

tasks which Supplier will provide or render for or on behalf of VGCA under an Order.

1.1.9 "SOW(s)" shall mean a statement of work entered into between the Parties and which shall set forth in detail the unique purchase requirements pursuant to which the Goods and/or Services shall be produced and rendered including, without limitation, the specifications, technical requirements, project milestones, delivery dates and charges for the Goods and Services. SOWs may also contain service level agreements and other terms and conditions.

1.1.10 "Third Person" shall mean a Person, including its employees, contractors or agents, that is not a Party to an Order.

2 Offer; Acceptance; Exclusive Terms

2.1 General. Each Order incorporates by reference and is governed by these Terms. Each Purchase Order or revision thereof issued by VGCA is an offer to the Supplier identified on the Purchase Order for the purchase of Goods and/or Services. When accepted, a Purchase Order supersedes all prior agreements, purchase orders, quotations, proposals and other communications regarding the Goods and/or Services covered by the Purchase Order, except that a prior agreement signed by an authorized representative of VGCA (e.g. an Order, an RFQ or Non-Disclosure Agreement) will continue to apply. Supplier accepts a Purchase Order, including these Terms, and forms a contract by doing any of the following: (a) commencing any work under the Purchase Order; (b) accepting the Purchase Order in writing; or (c) any other conduct that recognizes the existence of a contract with respect to the subject matter of the Purchase Order. The Purchase Order does not constitute an acceptance of any offer or proposal made by Supplier. Any reference in the Purchase Order to any offer or proposal made by Supplier is solely to incorporate the description or specifications of Goods and/or Services in the prior proposal, but only to the extent that the description or specifications do not conflict with the description and specifications in the Purchase Order. Any additional or different terms proposed by Supplier, whether in Supplier's quotation, acknowledgement, invoice or otherwise, shall be deemed a material alteration of these Terms, and are hereby objected to and rejected by VGCA; provided, that any such proposal or attempted variance shall not operate as a rejection of the Purchase Order if Supplier accepts VGCA's offer by commencement of work, shipment of the Goods, or by other means acceptable to VGCA, in which case the Purchase Order shall be deemed accepted by Supplier without any additional or different terms or variations whatsoever. Each Purchase Order is limited to and conditional upon Supplier's acceptance of these Terms exclusively. The Order and these Terms, and any attachments thereto, shall be considered the complete agreement between VGCA and Supplier with respect to the subject matter hereof and shall supersede any prior or contemporaneous agreements relating thereto. Any modification of these Terms must be expressly stated in an Order. Each Order can be modified only in accordance with Section 3. In the event of a conflict, a mutually-signed agreement shall take precedence over a Purchase Order, and a Purchase Order shall take precedence over these Terms

2.2 Cooperation. Each Party will reasonably cooperate with the other Party in connection with its obligations under an Order. Such cooperation will include informing the other Party of all management decisions that the Party reasonably expects to have a material effect on the obligations required to be performed by that Party under the SOW.

2.3 Supplier Personnel. While at a VGCA Facility, Supplier and its employees, agents, Subcontractors (as defined below) and Affiliates will conduct themselves (including attire) in a business-like and professional manner and will comply with VGCA's reasonable requests, rules and regulations regarding personal conduct, including all safety, including the wearing of protective clothing or gear if applicable, parking, building access, identification badges, and security rules and regulations of which Supplier has been notified or of which Supplier should reasonably be aware. VGCA may, upon giving written notice to Supplier, require Supplier to reassign, replace or remove any individual or Subcontractor performing services under an Order when VGCA determines that the performance of such individual or Subcontractor is such that it has an adverse impact on VGCA. Supplier will, on receipt of such written notice,

begin diligent efforts to address VGCA's concerns. If Supplier has not, in VGCA's reasonable determination, addressed VGCA's concerns within five (5) working days from date of notice by resolving the issue or providing an action plan with respect thereto, Supplier will reassign, replace or remove such individual or Subcontractor and complete such reassignment, replacement or removal as soon as practicable at no cost to VGCA. In addition, VGCA may, on giving written notice to Supplier, and at no cost to VGCA, require the immediate removal of any Supplier personnel who has violated any safety or security rules or regulations, or any other policies or procedures, of which VGCA has made Supplier aware, or violated any laws or regulations in the course of performing services under an Order or breached any of the provisions of an Order and/or these Terms. Supplier represents that it aware of and will abide by VGCA drug and alcohol testing requirements and that it is in full compliance therewith. Supplier agrees to maintain the highest standards of moral, legal and ethical conduct and to safeguard and promote the reputation of VGCA and its products. Supplier shall refrain, and shall ensure that its personnel and Affiliates refrain, from making any negative comments about VGCA throughout the term of the relevant Order and for a period of no less than twelve months after the expiration of the Order.

2.4 Subcontractors.

2.4.1 With VGCA's prior written consent, Supplier may engage independent Third Persons to produce the Goods and perform the Services associated with an Order or other obligations to be performed by Supplier under an Order ("Subcontractors"), provided that Supplier will remain fully responsible for the work and activities of its Subcontractors. Supplier represents and warrants that any Subcontractor shall be subject to all of Supplier's obligations, responsibilities and warranties under the relevant Order, and that Supplier will ensure the compliance of all Subcontractors with the terms of the Order for which the Supplier has engaged such Subcontractor (including ensuring that Subcontractors comply with the insurance requirements set forth in these Terms). Prior to engaging a Subcontractor, Supplier will inform VGCA and provide to VGCA any information that it may reasonably request regarding such Subcontractor.

2.4.2 Subcontractor Reviews. At VGCA's request, the Parties will review the performance of any Subcontractor that has been engaged by Supplier to produce any Goods or perform any Services under an Order. Matters discussed at such reviews may include, but will not be limited to, any work performed by a Subcontractor.

2.5 Travel Expenses. All travel undertaken by Supplier, its personnel or Subcontractors pursuant to an Order shall be at Supplier's expense.

3 SOW Change Orders

3.1 General. All changes to an SOW ("Change(s)") shall be made through the change order process described in this Article 3. The Parties agree that (i) no Change which is reasonably expected to affect the function or performance of any Good or Service will be implemented without prior consultation between the Parties; and (ii) all approved Changes will be formalized in a change order ("Change Order") document executed by both Parties.

3.2 Requests for Changes. All requests for Changes by a Party will be communicated in writing by that Party's Business Manager to the other Party's Business Manager. Any request for Changes will include a detailed description of the Change requested, the projected schedule and timing for the Change and the priority of the Change.

3.3 Change Documentation. Within five (5) Business Days after receiving a request from VGCA for a Change, Supplier will prepare and provide to VGCA a document summarizing the effect, if any, of the proposed Change on (i) the scope of the Goods or Services; (ii) Supplier's and VGCA's obligations under the Order; and (iii) the budget or price for the Change. In addition, Supplier will inform VGCA in such document regarding any other business impact Supplier believes to be relevant to VGCA's evaluation of the proposed Change.

Within ten (10) Business Days after receiving such information, VGCA will confirm or withdraw the request for the Change. In the event that Supplier initiates the request for Change, it shall submit to VGCA along with its request the information set forth in clauses 3.3 (i), (ii) and (iii) above along with its request for a change. VGCA shall have ten (10) Business Days after receipt of the request for Change to approve or reject the request.

4 Goods and Services

4.1 Goods and Services. VGCA may, during the Term of an Order, purchase the Goods and Services as described in the applicable Order. Except as may be otherwise expressly provided in the Order, VGCA shall have no obligation to purchase all of its requirements for the Goods and Services from Supplier. Supplier shall produce the Goods and perform the Services as ordered by VGCA in accordance with the Order.

4.2 Ordering. VGCA may, during the Term of an Order, order additional or incremental Goods and Services from Supplier under the Order by issuing to Supplier a signed supplemental SOW or Purchase Order. Each SOW or Purchase Order shall specify the description, quantity, purchase prices and fees, special requirements, if any, delivery dates, shipping terms and any additional terms as mutually agreed upon between the Parties for the Goods and/or Services ordered by VGCA from Supplier (collectively, the "Order Terms"). Supplier shall not fabricate or ship any Goods or provide any Services except to the extent authorized in VGCA's written Orders.

4.3 Shipping, Title and Risk of Loss. Except as otherwise stated in an Order, VGCA requires that Supplier ship Goods delivered within the NAFTA region, and Goods delivered outside the NAFTA region via Delivery Duty Unpaid (DDU) to VGCA's designated facility at Supplier's final production location. Carriage shall be arranged by Supplier. Except as otherwise stated in the Order, Incoterms 2000 shall apply to all shipments.

4.4 Packing. VGCA will hold Supplier responsible for, and Supplier represents and warrants that Goods shall be properly, safely and carefully packed, prepared, secured and stowed for shipment including loading, unloading, handling, storing, carrying, keeping, caring for, protecting and transporting the Goods from the point of shipment until they reach and are accepted by VGCA at its final destination, whether on or off vehicles, in temporary storage, or not in Supplier's physical care, custody and control. Supplier represents and warrants that it will select transportation methods and carriers using reasonable care. Drivers are to be legally licensed and professionally trained in the handling, loading, unloading and transport of Goods. Any additional freight, cartage or other cost incurred, directly or indirectly, resulting from Supplier's failure to observe the conditions set forth in these Terms shall be charged to Supplier's account. Without any limitation or waiver of any rights, VGCA may require Supplier, at Supplier's expense, to ship Goods express, by air or by any special method if Supplier fails to meet the delivery requirements of the Order. Damaged Goods will be returned to Supplier at Supplier's **expense**.

4.5 Acceptance of Goods and Services. Except as otherwise stated in an Order, acceptance by VGCA of Goods or Services shall occur when the Goods have been satisfactorily delivered, inspected, and installed, or the Services have been fully performed, and the Goods and Services meet all applicable performance criteria set forth in the Order. VGCA shall inspect and notify Supplier, in writing, within a reasonable time from the date the Goods and Services have been received, whether VGCA has rejected the Goods or Services (the "Acceptance Period"). VGCA's payment of any invoice shall not be deemed to be acceptance of the Goods or Services, and its acceptance of the Goods or Services shall not be construed as evidence that the Goods or Services do, in fact, conform in all respects with the Goods and Services requirements set forth in the Order, or as a waiver of Supplier's warranty obligations as contained herein.

4.6 Customs Related Matters. Credits or benefits resulting from the Order, including trade credits, export credits or the refund of duties (including duty drawback), taxes or fees, belong to VGCA. Supplier will provide all information and certificates (including NAFTA Certificates of Origin) necessary to permit VGCA to receive these benefits or credits. Supplier agrees to fulfill any customs- or NAFTA-related obligations, origin marking or labeling **requirements, and local content origin requirements. Export licenses or authorizations necessary** for the export of Goods are Supplier's responsibility unless otherwise stated in the Order, in which case Supplier will provide the information necessary to enable VGCA to obtain the licenses or authorizations. Supplier will promptly notify VGCA in writing of any material or

components used by Supplier in filling the Order that Supplier purchases in a country other than the country in which the Goods are delivered. Supplier will furnish any documentation and information necessary to establish the country of origin or to comply with the applicable country's rules of origin requirements. Supplier will promptly advise VGCA of any material or components imported into the country of origin and any duty included in the Goods' purchase price. If Goods are manufactured in a country other than the country in which Goods are delivered, Supplier will mark Goods "Made in [country of origin]." Supplier will provide to VGCA and the appropriate governmental agency the documentation necessary to determine the admissibility and the effect of entry of Goods into the country in which Goods are delivered. This will include supporting documentation required by Canada Border Services Agency. Supplier warrants that any information that is supplied to VGCA about the import or export of Goods is true and that all sales covered by the Order will be made at not less than fair value under the anti-dumping laws of the countries to which the Goods are exported.

4.7 Time of the Essence. Time is of the essence to VGCA. Time and quantity provisions of Order(s) generated in connection with these Terms shall be strictly observed. Supplier will promptly notify VGCA in writing of any and all events which could affect the obligation of Supplier to make deliveries of Goods and/or Services at specified times or in specified quantities. The fact that such notice is given, however, shall not affect or diminish any obligation of Supplier. VGCA is not obligated to accept early deliveries, late deliveries, partial deliveries or excess deliveries. Any provision to the contrary herein notwithstanding, and in addition to any other remedies it may have under these Terms or by law, VGCA shall be permitted to charge for each day a delivery is late a late fee of 0.2% of the total purchase price for the Goods or Services; provided, however, that such late fee shall not exceed, in the aggregate, 5% of the total purchase price for the late Goods or Services.

5 Charges and Payment

5.1 Charges. VGCA shall pay Supplier the purchase prices and/or service fees (collectively, the "Charges") for the Goods and Services set forth in the applicable SOWs and Purchase Orders. VGCA may set off and recoup against its accounts payable to Supplier any amounts for which VGCA determines in good faith Supplier or Supplier's Affiliates is liable to VGCA under any other Order with Supplier or Supplier's Affiliates. VGCA shall not be required to pay for the Goods or Services at prices higher than those specified in the Order. **VGCA will not accept any charges for extras or for transportation, storage, drayage, insurance, boxing, packing, crating, or carting unless specified in the Order or otherwise agreed by VGCA in writing.**

5.2 Taxes. VGCA shall not be liable for any federal, provincial, local or foreign taxes unless separately stated in the Order or related document and billed as a separate line item.

Unless VGCA has furnished Supplier with an applicable exemption certificate, VGCA shall pay Supplier any applicable sales, excise or use taxes or other taxes imposed by any federal, provincial, local or foreign government which directly arise from the sale of the Goods or the rendering of the Services and which Supplier is responsible by law to collect from VGCA. VGCA shall not be responsible for any taxes based on Supplier's income or its business operations including, without limitation, employment taxes, income taxes or license taxes. Supplier agrees to provide VGCA with documents that may be required to obtain any applicable exemption, credit, rebate, remission, refund, reduction or other relief from taxes or foreign tax credit. VGCA is authorized to deduct or withhold from each payment to Supplier all taxes which VGCA is required by law to deduct or withhold and to pay the amount withheld or deducted to the relevant tax authorities.

Supplier shall comply in a timely manner with all requirements imposed on Supplier by all applicable taxing statutes, including requirements in respect of registration, payment, collection, and remittance of taxes and provision to the taxing authorities of such deposits, guarantees or other forms of security as may be required by law or the administration thereof, and shall upon request provide VGCA with written proof of such compliance. Supplier shall indemnify VGCA for any amounts assessed against VGCA arising from Supplier's failure to so comply.

5.3 Invoices and Payment. Supplier shall issue individual invoices for each Service delivered and each shipment of Goods delivered. Invoices must contain the Purchase Order number, if any, and description of Goods and/or Services. Except as otherwise stated in an Order, VGCA shall pay the Charges set forth in non-disputed invoices based on a Net 60 day payment term. In the event of any delay in receiving an invoice, or any error or omissions in any invoice, VGCA may withhold payment without losing its rights to applicable cash discounts. Except as otherwise stated in an Order, all payments will be in Canadian Dollars.

5.4 Disputed Invoices. Within 90 days of receipt of an invoice, VGCA shall notify Supplier of any disputed charges.

5.5 Audits by VGCA.

5.5.1 Financial Audits. At VGCA's request, Supplier will allow VGCA or its designated representatives to audit its or its Subcontractors' accounting books and records to the extent necessary to verify Supplier's Charges and invoices to VGCA for completed and current Orders. Supplier will cooperate with and comply with all reasonable requests from VGCA or its designated representatives in connection with such audit.

5.5.2 Upon completion of any such audit, the Parties will review the audit report together and work in good faith to agree upon (1) any adjustment of Charges to VGCA (including any reimbursement of any overpayment by VGCA or reimbursement to Supplier for any underpayment by VGCA); and (2) any appropriate adjustments to Supplier's billing practices. If any such audit discloses overpayments that in the aggregate equal one percent (1%) or more of the amounts that were actually due as shown by the audit, then Supplier will reimburse VGCA for the costs of the audit.

5.5.3 Operational Audits. VGCA may monitor Supplier's performance of its duties under an Order at any time, upon prior written or verbal notice to Supplier.

6 Confidentiality

6.1 Confidential Information. "Confidential Information" shall mean any information typically regarded as confidential and proprietary that has been or may hereafter be disclosed or discovered in any form, whether in writing, orally, electronically, visually or otherwise, by either Party or its personnel, or advisors (each a "Representative") (collectively, a "Disclosing Party") to the other Party or its Representatives (collectively, a "Receiving Party") including all **information relating generally or specifically to a Party's business, including, without limitation, patents, copyrights, inventions, designs, discoveries, improvements, formulae, product data, specifications and processes, trade secrets, customer lists and contacts, information on customer quantity and technical requirements, product pricing information, geographic and sales data, technical or commercial information, and financial information, information related to mergers or acquisitions, software, software documentation, and information concerning business plans** or business strategy that is supplied to or obtained by the other Party pursuant to or as a result of an Order and that is not generally known in the trade or industry. Each Party may use Confidential Information of the other Party only in connection with performance of its duties under an Order. Neither Party shall copy Confidential Information or disclose Confidential Information of the other Party to persons who do not need Confidential Information in order to perform its duties under the Order. Confidential Information will be returned to the disclosing Party seeking to protect such information upon request of the disclosing Party. Confidential Information does not include

information that is generally known or available to the public or that is not treated as confidential by the Party claiming information to be confidential. Because the breach of either Party's confidentiality obligations may cause the other Party to suffer irreparable harm in an amount not easily ascertained, any such breach, whether threatened or actual, will give the non-breaching Party the right to obtain equitable relief to enjoin or restrain the disclosure or use of such Confidential Information. The provisions of this Section 6.1 will survive the termination of the relevant Order. Notwithstanding anything to the contrary in these Terms, any confidentiality or nondisclosure agreement between the Parties that predates these Terms will remain in effect except as expressly modified by these Terms, and to the extent of a conflict between the express terms of such an agreement and this Section, the terms of that agreement will control.

6.2 Restrictions on Use of Confidential Information.

6.2.1 The Receiving Party will use at least the same degree of care, but no less than a reasonable degree of care, to avoid unauthorized disclosure or use of the Disclosing Party's Confidential Information as it employs with respect to its own Confidential Information.

6.2.2 The Receiving Party may disclose Confidential Information only to its own personnel and to its consultants, Subcontractors and advisors who reasonably need to know it in order to meet the contractual obligations as contemplated by the Order. The Receiving Party will be responsible to the Disclosing Party for any violation by its personnel, consultants, Affiliates, Subcontractors or advisors.

6.2.3 The Receiving Party may not print or copy, in whole or in part, any documents or other media containing the Disclosing Party's Confidential Information, other than **copies for its personnel, consultants or advisors who are working on the matter, without the prior consent of the Disclosing Party.**

6.2.4 The Receiving Party may not use the Disclosing Party's Confidential Information for competing with the Disclosing Party, for its own benefit, or for any purpose not in furtherance of the Order.

6.2.5 As promptly as practicable (and in any event within ten (10) days) after the earlier of the completion of the Receiving Party's obligations under, or the Termination of, the Order, the Receiving Party will return or, with the consent of the Disclosing Party, destroy all of the Disclosing Party's Confidential Information, except for business records required by law to be retained by the Receiving Party, and upon request of the Disclosing Party shall deliver an affidavit signed by an officer of the Receiving Party attesting to the destruction of the **Confidential Information.**

6.2.6 If the Receiving Party is requested, as part of an administrative or judicial proceeding, to disclose any of the Disclosing Party's Confidential Information, the Receiving Party will, to the extent permitted by applicable law, notify the Disclosing Party of such request as promptly as practicable (and in any event within five (5) Business Days after receiving the request) and cooperate with the Disclosing Party, at the Disclosing Party's expense, in seeking a protective order or similar confidential treatment for such Confidential **Information.**

6.2.7 Supplier shall adhere to applicable privacy legislation when dealing with personal information that was obtained from VGCA or any of VGCA's customers or prospects. Personal information is collected, used and disclosed by Supplier only in accordance with Supplier's privacy policy, which conforms to CSA International's *Model Code for the Protection of Personal Information* or the equivalent standards of Supplier's jurisdiction of operation.

7.1 By Supplier.

7.1.1 Goods Warranty. Supplier warrants to VGCA that the Goods will be produced in strict accordance with the terms and requirements set forth in the Order, be free of defects in materials and workmanship, be merchantable, be suitable for their intended use by VGCA, and shall conform in all material aspects to all applicable laws and regulations in force at the time the Goods are produced (the "Goods Warranty"). Promptly after notice of any defect is provided by VGCA, Supplier shall, at VGCA's option, either (i) replace, (ii) repair, or (iii) refund the purchase price for any Goods that do not conform to the Goods Warranty.

7.1.2 Services Warranty. Supplier represents and warrants to VGCA (i) that all Services will be performed in accordance with the requirements and specifications set forth in the SOW and in a prompt, professional and workmanlike manner and otherwise in accordance with industry standards, and (ii) that Supplier has the expertise and resources necessary to undertake and complete the Services in accordance with the specifications and timeframes set forth in the SOW (the "Services Warranty"). Promptly after notice of any defect is provided by VGCA, Supplier shall, at VGCA's option, either (i) replace any Services, or (ii) refund the service fees for any Services that do not conform to the Services Warranty. Supplier's warranty obligations under the Services Warranty will be fulfilled by Supplier without additional fees or charges of any kind to VGCA.

7.1.3 Warranty Period. Except as otherwise stated in an Order, the warranty period is the longer of (i) two(2) years and (ii) the warranty period provided by applicable law. The foregoing warranties are in addition to any provided to VGCA by applicable law.

7.2 Additional Warranties.

7.2.1 Supplier represents and warrants to VGCA: (a) Supplier, and any Goods and Services supplied by Supplier, will comply with all applicable laws, including rules, regulations, orders, conventions, ordinances and standards, including without limitation (i) in relation to the manufacture, labeling, transport, import, export, licensing, approval or certification of the Goods and Services, and (ii) laws relating to environmental matters, hiring, wages, hours and conditions of employment, international prohibitions on child labour, Subcontractor selection, discrimination, occupational health or safety, and motor vehicle safety. The Order incorporates by reference all clauses required by these laws.

(b) All materials used by Supplier in the Goods or in their manufacture will satisfy current governmental and safety constraints on restricted, toxic and hazardous materials as well as environmental, electrical and electromagnetic considerations that apply to the country of manufacture, sale or destination. At VGCA's request, Supplier shall certify Supplier's and its Subcontractors' compliance with the foregoing. (c) Supplier shall furnish the weight and dimensions of each part in grams and millimeters, respectively. (d) Supplier and its employees and Subcontractors will abide by the highest ethical standards. Neither Supplier nor any of its Subcontractors will utilize slave, child, prisoner or any other form of forced, involuntary or illegal labor, or engage in abusive worker treatment or corrupt business practices in the sale of Goods or provision of Services under these Terms.

7.2.2 Supplier warrants to VGCA that it is an equal opportunity employer and hereby represents and warrants that it is in compliance with all applicable employment laws.

7.2.3 Supplier represents and warrants to VGCA that (i) it has good title and marketable title to the Goods, (ii) the Goods are, and upon delivery to VGCA will be, free from any liens, claims, encumbrances, and interests of third parties, including, without limitation, Supplier's vendors and Subcontractors and that all of Supplier's vendors and Sub-contractors will have been paid to such extent as may be required by law or by Supplier's subcontractors or suborders;

and (iii) it has requisite power and authority to transfer title to the Goods to VGCA.

8 Indemnification

8.1 Indemnification by Supplier. Supplier will, at its expense, indemnify, defend and hold harmless VGCA and its Affiliates, and their respective Personnel, successors and assigns (each a "VGCA Indemnitee"), from and against all damages, losses, claims, liabilities and expenses (including reasonable legal and other professional fees, settlements and judgments (collectively, "Losses") claimed by any Third Person in any claim, demand, suit or proceeding in connection with any of the following:

8.1.1 The breach or misrepresentation by Supplier of its obligations or warranties to VGCA under these Terms or an Order;

8.1.2 The death or bodily or personal injury of, or other legally **enforceable damage incurred by, any agent, employee, customer, business invitee, or business visitor or other person caused by the breach of contract, breach of warranty, gross negligence, intentional or willful misconduct, or Torts or omissions of Supplier or its Personnel, agents or Subcontractors;**

8.1.3 The damage, loss or destruction of any real or personal property caused by the breach of contract, breach of warranty, gross negligence or willful misconduct of Supplier or Supplier Personnel; and

8.1.4 Claims by Supplier's employees or Subcontractors that they are entitled to any benefits normally associated with employment at VGCA, including insurance, health **benefits, pension, lease cars, compensation, tax withholdings, etc. Supplier hereby indemnifies,** defends, holds harmless and releases and discharges VGCA for any claim(s) of Supplier's Personnel **that they may raise under any workers' compensation act or other legislation covering any claims that** an employee might have against its employer. and/or any claims for discrimination, wrongful discharge (actual or constructive), breach of express or implied contract, unpaid wages and/or **vacation and/or sick leave pay, intentional and/or negligent infliction of emotional distress, defamation, and/or any other cause of action based on federal, state, local, common law, and/or otherwise.**

8.2 Indemnification by Supplier in Respect to Intellectual Property.

8.2.1 Supplier will, at its expense, indemnify, defend and hold harmless the VGCA Indemnitees from any Third-Party claims made against VGCA, any of its Affiliates, officers, directors and/or employees alleging that any Good or Service infringes a Third Party's copyright, patent or trade secret ("Intellectual Property Claim"). VGCA shall notify Supplier promptly in writing and furnish Supplier with such information and assistance as Supplier may reasonably request to evaluate the Intellectual Property Claim. Supplier shall then, at its own expense and option, either (i) settle the Intellectual Property Claim, or (ii) procure for VGCA the right to use the alleged infringing Good or Service, or (iii) replace or modify the alleged infringing Good or Service in order to avoid the Intellectual Property Claim, or (iv) remove the alleged infringing Good or Service and refund the prices (including transportation costs) paid by VGCA to Supplier less a reasonable amount directly proportionate to VGCA's actual usage of the infringing Good or Service, or (v) litigate the Intellectual Property Claim; provided, however, prior to Supplier taking any of the foregoing responses, the Parties shall meet to discuss the action or actions which Supplier proposes to take in response to the Intellectual Property Claim. If the Parties are unable to agree upon the action or actions to take in response to the Intellectual Property Claim, VGCA may, at its sole option, elect to terminate, for its convenience and without liability upon five (5) days prior written notice to Supplier, the SOW as to any alleged infringing Good or Service. Regardless of Supplier's response to the Intellectual Property Claim or VGCA's election to terminate the SOW as to any alleged infringing Good or Service, Supplier shall remain obligated to defend the Intellectual Property Claim and to pay any final judgments awarded against Supplier

and/or VGCA based upon the Intellectual Property Claim.

8.2.2 Supplier shall have no obligation to indemnify VGCA against any Third-Person claims made against VGCA or any of its Affiliates which alleges that as the sole result of a modification made to a Good by VGCA which has not been approved by Supplier, or the use of a Good in combination with goods that are not provided to VGCA by Supplier, the Good infringes the Third Person's copyright, patent or trade secret.

8.3 Indemnification Procedures. The following procedures will apply to all claims for indemnification under this Article:

8.3.1 Promptly after receipt by VGCA of written notice of the **commencement or threatened commencement of any civil, criminal, administrative or** investigative action or proceeding involving a claim for which a VGCA Indemnitee may be entitled to indemnification, written notice of such claim will be conveyed to Supplier. However, no failure so to notify Supplier will relieve that Party of its obligations under the Order.

8.3.2 Each Indemnitee will have the right to select its own legal counsel and experts and to control its own defense in any negotiations or litigation pertaining to a claim covered by this Article (notwithstanding that Supplier is bearing the cost of the defense for the Indemnitees). However, to the maximum extent possible permitted by the circumstances and ethical considerations, counsel for Supplier and counsel for the Indemnitees will work together to avoid duplication of effort or expense, in legal fees or otherwise. In addition, Supplier and the Indemnitees will make good faith efforts to coordinate their activities so as to take consistent positions in the course of negotiations or litigation.

8.3.3 Supplier will obtain the prior approval, which approval will not be unreasonably delayed or withheld, from VGCA in respect of any proposed settlement of any claims before entering into any settlement of such claims or ceasing to defend such claims.

8.3.4 If Supplier does not participate in the defense of a claim covered by this Section, the Indemnitees will have the right to defend the claim in such manner as they may deem appropriate, at Supplier's cost and expense. Supplier will promptly reimburse the Indemnitees for all such costs and expenses, demand for which may be made periodically.

8.3.5 Notwithstanding anything to the contrary in the Order, no limitations on damages or remedies set forth in the Order will apply to an Indemnifying Party's obligations to indemnify, defend and hold the Indemnitees harmless against Losses claimed under this Article. Indemnity obligations under this Article shall survive the termination, cancellation or non-renewal of the Order.

9 Liability Limitation; Force Majeure

9.1 Direct Damages Limitation. Supplier's aggregate liability to VGCA for any direct damages, whether based upon contract, tort or any other legal theory resulting from or in any way connected with the performance by Supplier of its covenants and agreements under an Order, shall not exceed in the aggregate an amount equal to all Charges paid by VGCA to Supplier under the Order; provided, however, that this direct damages limit of liability shall not apply to Supplier's (i) breach of its confidentiality obligations under any Order, (ii) breach of its warranty obligations under any Order, or (iii) indemnification obligations under any Order.

9.2 Excluded Damages. Neither Party shall be liable to the other Party for any special, indirect, incidental, consequential or punitive damages (the "Excluded Damages"), whether based upon contract, tort or any other legal theory resulting from or in any way connected with the performance by either Party of their respective covenants and agreements under the SOW. Neither Party shall be liable to the other Party for the Excluded Damages, whether foreseeable or not, and even if the applicable Party has been advised of the possibility of the

Excluded Damages.

9.3 Force Majeure. Except for payment obligations, any delay or failure of either Party to perform its obligations will be excused if and to the extent that the Party is unable to perform due to an event or occurrence beyond its reasonable control and without its fault or negligence, such as: acts of God; restrictions, prohibitions, priorities or allocations imposed or actions taken by a governmental authority (whether valid or invalid); embargoes; **fires; floods; earthquakes; explosions; natural disasters; riots; wars; sabotage; inability to obtain** power; or court injunction or order. Supplier's inability to perform as a result, or delays caused by, Supplier's insolvency or lack of financial resources is deemed to be within Supplier's control. The change in cost or availability of materials or components based on market conditions, supplier actions, or contract disputes or any labour strike or other labour disruption applicable to a Party or any of its Subcontractors or suppliers, will not excuse such Party's performance (under theories of force majeure, commercial impracticability or otherwise), and each Party assumes these risks. As soon as possible (but no more than one full business day) after the occurrence, the affected Party will provide written notice describing such delay and assuring the other Party of the anticipated duration of the delay and the time that the delay will be cured. During a delay or failure to perform by Supplier, VGCA may at its option: (a) purchase Goods from other sources and reduce its schedules to Supplier by such quantities, without liability to Supplier; (b) require Supplier to deliver to VGCA at VGCA's expense all finished goods, work in process and parts and materials produced or acquired for work under the Order; or (c) have Supplier provide Goods from other sources in quantities and at a time requested by VGCA and at the price set forth in the Order. In addition, Supplier at its expense will take all necessary actions to ensure the supply of Goods to VGCA for a period of at least thirty (30) days during any anticipated labour disruption or resulting from the expiration of Supplier's labour contracts. If delay on the part of Supplier lasts longer than thirty (30) days, VGCA may terminate the Order without liability and Supplier shall reimburse VGCA for costs associated with the Termination.

IO Insurance

IO.1 At all times while an Order is in effect, Supplier will maintain in **force, and cause its Subcontractors to maintain in force, at its own expense, insurance of the type and in the amounts set forth below:**

IO.1.1 Property: All Risk insurance to cover Goods in transit, in warehouse or in storage whether on vehicles or in Facility(s) controlled or operated by Supplier or its Subcontractor or any other Third Person: Minimum limit of \$5,000,000 to cover full replacement cost of Goods including additional storage, clean-up costs, salvage, security, expediting or additional transportation fees. VGCA will be added as loss payee and additional insured with respect to its interest in the Goods;

IO.1.2 Statutory workers' compensation insurance in accordance with the legal requirements of each country, province/state, territory, or locality exercising jurisdiction over Supplier and **Subcontractor Personnel performing Services in such country, province/state, territory, or locality;**

IO.1.3 Employer's liability insurance with a minimum limit in an amount not less than \$1,000,000 per accident, covering bodily injury by accident, and \$1,000,000 per policy covering bodily injury by disease, including death;

IO.1.4 Comprehensive commercial general liability insurance (written on an occurrence basis and including contractual liability and products and completed operations liability insurance) in an amount not less than \$5,000,000 per occurrence, general aggregate, products and completed operations aggregate. VGCA and its Personnel shall be named as additional insured's as respect to its interest in the Goods.

IO.1.5 Comprehensive automobile liability insurance for owned, hired or non-owned vehicles with a combined single limit in an amount not less than \$2,000,000 per accident for bodily injury and property damage liability. VGCA and its Personnel shall be named

as additional insured's.

10.1.6 Professional Liability or Errors and Omissions liability insurance to **cover Losses due to Supplier's errors or omissions in the performance or failure to perform its** professional Service obligations or responsibilities under an Order, with a per claim limit in an amount not less than \$2,000,000 and \$2,000,000 in the annual aggregate;

10.1.7 Employee fidelity bond with Third Person liability endorsement or VGCA added as loss payee in an amount not less than \$500,000; and

10.1.8 Umbrella/excess liability in an amount not less than \$10,000,000 per occurrence. VGCA and its Personnel shall be named as additional insured's.

10.2 All policies described above will be written by insurance companies rated at least A-:VII by A.M. Best's rating service or equivalent. The required insurance will provide primary and non-contributory coverage to VGCA for claims arising out of or in connection with the Order.

10.3 Supplier, for itself and its Subcontractors, including their respective insurance carriers, hereby agrees to waive any right of subrogation and have no right of recovery from VGCA, its Personnel or its insurers. Supplier, for itself and on behalf of its Subcontractors, warrants that their respective insurance carriers grant them the right to agree to such advance waivers of subrogation. Supplier represents that required types and amounts of insurance will necessarily be adequate to respond to all exposures to Losses. The required limits of insurance shall not be deemed as a limitation or maximum liability as respects the indemnity obligations as set forth under an Order or these Terms. Supplier agrees to be financially responsible for its and its **Subcontractors' respective deductibles, retentions, self-insurance or co-insurance obligations, or claims or Losses in excess of the required insurance coverage limits.**

10.4 Insurance Documentation. On or before the Effective Date of the Order, and annually thereafter upon expiration, Supplier, and if applicable its Subcontractor, will furnish to VGCA certificates of insurance and other appropriate documentation (including endorsements as required to bind the insurers) evidencing all coverage referenced in this Article. Such certificates or other documentation will include a provision under which the applicable insurer will give at least thirty (30) days' written notice to VGCA before limits or scopes of coverage are materially altered or insurance is cancelled or non-renewed. Supplier also will require by contract that each Subcontractor furnish such certificates and other appropriate documentation to VGCA and that the certificates or other appropriate documentation include a provision under which the applicable insurer will give at least thirty (30) days' written notice to VGCA before limits or scopes of coverage are materially altered or insurance is cancelled or non-renewed. In addition, Supplier will promptly advise VGCA in writing if it becomes aware that required limits or scopes of coverage are materially altered or that required insurance is cancelled or **non-renewed.**

10.5 If eligible, and to the extent requested by VGCA, Supplier agrees to enroll in any owner controlled insurance program applicable to an SOW in order to provide all or part of the required insurance set forth in this Article.

11 Intellectual Property

11.1 Intellectual Property Representations. Supplier hereby represents and warrants to VGCA that it owns all rights in (or has obtained all rights necessary to license or otherwise furnish to VGCA) the Goods and Services (including software, microcode, and other intellectual property of any sort) provided to VGCA under an Order. VGCA hereby represents and warrants to Supplier that it owns all rights in (or has obtained all rights necessary to license or otherwise furnish to Supplier) all property furnished by VGCA to Supplier and which Supplier uses in connection with its production of the Goods or the rendering of the Services including, but

not limited to, any artwork or files furnished by VGCA to Supplier.

11.2 Intellectual Property Covenant. Each Party shall retain all right, title and interest in and to all of its intellectual property and other proprietary information **including, but not limited to, trademarks, copyrights, writings, icons, layouts, original artwork and original practice**, including any modifications, enhancements and/or other derivative works of said Party's intellectual property or other proprietary information that may arise as a result of the SOW or the production of the Goods. All intellectual property and other proprietary information now or hereafter owned by VGCA and which VGCA has furnished Supplier in connection with the production of the Goods or the performance of the Services under the Order (the "VGCA Intellectual Property") shall remain VGCA's exclusive property and may only be used by Supplier in the performance of its duties under the Order.

11.3 Intellectual Property Rights. Except to the extent otherwise provided in the Order:

11.3.1 All "Work Product" (as defined below) shall be the exclusive property of VGCA. Each Work Product shall be deemed to be a "work-made-for-hire". To the extent that any Work Product does not constitute a "work-made-for-hire", Supplier and its Subcontractor(s) hereby assign to VGCA, at the time of creation, all right, title, and interest in and to Work Product, including any and all copyrights, patents, trade secrets and trademarks it may have. Supplier shall, during and after the Term of the Order, assist VGCA in every reasonable way to secure, maintain and defend for the benefit VGCA all copyrights, patents, trade secrets, trademarks, or other proprietary rights in and to the Work Product, including without limitation the completion of any paperwork reasonably requested by VGCA.

11.3.2 To the extent necessary for VGCA to operate or use the Work Product, Supplier (and to the extent necessary, its Subcontractor(s)) shall and hereby do grant to VGCA a royalty-free, worldwide, perpetual, irrevocable license to use, copy and distribute, and to create or develop derivatives or improvements of, any "Supplier Tools" (as defined below).

11.4 Definitions. For purposes of the Order,

11.4.1 "Work Product" means everything delivered to VGCA or its customer or client by Supplier under the Order (other than Supplier Tools), including without limitation all notes, reports, documentation, computer programs in object code and fully-commented source code form, or other literary works, all graphical works; all inventions, formulae, designs, processes, devices and any improvements on any of them; and all derivatives **of or improvements on any Supplier Tools, whether interim copies or works, works-in-progress or final versions of any such items; and any and all software, code, tools, materials, or other information developed by Supplier in performing services under the Order.**

11.4.2 "Supplier Tools" means any and all original works of **authorship, inventions, designs, methodologies, processes, concepts or know-how created or owned by Supplier prior to commencing work for the benefit of VGCA, and identified in the Order in sufficient detail to distinguish it from Work Product developed under the Order.**

11.4.3 Names and Trademarks. Neither party shall acquire, by reason of the Order, any rights, title or interest in or to the other party's names, trade names or trademarks.

12 Term and Termination

12.1 Term. Except as otherwise expressly set forth in an Order, the term of the Order (the "Term") will begin on the date it is issued (the "Effective Date") and end 365 days thereafter (the "Termination Date"), **unless extended or earlier Terminated in accordance with this Article.**

12.2 Termination for Convenience, VGCA may terminate the Order at any time after the Effective Date without cause upon 30 days' prior written notice to Supplier.

12.3 Termination for Cause. Either Party (the "Non-Defaulting Party") may terminate the Order if the other Party (the "Defaulting Party") breaches any of its material duties or material obligations under the Order or these Terms, by delivering to the Defaulting Party a written default notice (the "Default Notice"). The Default Notice shall specify (i) the default(s) in reasonable detail, (ii) the action necessary to cure the default(s), and (iii) the cure period within which the Defaulting Party must cure the default(s), which cure period shall not be less than thirty (30) days for a payment default, and ten (10) days for a performance default (the "Cure Period"). If the Defaulting Party cures the default(s) within the applicable Cure Period to the reasonable satisfaction of the Non-Defaulting Party, the Non-Defaulting Party will rescind the Default Notice. If the Defaulting Party does not cure the default(s) during the applicable Cure Period, the Order will terminate as of the close of business on the last day of the applicable Cure Period.

12.4 Termination for Insolvency.

12.4.1 VGCA may Terminate the Order if Supplier (i) provides VGCA grounds for insecurity, (ii) files for bankruptcy; (iii) becomes or is declared insolvent or is the subject of any proceedings related to its liquidation, insolvency or the appointment of a receiver or similar officer for it; (iv) makes an assignment for the benefit of all or substantially all of its creditors; (v) is unable to pay its debts generally as they come due; or (vi) enters into an agreement for the composition, extension or readjustment of substantially all of its obligations, by giving written notice to Supplier of its intention to terminate the Order as of a date specified in the written notice, which date will not be less than ten (10) days after the date of the written notice, during which time Supplier may cure such default by causing any such proceeding to be terminated or dismissed, or by providing VGCA with verification of solvency or otherwise of its ability to perform its obligations hereunder. If Supplier fails to cause such proceeding to be Terminated or dismissed or otherwise to provide VGCA with the information set forth above, the Order will terminate on the date set forth in the written notice.

12.4.2 Supplier may terminate the Order if VGCA (i) files for bankruptcy; (ii) becomes or is declared insolvent or is the subject of any proceedings related to its liquidation, insolvency, or the appointment of a receiver or similar officer for it; (iii) makes an assignment for the benefit of all or substantially all of its creditors; (iv) is unable to pay its debts generally as they come due; or (v) enters into an agreement for the composition, extension or readjustment of substantially all of its obligations, by giving written notice to VGCA of its intention to terminate the Order as of a date specified in the written notice, which date will not be less than ten (10) days after the date of the written notice, during which time VGCA may cure such default by causing any such proceeding to be terminated or dismissed, or by providing Supplier with verification of solvency or otherwise of its ability to perform its obligations hereunder. If VGCA fails to cause such proceeding to be terminated or dismissed or otherwise to provide Supplier with the information set forth above, the SOW will terminate on the date set forth in the written notice.

12.5 Transition Assistance.

12.5.1 Upon expiration or termination of the Order for any reason, Supplier shall, at VGCA's request, provide transition assistance services as reasonably requested by VGCA for a period of up to ninety (90) days after the Termination Date (the "Transition Assistance Period").

12.5.2 During the Transition Assistance Period, Supplier shall cooperate with VGCA and its designees and provide the assistance reasonably requested by VGCA or its designees to allow VGCA's business operations to continue without material interruption or adverse effect and to facilitate the orderly transfer of responsibility for the Goods and Services then being provided by Supplier to VGCA or its designees, including the following:

12.5.2.1 Continuing to provide any or all of the Goods and to perform any or all of the Services then being furnished by Supplier at the rates set forth in the Order;

12.5.2.2 Developing and implementing, with the assistance of VGCA or its designees, a plan for the transition of the Goods to VGCA or its designees upon such terms and at such rates as shall be mutually agreed upon between the Parties; and

12.5.2.3 Providing training for VGCA Personnel or its designees in the performance of any Services then being performed by Supplier upon such terms and at such rates as shall be mutually agreed upon between the Parties.

12.6 Survival of Certain Provisions. The provisions of the Order and these Terms that by their nature should survive any termination of the Order, including, but not limited to, Sections 6 through 11, and will survive such Termination.

13 Miscellaneous

13.1 Publicity. Neither Party will use the other Party's name, trademarks or service marks or refer to the other Party directly or indirectly in any media release, public announcement or public disclosure relating to the Order or its subject matter to the extent the **materials in such media release, announcement or disclosure have not previously been made** publicly available without obtaining specific written consent from the other Party for each such use or release, which consent may be withheld at the Party's sole discretion. This restriction includes, **but is not limited to, any promotional or marketing materials, customer lists or business** presentations (but not including any announcement intended solely for internal distribution by a Party or any disclosure required by legal, accounting or regulatory requirements beyond the reasonable control of a Party).

13.2 Notices. All consents, written notices, requests, demands, and other communications to be given or delivered under the Order will be in writing and will be deemed given: (i) when delivered personally; (ii) on the second Business Day when sent by a nationally recognized overnight courier; and (iii) on the third Business Day after being mailed by certified mail, return receipt requested. All notices to VGCA shall be sent to Volkswagen Group Canada Inc., to the attention of the named Business Manager, with a copy to General Counsel at 777 Bay Street West, Ajax, Ontario, L1S 7G7. All notices to Supplier shall be sent to its address as set forth on the Order. Either Party may, upon written notice to the other Party, change its notice address under the Order.

13.3 Assignment. The Order will be binding upon and inure to the benefit of each Party and its successors and permitted assigns, but neither the Order nor any of the rights, interests or obligations under the Order may be assigned by either Party without the prior consent of the other Party.

13.4 No Exclusivity. Nothing about the Order shall prevent VGCA from securing similar or competing services or goods from a third party.

13.5 Relationship of the Parties. Supplier, in furnishing Goods and Services to VGCA under the Order, is acting only as an independent contractor. Except as otherwise stated in the Order, Supplier does not undertake to perform any obligation of VGCA, whether regulatory or contractual, or to assume any responsibility for VGCA's business or operations, and Supplier has the sole right and obligation to supervise, manage, contract, direct, procure, perform or cause to be performed, all work to be performed by Supplier. In no event will VGCA be deemed to be an employer or co-employer of any Supplier Personnel and the Order may not otherwise be construed to create a partnership or joint venture relationship between the Parties.

13.6 Restriction on Hiring. Both Parties agrees not to hire or solicit for hire any employee or sub-contractor of the other during the Term of the Order and for a period of one year after the termination or expiration of the Order; provided, however, that the foregoing restriction shall not apply to the extent that such employee may answer a public advertisement for an open position.

13.7 Approvals and Similar Actions. Where agreement, approval, acceptance, consent or similar action by Supplier is required by any provision of the Order, such action will not be unreasonably delayed or withheld. If governmental approval of the sale or use of the Goods and/or Services in any province/state is required by any law, court order or regulation, Supplier, at its expense, will obtain such approval in sufficient time to permit the sale or use of the Goods and/or Services in such province/state in accordance with VGCA's schedule, and will furnish an authenticated copy of each such approval to VGCA.

13.8 Modification; Waiver. Except as set forth in Article 3, an Order may be modified only by a written instrument duly executed by the Parties. No delay or omission by either Party to exercise any right or power under an Order will impair such right or power or be construed to be a waiver of the right or power. A waiver by either Party of any of the obligations to be performed by the other Party or any breach thereof will not be construed to be a waiver of any succeeding breach thereof or of any other obligation contained in the Order.

13.9 No Third-Party Beneficiaries. Each Order is for the sole benefit of the Parties and is not intended to, and shall not, confer any rights or benefits on any third Person.

13.10 These Standard Terms & Conditions may be amended from time to time. Amendments will be posted on www.vwgrouppsupply.com and will be effective 30 days after posting. No other notice will be given.

13.11 Severability. If any term of the Order is invalid or unenforceable **under any statute, regulation, ordinance, executive order or other rule of law, the Term will be** deemed reformed or deleted, as the case may be, but only to the extent necessary to comply with applicable law. The remaining provisions of the Order will remain in full force and effect.

13.12 Governing Law. The Order will be governed by the laws of the Province of Ontario and the federal laws of Canada applicable hereto. The provisions of the United Nations Convention on Contracts for the International Sale of Goods, and any conflict-of-laws provisions that would require application of another choice of law, are excluded.

13.13 Entire Agreement. Except as otherwise expressly provided in a writing signed by both Parties, the Order, together with the attachments, exhibits, supplements or other terms of VGCA specifically referenced therein, and these Terms constitute the final, entire, and exclusive agreement between the Parties with respect to the subject matter hereof.

13.15 Claims by Supplier. Any legal action or arbitration proceeding by Supplier under any Order must be commenced no later than two (2) years after the breach or other event giving rise to Supplier's claim occurs, or Supplier becomes aware of the existence (or facts and circumstances giving rise to the existence) of such claim, whichever occurs first.

13.16 Remedies Cumulative. Each of the rights and remedies reserved to VGCA in these Terms shall be cumulative and the assertion of any party of any right or remedy shall not preclude the assertion by such party of any other rights or the seeking of any other remedies.

End of Document

Revision 3.0 Effective January, 2010