

PURCHASE ORDER STANDARD TERMS AND CONDITIONS

[Table of Contents](#)

- 1. Definitions 2
- 2. Acknowledgement and Acceptance..... 2
- 3. Conformity with Purchase Order..... 2
- 4. Entire Agreement..... 3
- 5. Prices 3
- 6. Taxes..... 3
- 8. Packing 4
- 9. Delivery 4
- 10. Freight 5
- 11. Title and Risk of Loss 5
- 12. Access 5
- 13. Inspection..... 6
- 14. Warranty 6
- 15. Changes..... 7
- 16. Termination for Convenience 7
- 17. Termination for Default 9
- 18. Seller’s Indemnification..... 9
- 19. Non-Disclosure of Confidential Matter 10
- 20. Aaki Property 10
- 21. Patent License 10
- 23. Limitation of Aaki’s Liability; Statute of Limitations 11
- 24. Waiver..... 11
- 25. Rights and Remedies..... 11
- 26. Compliance with Laws 11
- 27. Gratuities..... 11
- 28. Assignment and Subcontracting 11
- 29. Notice of Delays 12
- 30. Applicable Law 12
- 31. Revision History 12

1. Definitions

- 1.1 The term “Aaki” shall refer to **Aaki Corporation** with offices in Calgary, Alberta, Canada.
- 1.2 The term “Seller” shall refer to the entity from which Aaki is purchasing goods and/or services and shall also include the entity’s subcontractors, independent contractors and all other classes of persons performing any type of work under the Purchase Order.
- 1.3 The term “Purchase Order” refers to a written document issued by Aaki to Seller, indicating items, quantities, agreed prices, payment terms, date of performance or shipment and other associated terms and conditions for goods and services the Seller will provide to Aaki.
- 1.4 The terms “good(s)” and “services” shall refer to the materials, supplies, items, equipment, work and/or services covered by the Purchase Order.

2. Acknowledgement and Acceptance

- 2.1 These Standard Terms and Conditions are an integral part of the Purchase Order and shall apply to any goods or services ordered except to the extent that they may be inconsistent with any special terms and conditions appearing on the face of, or otherwise incorporated in, the Purchase Order or in any written amendment to the Purchase Order made by Aaki.
- 2.2 Acceptance of Aaki’s Purchase Order acknowledges the acceptance of Aaki’s Purchase Order Standard Terms and Conditions as stated herein. Any conduct by Seller which recognizes the existence of a contract pertaining to the subject matter hereof shall constitute an acceptance by Seller of the Purchase Order and these Standard Terms and Conditions.
- 2.3 Any terms proposed in Seller’s acceptance of Aaki’s Purchase Order which add to, vary from, or conflict, with the terms herein unless expressly agreed to in writing by Aaki’s authorized representative, are invalid and hereby rejected.
- 2.4 The Purchase Order number shall be quoted on all correspondence related to the Purchase Order.
- 2.5 All relevant communication in relation to the Purchase Order will be documented by e-mail.

3. Conformity with Purchase Order

- 3.1 The goods and services shall conform to the quantity, quality, specifications and requirements stated in these Terms and Conditions and the Purchase Order, and shall be fit for the purposes for which they are required by Aaki.
- 3.2 Any dimensions or finishes not explicitly stated on drawings shall be confirmed by the Seller prior to producing the goods.
- 3.3 Aaki shall have the right to define all dimensions, tolerances or finishes not explicitly stated on drawings and not confirmed by the Seller.

4. Entire Agreement

4.1 The Purchase Order, together with any drawings, designs, specifications, schedules, exhibits or amendments which may be referred to in the Purchase Order or attached to the Purchase Order by Aaki, sets forth the complete and final agreement between the parties, and supersedes any and all prior oral or written communications relating to its subject matter.

4.2 Aaki will issue a written Purchase Order for all goods to be manufactured. Verbal Purchase Orders are not acceptable.

4.3 Any reference to any proposal, quotation or other communication by Seller shall, unless indicated to the contrary herein, be deemed to be limited to the description of the goods or services and to be limited by the terms set forth or incorporated by reference herein.

4.4 No change, modification, or revision of the Purchase Order shall be effective unless in writing and issued by Aaki.

5. Prices

Seller agrees that the prices set forth on the Purchase Order are firm, and are not subject to increase for the duration of the Purchase Order.

6. Taxes

Aaki shall be liable for the payment only of those local, provincial or federal sales taxes, which Seller is required by law to collect from Aaki. All such taxes shall be stated separately on Seller's invoice.

7. Invoices and Payment

7.1 Invoices shall contain the following information:

- a. Purchase Order number,
- b. item number(s),
- c. description of goods and services,
- d. sizes,
- e. quantities,
- f. unit prices,
- g. extended totals, and
- h. any other information specified elsewhere herein.

7.2 Payment of an invoice shall not constitute acceptance of goods or services and shall be subject to adjustment for errors, shortages, defects in the goods or services, or other failure of Seller to meet the requirements of the Purchase Order.

7.3 Payment terms for purchase of goods and services by Aaki shall be net thirty (30) days and will be computed from the date of receipt of all goods and services or date of receipt of correct invoice, whichever is later, unless otherwise agreed to in writing by Aaki.

7.4 Aaki may at any time set off any amount owed by Aaki to Seller against any amount owed by Seller to Aaki.

8. Packing

8.1 All goods shall be properly packed and secured by Seller to guard against breakage, loss or damage so that upon delivery they conform in all respects with the Purchase Order and are fit for the purposes for which they are required by Aaki.

8.2 All goods shall be clean, dry, and free from machining shavings, rust, dirt, oil or any other machining process materials prior to packaging.

8.3 All goods shall be prepared and packed in a commercially reasonable manner suitable for the goods shipped and so as to secure the lowest transportation rates.

8.4 Seller shall mark all containers with necessary lifting, handling, and shipping information and also purchase order numbers and date of shipment.

8.5 An itemized packaging sheet must accompany each shipment.

9. Delivery

9.1 TIME IS OF THE ESSENCE OF THE PURCHASE ORDER and goods and services shall be delivered in the quantities and on the dates specified in the Purchase Order to the place(s) named therein.

9.2 Seller shall provide exact shipping (due) dates on which their quote is based and this date will be specified in the Purchase Order. The shipping (due) date will be the date that goods and services leave the Seller's manufacturing facilities.

9.3 Seller shall inform Aaki of delivery status on a minimum of every four (4) days or within twelve (12) hours of a request by Aaki to Seller to provide such information.

9.4 If delivery is not completed within the time(s) specified, Aaki reserves the right, without liability, in addition to its other rights and remedies, to cancel the entire Purchase Order or that part of the Purchase Order not delivered, or to extend the time of delivery and/or payment.

9.5 If, because of failure of Seller to meet the delivery requirements of the Purchase Order, Aaki finds it necessary to require shipment of any of the goods and services covered by the Purchase Order by a method of transportation other than the method originally specified by Aaki, Seller shall reimburse Aaki for the amount, if any, by which the cost of the more expeditious method of transportation exceeds the cost of the method of transportation originally specified, unless such failure is due to causes beyond the control and without the fault or negligence of Seller.

9.6 No partial or complete delivery shall be made hereunder prior to the date or dates shown unless Aaki has given prior written consent.

9.7 Aaki will pay only for maximum quantities ordered.

9.8 Over shipments will be held at Seller's risk and expense for a reasonable time while Aaki awaits return shipping instructions from Seller.

10. Freight

10.1 Unless otherwise specifically provided on the Purchase Order, the goods shall be delivered on a Delivered at Place (DAP) basis, as defined in the International Chamber of Commerce's Incoterms 2010, to Aaki's destination specified on the Purchase Order. Seller will pay freight charges and charge back freight fees to Aaki on invoice. Aaki is responsible for all import duties, taxes, and clearance fees.

10.2 Aaki will specify the mode of transportation.

10.3 Any freight charges invoiced to Aaki, either by Seller or the carrier, will be charged back to and paid by Seller. If the Purchase Order designates an ExWorks or FCA Incoterm, Aaki will be responsible for freight charges to the destination designated on the Purchase Order.

10.4 Any costs incurred by Aaki as a result of Seller's failure to comply with Aaki's routing instructions shall be borne by Seller.

11. Title and Risk of Loss

11.1 Notwithstanding any prior inspections, and irrespective of the Incoterm point named herein, Seller shall bear all risks of loss, damage and destruction to the goods until final acceptance by Aaki at the destination specified on the Purchase Order.

11.2 Further, Seller shall bear the same risks with respect to any goods rejected by Aaki or as to which Aaki has revoked its acceptance, from the time of such rejection or revocation.

11.3 Transfer of Ownership

11.3.1 Title to the goods and services shall pass to Aaki on delivery and acceptance by Aaki.

11.3.2 To the extent that any goods and services incorporates a design created by Seller for Aaki, Aaki shall own such design upon the transfer of title to the goods and services and Seller shall furnish Aaki with any documentation of the design in Seller's possession.

11.3.3 Transfer of such title shall not in any way prejudice Aaki's right to reject the goods and services hereunder.

11.3.4 Proof of goods and services transfer of ownership will be required to be provided to Aaki by Seller at Aaki's request.

12. Access

Aaki's representatives shall, at all reasonable times, have access to the Seller's work or place(s) of business in connection with the performance by the Seller of the Purchase Order. The Seller shall ensure the same access to the premises of Aaki's subcontractors, if any.

13. Inspection

13.1 Seller is to ensure that all goods will pass the quality control inspection prior to shipping.

13.2 If requested by Aaki, all goods must be accompanied by a written Quality Control Inspection Report.

13.3 Seller shall send a Quality Control Inspection report by e-mail to Aaki prior to the shipment being sent, if requested by Aaki.

13.4 Aaki has the right to have a third party inspection company perform a complete inspection on the goods at the Seller's facility prior to the goods leaving the Seller's facility.

13.5 Notwithstanding any prior inspections or payments hereunder, all goods and services shall be subject to final inspection and acceptance at Aaki's plant within a reasonable time (but not more than ninety (90) days) after receipt at destination.

13.6 Nonconforming Goods or Services

13.6.1 If any goods or services delivered do not meet the requirements of the Purchase Order, Aaki shall have the right to reject such goods or services.

13.6.2 Aaki may elect to reject the entire goods and services tendered where the inspection failure rate is higher than 5%.

13.6.3 If Aaki elects to accept nonconforming goods or services, Aaki, in addition to its other remedies, shall be entitled to an appropriate reduction in price for the goods and associated shipping costs of such goods.

13.6.4 Payment of any good or service shall not be deemed an acceptance thereof.

14. Warranty

14.1 Seller warrants that all goods and services furnished hereunder shall:

- a. be free from defects in workmanship, material, manufacture, and design (where design is Seller's responsibility);
- b. conform to all specifications, drawings, descriptions, samples, and standards set forth in or incorporated by reference into the Purchase Order; perform as specified in the Purchase Order or otherwise represented by Seller;
- c. be merchantable and fit and sufficient for the use intended by Aaki; and
- d. be free and clear of any lien or other adverse claim against title.

The foregoing warranties are in addition to all other warranties, expressed or implied, and shall survive any delivery, inspection, acceptance, and payment by Aaki. Aaki's approval of Seller's material or design shall not relieve Seller of the warranties set forth herein.

14.2 Seller's warranty shall be effective for a period of time as set forth on the Purchase Order. If no such period is stated, the warranty shall be effective for a minimum period of one (1) year from the date of Aaki's acceptance.

14.3 If any goods or services furnished hereunder do not meet the warranties specified herein, Aaki may, at its option:

- a. require Seller to correct the goods and services and deliver, at no cost to Aaki (including import duties, taxes and clearance fees, any defective or nonconforming goods or services by repair or replacement. "Replacement parts" should be indicated on the waybill to avoid duties and taxes being charged on the shipment. If so charged, Seller is responsible for those charges; or
- b. return such defective or nonconforming goods at Seller's expense to Seller and recover from Seller the Purchase Order price and shipping costs thereof; or
- c. correct the defective or nonconforming goods or services itself and charge Seller with the cost of such correction. The cost to repair or replace goods could exceed the cost of the Purchase Order.

The foregoing remedies are in addition to all other remedies at law or in equity or under the Purchase Order and shall not be deemed to be exclusive.

14.4 If any goods furnished hereunder do not meet the warranties specified herein, Aaki will deduct the cost of shipping such goods from the Purchase Order amount.

14.5 If the Seller wishes to ship extra goods to compensate for some deficiencies in goods, this is acceptable. Seller will not be compensated for extra goods shipped or the costs of shipping the goods unless firstly approved by Aaki.

15. Changes

15.1 Aaki may at any time, by e-mail or revised Purchase Order, suspend performance hereunder, increase or decrease the ordered quantities, or make changes within the general scope of the Purchase Order in any one or more of the following:

- a. drawings, designs, or specifications;
- b. method of shipment or packing, and/or
- c. time and/or place of delivery.

15.2 If any such change causes an increase or decrease in the cost of or the time required for performance of the Purchase Order, an equitable adjustment shall be made in the price or delivery schedule, or both, and the Purchase Order shall be modified in writing accordingly.

15.3 No claim by Seller for adjustment shall be valid unless asserted within twenty (20) days from the date of receipt by Seller of the notification of change; provided, however, that such period may be extended upon the written approval of Aaki.

15.4 Changes shall not be binding on Aaki unless evidenced by a written Purchase Order revision.

15.5 Nothing in this clause shall excuse Seller from proceeding with the Purchase Order as changed.

16. Termination for Convenience

16.1 Termination

16.1.1 Aaki may terminate the Purchase Order, for convenience, in whole or in part, at any time by written or electronic notice.

16.1.2 Upon any such termination Seller shall, to the extent specified by Aaki, stop all work on the Purchase Order, and cause its suppliers or subcontractors to stop work.

16.1.3 Charges for any such termination of the Purchase Order shall be limited to actual non-recoverable costs incurred by Seller which Seller can demonstrate were properly incurred prior to the date of termination.

16.1.4 In no event will Aaki reimburse Seller for goods, inventory or services in excess of those required to meet Aaki's delivery schedule for binding forecasts.

16.1.5 Any and all funds that have been transferred to the Seller for a given Purchase Order will be refunded immediately upon termination of a Purchase Order.

16.2 Termination Charges

16.2.1 Within (30) thirty days from such termination Seller may submit to Aaki its written claim for termination charges, in the form and with the certifications prescribed by Aaki.

16.2.2 Failure to submit such claim within such time shall constitute a waiver of all claims and a release of all of Aaki's liability arising out of such termination.

16.3 Aaki to Pay Seller

16.3.1 Aaki shall pay Seller the amount due for goods and services delivered prior to termination and, in addition thereto, but without duplication, shall pay the following amounts:

- a. the contract price for all goods and services completed in accordance with the Purchase Order and not previously paid for;
- b. the cost of unique work in process no more than necessary to meet delivery schedules hereunder; and
- c. the costs of paying claims to Seller's suppliers for work directly allocable to the goods or services terminated.

16.3.2 Aaki shall not be responsible for any commitments made by Seller in advance of those necessary to comply with the schedules set forth in the Purchase Order.

16.3.3 Payments made under this subparagraph shall not exceed the aggregate price specified in the Purchase Order, less payments otherwise made or to be made.

16.3.4 Upon payment of Seller's claim, Aaki shall be entitled to all goods, materials and work in process.

16.4 IN NO EVENT SHALL SELLER BE ENTITLED TO NOR SHALL AAKI BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, COSTS OF PREPARING CLAIMS, COSTS OF TOOLING OR EQUIPMENT, OR ANY OTHER EXPENSES OR DAMAGES ARISING OUT OF THE PURCHASE ORDER OR WITH RESPECT TO THE TERMINATED GOODS OR SERVICES.

17. Termination for Default

17.1 Aaki may, by written or electronic notice, terminate the Purchase Order, in whole or in part, if Seller:

- a. fails to make delivery of the goods or perform the services within the time specified herein; or
- b. fails to replace or correct defective goods or services in accordance with the provisions of those Paragraphs hereof entitled "Warranty" and "Inspection;" or
- c. fails to perform any of the other provisions of the Purchase Order or fails to make progress so as to endanger performance in accordance with its terms; or
- d. becomes insolvent, files or has filed against it a petition in bankruptcy, or makes an assignment for the benefit of creditors.

17.2 In the event of such termination, Seller shall transfer title and deliver to Aaki, to the extent directed by Aaki:

- a. any completed goods and services, and
- b. such partially completed items and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights (hereinafter called "manufacturing material") as Seller has produced or acquired for the performance of the Purchase Order. Prices for partially completed goods and manufacturing material shall be negotiated; however, such prices shall not exceed the Purchase Order price per type of goods and services.

17.3 All funds that have been transferred by the Aaki to the Seller for a given Purchase Order will be refunded immediately to the Aaki upon termination of the Purchase Order.

18. Seller's Indemnification

18.1 Notwithstanding any other provision of the Purchase Order, Seller shall defend, indemnify and hold harmless Aaki from and against any and all claims, damages, losses and reasonable expenses, whether direct, indirect or consequential, including, but not limited to, liabilities, obligations, costs, expenses (including, without limitation, interest, penalties and attorneys' fees), fines, taxes, levies, assessments, demands, damages and judgments of any kind or nature, to the extent arising directly or indirectly out of or resulting from:

- a. goods or services supplied or the performance of work by Seller hereunder;
- b. Seller's negligence or willful misconduct;
- c. the breach by Seller of any provisions hereunder;
- d. a claim that the goods or services supplied by Seller infringe any patent, copyright, trademark, trade secret or other intellectual property interest of another; or
- e. a claim of mechanic's lien or other encumbrance made by a third party.

18.2 Seller shall carry and maintain insurance coverage satisfactory to Aaki to cover its obligations set forth in subparagraph 18.1 above, and upon Aaki's request, shall furnish Aaki with evidence of such insurance in a form satisfactory to Aaki.

19. Non-Disclosure of Confidential Matter

19.1 Goods or services purchased hereunder with Aaki's specifications or drawings shall be treated as confidential by Seller, shall remain Aaki's property and shall not be disclosed or distributed to any other party.

19.2 All specifications, drawings, samples, and other data furnished by Aaki shall be treated as confidential information by Seller, shall remain Aaki's property, shall only be disseminated to those within Seller's organization on a "need to know" basis only, shall not be disclosed to any third party, and shall be returned to Aaki immediately on request.

19.3 Any goods or services that are manufactured by Seller for Aaki will not be photographed or used for sales or demonstration purposes, or appear in any form of advertising or public media such as websites or video.

20. Aaki Property

20.1 Unless otherwise agreed in writing, all tooling, equipment, material, dies, molds, jigs, fixtures, patterns, machinery, special test equipment, special tapes and gauges which have been furnished, paid for, or charged against Aaki, or which have had their cost amortized shall be deemed Aaki's property.

20.2 Such property, while in Seller's custody or control, shall be held at Seller's sole risk, and shall be kept insured by Seller at Seller's expense in an amount equal to the replacement cost with loss payable to Aaki.

20.3 Such property shall be delivered in good condition, normal wear and tear accepted, to Aaki, DAP Aaki's plant, immediately upon request by Aaki.

20.4 Seller warrants that said items would not be used for any work or for the production of any materials or parts other than for Aaki without Aaki's written permission.

21. Patent License

Seller, as part consideration for the Purchase Order and without further cost to Aaki, hereby grants Aaki an irrevocable, non-exclusive, royalty-free right and license to use, sell, manufacture, and cause to be manufactured and sold products embodying any and all inventions and discoveries made, conceived, or actually reduced to practice in connection with the performance of the Purchase Order.

22. Conflict-Free Materials

Seller represents and warrants to Aaki that it has a policy in place to ensure that any conflict minerals such as gold, tantalum, tin and tungsten or their derivatives, which may be in Seller's products,

- a. do not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo or an adjoining country(s);
- b. have been procured through an EICC certification process or an equivalent certification process, ensuring they were not sourced from conflict or war-torn areas; and

- c. are from sources that adhere to the protection of human rights, labor rights and the environment. Upon request of Aaki, Seller shall, at its own cost and expense, promptly provide Aaki with all certificates and/or documents to substantiate its compliance with the foregoing.

23. Limitation of Aaki's Liability; Statute of Limitations

23.1 In no event shall Aaki be liable for anticipated profits or for incidental or consequential damages.

23.2 Aaki's liability on any claim of any kind for any loss or damage arising out of or in connection with or resulting from the Purchase Order or from the performance or breach thereof shall in no case exceed the price allocable to the goods or services or unit thereof, which gives rise to the claim.

23.3 Aaki shall not be liable for penalties of any description.

23.4 Any action resulting from any breach on the part of Aaki as to the goods or services delivered hereunder must be commenced within one year after the cause of action has accrued.

24. Waiver

The failure of Aaki to enforce at any time any of the provisions of the Purchase Order, to exercise any election or option provided herein, or to require at any time performance by Seller of any of the provisions herewith shall in no way be construed to be a waiver of any such provisions, or the right of Aaki thereafter to enforce each and every such provision.

25. Rights and Remedies

The rights and remedies of Aaki set forth herein shall not be exclusive and are in addition to any other rights and remedies provided at law or in equity.

26. Compliance with Laws

Seller shall comply with all federal, provincial, local and governmental agency laws, ordinances, rules and regulations in the manufacture and sale of the goods and in the performance of services covered in the Purchase Order. In addition, Seller shall comply with the Export Control Laws and regulations of Canada and any amendments thereof.

27. Gratuities

Seller warrants that it has not offered or given and will not offer or give to any employee, agent, or representative of Aaki any gratuity with a view toward securing any business from Aaki or influencing such person with respect to the terms, conditions or performance of this Purchase Order.

28. Assignment and Subcontracting

28.1 No right or obligation under the Purchase Order (including the right to receive monies due hereunder) shall be assigned by Seller without the prior written consent of Aaki, and any purported assignment without such consent shall be void.

28.2 Seller may not subcontract for completed articles or major components without Aaki's prior written consent.

28.3 Aaki may assign the Purchase Order at any time if such assignment is considered necessary by Aaki in connection with a sale of Aaki's assets or a transfer of its obligations, including, but not limited to a merger, acquisition or outsourcing to a third party.

29. Notice of Delays

29.1 Whenever Seller has knowledge of an actual or potential labor dispute or any event which delays or threatens to delay the timely performance of the Purchase Order, Seller shall immediately notify Aaki of such event and furnish all relevant details.

29.2 Such notice is for informational purposes only and shall not relieve Seller of its obligations to comply with the requirements of the Purchase Order.

30. Applicable Law

30.1 The Purchase Order shall be governed by, subject to, and construed in accordance with and enforced according to the laws of the Province of Alberta, Canada without regard to laws concerning conflicts of laws.

30.2 Each of the parties hereto submits itself to the exclusive jurisdiction and venue of the Provincial or Federal courts in Alberta, Canada for the purpose of any action in connection with this Agreement.

30.3 The Parties do not intend that any agency or partnership relationship be created between them by the Purchase Order.

30.4 Each provision of the Purchase Order shall be interpreted in such a manner as to be effective and valid under applicable law.

30.5 The provisions of the United Nations Convention on Contracts for the International Sale of Goods shall not apply to the Purchase Order.

31. Revision History

REVISION HISTORY		
Version	Effective Date	Description
0	20140423	Issued
1	20150504	Signature no longer required. Amend Section 2
2	20190925	Amend14.3a, add Table of Contents
3	20150926	Add Revision History