traceability to national or international recognized standards. A certificate of Calibration must be included with each instrument calibrated.
17. **OEM Equipment:** This category involves suppliers who provide original parts, components, subassemblies, and/or complete assemblies. Suppliers for these types of products are required to have a quality system which meets those requirements defined within ISO, AS, or equivalent.
18. **Distributors (Type B Supplier):** This category involves suppliers/distributors who provide Consumables, contractors, office supplies and furniture and consultants. Distributors must have a system which ensures that materials are stored, identified, packaged and preserved properly and includes a system of traceability which ensures that any product shipped to Brotech Precision CNC Inc. is traceable to the original manufacturer including all batch or lot numbers applicable.
19. **Terms of Payment**
Terms of payment will be Net 40 days from receipt of invoice, unless otherwise agreed to in writing. All invoices must itemize freight, taxes and product separately. Brotech Precision CNC Inc. reserves the right to withhold payment if an invoice does not have a valid purchase order number.
20. **Title and Delivery of Goods**
Terms of Sale will be Delivered, Duty Paid (DDP), (Incoterms 1990), to the designated destination specified in the Purchase Order.
21. **Brotech Precision CNC Inc.'s Property** - All material including tools and drawings furnished or specifically paid for by Brotech Precision CNC Inc. shall be the property of Brotech Precision CNC Inc., subject to removal at any time without additional cost upon demand by Brotech Precision CNC Inc., shall be used only in filling orders from Brotech Precision CNC Inc., shall be kept separate from other materials or tools and shall be clearly identified as the property of Brotech Precision CNC Inc.. Seller assumes all liability for loss or damage, with exception of normal wear and tear and agrees to supply detailed statements of inventory upon request of Brotech Precision CNC Inc.
22. **Insurance** - If this order includes services or work to be performed on Brotech Precision CNC Inc. premises, Seller agrees to indemnify Brotech Precision CNC Inc. from all loss or damage arising out of such work, to work in compliance with Brotech Precision CNC Inc. Health, safety and environmental standards, and at Brotech Precision CNC Inc. request, provides evidence of insurance levels satisfactory to Brotech Precision CNC Inc., including Clearance Certificates from WSIB. Clearance Certificate Information is available at <http://www.wsib.on.ca/wsib/wsibsite.nsf/public/ClearanceCertificates>.
23. **Identification** - Each item shipped must be clearly marked or tagged with Part Number, Description and Purchase Order Number.
24. **Deliveries** - Brotech Precision CNC Inc. production schedules are based upon Seller's agreement to deliver Product by the date agreed upon in the Purchase Order. Failure to meet delivery dates is an essential breach of this contract. Brotech Precision CNC Inc. reserves the right to cancel the order, in whole or in part, should the Seller fail to meet delivery dates.
25. **Changes** - Make no substitutions or changes without prior written approval from Brotech Precision CNC Inc.
26. **Termination** - Brotech Precision CNC Inc. may terminate this order, in whole or in part, if Seller is in default of its obligation hereunder. Cancellation does not preclude Brotech Precision CNC Inc. from any other legal rights under this contract or at law.
27. **Counterfeit/Fraudulent/Suspect Items (CFSI)** – The supplier shall document and implement a written plan or program to prevent shipment of any counterfeit, fraudulent, or suspect items/material.



TERMS AND CONDITIONS OF PURCHASE

28. Ethical Behavior - Suppliers must be committed to the highest standards of ethical conduct when dealing with workers, suppliers, government and regulatory authorities and Brotech Precision CNC Inc. All forms of illegal or inappropriate activity, including, but not limited to, corruption, misrepresentation, extortion, embezzlement or bribery, are strictly prohibited and may result in termination of any or all agreements with Brotech Precision CNC Inc. and possible legal action. Records prepared for Brotech Precision CNC Inc., including records of work time and expenses, shall be accurate, truthful and complete, and shall meet applicable standards and requirements. Most countries around the world have laws that prohibit making payments or giving anything of value to improperly influence government officials. All Suppliers are expected to comply with all applicable anticorruption laws, including, but not limited to, the U.S. Foreign Corrupt Practices Act of 1977, as amended, which prohibits offering, promising, paying or providing, or authorizing the payment or providing of anything of value, directly or indirectly, to a foreign government official to improperly influence the recipient to misuse his or her official position for the purpose of obtaining or retaining business for or with, or directing business to, any person, or obtaining any improper business advantage.

Each Supplier should endeavor to deal fairly with Brotech Precision CNC Inc. and its employees, directors, officers and external advisers. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice and uphold fair business standards in advertising, sales and competition. Employees, subcontractors, agents or affiliates of Suppliers must act in a fair impartial manner and should avoid both real and perceived conflicts of interest in the business they conduct with or on behalf of Brotech Precision CNC Inc.

Suppliers must disclose information regarding their business activities, structure, financial situation, and performance in accordance with applicable law and prevailing industry practices.

29. Safety is always Brotech Precision CNC Inc's first consideration. Suppliers must apply safe work practices (including regulatory and contract specific requirements) and hold high regard for the quality of the environment in its conduct of all activities and exercise good judgment in work decisions. Suppliers performing work on our property or on our behalf must instill health, safety and environmental regard in every aspect of their work processes and in the attitude and behavior of all their employees.

Adverse effects on the community, environment, and natural resources are to be minimized while safeguarding the health and safety of the public. Suppliers must comply with all applicable health, safety and environmental laws and regulations when conducting business with or on behalf of Brotech Precision CNC Inc. By way of example and not limitation, Suppliers performing work on our property or on our behalf must:

1. Obtain and keep current all required environmental permits and registrations;
2. Reduce, control and/or eliminate wastewater, waste and pollution at the source;
3. Reduce, control and/or eliminate air emissions of volatile chemicals, corrosives, particulates, aerosols and combustion products;
4. Conform to applicable labeling and warning requirements;
5. Timely report unsafe working conditions;
6. Recycle as appropriate; and
7. Identify, manage, store, move and handle hazardous substances in accordance with law.

No Alcohol or Drug Use

All Suppliers are required to strictly comply with all Brotech Precision CNC Inc. Drug and Alcohol Policies. Suppliers must not report to work or engage in any work for or on behalf of the Company, or in any fashion represent, or make any representations on behalf of Brotech Precision CNC Inc., while under the influence of illegal drugs or alcohol. In addition, suppliers may not possess illegal drugs or controlled substances while Brotech Precision CNC Inc's premises or while conducting business with or for Brotech Precision CNC Inc. This prohibition does not include legally obtained medications used as directed by a licensed medical practitioner that do not create a safety risk (e.g., impairment while operating machinery.)

30. Supplier MUST provide written acknowledgement of Purchase Order. All Substitutions will be declined and returned at supplier's expense.