Canada Terms & Conditions of Purchase

1. Definitions

The following terms shall have the meanings set forth below:

(a) “Company” means Smiths Detection Montréal Inc. If a subsidiary or affiliate of Company is identified on the face of the Contract “Company” then means that subsidiary, or affiliate.

(b) “Contract” means the instrument of contracting, such as “PO”, “Purchase Order, or other such type designation, including all referenced documents, exhibits and attachments. Likewise, “PO” or “Purchase Order” as used in any document constituting part of this Contract shall mean this Contract. If these terms and conditions are incorporated into a “master” agreement that provides for releases, (in the form of a Purchase Order or other such document) the term “Contract” shall also mean the release document for the Work to be performed.

(c) “Engineering Change” or “EC” or “ECO” means any mechanical, software or electrical change in supplier, drawings, specifications, designs, bills of material or product standards involving equivalent part substitutions or internal relocation’s of parts which would affect performance, reliability, function, safety, serviceability, appearance, quality, dimensions or tolerances of the Work.

(d) “Seller” means the Party identified on the face of the Contract with whom Company is contracting.

(e) “Company Procurement Representative” means a person authorized by Company’s procurement organization to administer and/or execute this Contract.

(f) “Work” means all required articles, materials, supplies, goods, and services constituting the subject matter of this Contract.

2. Precedence

Any inconsistencies in this Contract shall be resolved in accordance with the following descending order of precedence: (1) Face of the Purchase Order, Release document or Schedule including any continuation sheets, as applicable, and any special terms and conditions; (2) Any master-type agreement (such as corporate, sector or blanket agreements); (3) these Terms and Conditions; and (4) any Statement of Work.

3. Contract Direction

(a) Only the Company Procurement Representative has authority to change this Contract on behalf of the Company. Any changes to the Contract must be in writing.

(b) Company engineering and technical personnel may from time to time render assistance or give technical advice or discuss or effect an exchange of information with Seller’s personnel concerning the Work hereunder. Such actions shall not be deemed to be a change under the “Changes” clause of this Contract and shall not be the basis for equitable adjustment.

(c) Except as otherwise provided herein, all notices to be furnished by the Seller shall be sent to the Company Procurement Representative.

4. Payments, Taxes and Duties

(a) Unless otherwise provided, terms of payment shall be net sixty (60) days from the latest of the following: (i) Company’ receipt of the Seller’s proper invoice; (ii) Scheduled delivery date of the Work; or (iii) Actual delivery of the Work. Company shall have a right of setoff against payments due or at issue under this Contract or any other contract between the Parties.

(b) Payment shall be deemed to have been made as of the date of mailing Company’ payment or electronic funds transfer.

(c) Unless otherwise specified, prices include all applicable federal, state and local taxes, duties, tariffs, and similar fees imposed by any government, all of which shall be listed separately on the invoice.

5. New Materials

The Work to be delivered hereunder shall consist of new materials, not used, or reconditioned, remanufactured or of such age as to impair its usefulness or safety.

6. Extras

Work shall not be supplied in excess of quantities specified in the Contract. Seller shall be liable for handling charges and return shipment costs for any excess quantities.

7. Changes

(a) The Company Procurement Representative may at any time, by written notice, and without notice to sureties or assignees, make changes within the general scope of this Contract in any one or more of the following: (i) drawings, designs or specifications; (ii) method of shipping or packing; (iii) place of inspection, acceptance, performance, or point of delivery; (iv) delivery schedule; (v) description of services to be performed; and (vi) time of performance (i.e., hours of the day, days of the week, etc.). Changes may only be made in writing by the Company Procurement Representative.

(b) If any such change causes an increase or decrease in the cost of, or the time required for, performance of any part of this Contract, Company shall make, upon Seller’s request, an equitable adjustment in the Contract price and/or delivery schedule, and modify the Contract accordingly.

(c) Any claim for an equitable adjustment by Seller must be submitted in writing to Company within thirty (30) days from the date of the change notice, unless the Parties agree in writing to a longer period. Company may audit any of Seller’s books and records in connection with any equitable adjustment proposal.

(d) Failure to agree to any adjustment shall be resolved in accordance with the “Disputes” clause of this Contract. However, nothing contained in this “Changes” clause shall excuse Seller from proceeding without delay in the performance of this Contract as changed.

8. Engineering Changes

EC’s may be initiated by Seller under the following conditions:

(a) Seller shall give advance notice to Company on an Engineering Change Order (ECO) summary sheet of any EC which effects form, fit or function proposed by Seller. No EC shall be implemented without Company’ prior written consent, which may be withheld in Company’ sole discretion; Company agrees to act in good faith.

(b) Seller shall provide a written assessment of the anticipated effects of any EC on Company’ schedule and manufacturing costs (including costs associated with scrap and rework), within five (5) business days. Seller and Company shall negotiate in good faith the costs associated with processing and implementing the EC.

9. Packing and Shipment

(a) Unless otherwise specified, all Work is to be packed in accordance with good commercial practice.

(b) A complete packing list shall be enclosed with all shipments. Seller shall mark containers or packages with necessary lifting, loading, and shipping information, including the Company Contract number, item number, dates of shipment, and the names and addresses of consignor and consignee. Bills of lading shall include this Contract number.

(c) Unless otherwise specified, delivery shall be in accordance with the Company’s shipment instructions as provided by Company to Seller. Any shipments that deviate from these instructions shall be returned to Seller at Seller’s sole expense.

10. Inspection and Acceptance

(a) Notwithstanding (i) payment; (ii) passage of title; (iii) prior inspection or test, or (iv) execution of an acceptance document, Company and its customer may inspect all Work prior to acceptance or rejection at reasonable times and places, including, when practicable, during manufacture and before shipment. Seller shall provide all information, facilities, and assistance necessary for safe and convenient inspection without additional charge.

(b) No such inspection shall relieve Seller of its obligations to furnish all Work in accordance with the requirements of this Contract. Company’ final inspection and acceptance shall be at destination unless otherwise designated by Company.
(c) Seller shall provide and maintain a test and inspection system acceptable to Company and its customers, if required.

(d) If Seller delivers non-conforming Work, Company may: (i) accept all or part of such Work at an equitable price reduction; (ii) reject such Work; or (iii) make, or have a third party make all repairs, modifications, or replacements necessary to enable such Work to comply in all respects with Contract requirements. Seller shall be liable to Company for any cost Company incurred to ensure such compliance. If Company chooses to reject the Work, the Work will be returned at Seller’s cost and all transport costs will be debited to Seller.

(e) Seller shall not re-tender rejected Work without disclosing the corrective action taken.

11. Transfer of Title and Risk of Loss

(a) Title to the Works shall pass to Company upon delivery provided that Company may decline to accept ownership of Works delivered or provided earlier than the agreed delivery dates.

(b) All risk in the Works shall be with the Seller until ownership has passed and the Seller will insure the Works and indemnify Company in respect of any claim relating thereto up to the time of passing of ownership.

12. Warranty

Seller warrants that all Work furnished pursuant to this Contract shall strictly conform to applicable specifications, drawings, samples, and descriptions, and other requirements of this Contract and be free from defects in design, material and workmanship. Seller further warrants and implies that the Work, performed hereunder, is merchantable and fit for use for the particular purpose described in this Contract. The warranty shall begin upon final acceptance and extend for a period of: (i) the manufacturer’s warranty period or one (1) year, whichever is longer, if Seller is not the manufacturer and has not modified the Work or, (ii) one (1) year if the manufacturer’s warranty period, whichever is longer if the Seller is the manufacturer of the Work or has modified it. If any non-conformity with Work appears within that time, Seller, at Company’s option, shall promptly repair, replace, or reperform the Work and hold Company harmless from any loss, damage or expense that Company may suffer from the breach of this warranty. Transportation of replacement Work and return of non-conforming Work and repeat performance of Work shall be at Seller’s expense. If repair or replacement or reperformance of Work is not timely, Company may elect to return the non-conforming Work or repair or replace Work or reprocure the Work at Seller’s expense. All warranties shall run to Company and its customers. At all times during the performance of this Contract, Company shall have the right to inspect Work performed by Seller.

13. Quality Control System

(a) Seller shall provide and maintain a quality control system to an industry recognized Quality Standard and in compliance with any other specific quality requirements identified in this Contract.

(b) Records of all quality control inspection work by Seller shall be kept complete and available to Company and its customers.

14. Property

(a) Company may provide to Seller property owned by either Company or its customer (Furnished Property). Furnished Property shall be used only for the performance of this Contract.

(b) Title to Furnished Property shall remain with Company or its customer. Seller shall clearly mark (if not so marked) all Furnished Property to show its ownership.

(c) Except for reasonable wear and tear, Seller shall be responsible for, indemnify Company, and promptly notify Company with regard to any loss or damage. Without additional charge, Seller shall manage, maintain, and preserve Furnished Property in accordance with good commercial practice.

(d) At Company’s request, and/or upon completion of this Contract the Seller shall submit, in an acceptable form, inventory lists of Furnished Property and shall deliver or make such other disposal as may be directed by Company.

(e) Material made in accordance with Company’s specifications and drawings shall not be furnished or quoted to any other person or concern without Company’s written consent.

(f) Any invention or similar intellectual property first made or conceived by Seller shall be the sole property of Company. Seller shall execute such documents necessary to perfect Company’s title thereto.

15. Timely Performance

(a) Seller’s timely performance is a critical element of this Contract. Time is of the essence.

(b) Unless advance shipment has been authorized in writing by Company, Company may store at Seller’s expense, or return, shipping charges collect, all Work received in advance of the scheduled delivery date.

(c) If Seller becomes aware of difficulty in performing the Work, Seller shall timely notify Company, in writing, giving pertinent details. This notification shall not change any delivery schedule.

(d) In the event of a termination for convenience or change, no claim will be allowed for any manufacture or procurement in advance of Seller’s normal flow time unless there has been prior written consent by Company.

16. Stop Work Order

(a) Seller shall stop Work for up to ninety (90) days in accordance with the terms of any written notice received from Company, or for such longer period of time as the Parties may agree and shall take all reasonable steps to minimize the incurrence of costs allocable to the Work covered by this Contract during the period of Work stoppage.

(b) Within such period, Company shall either terminate or continue the Work by written order to Seller. In the event of a continuation, an equitable adjustment in accordance with the principles of the “Changes” clause, shall be made to the price, delivery schedule, or other provision affected by the Work stoppage, if applicable, provided that the claim for equitable adjustment is made within thirty (30) days after such continuation.

17. Applicable Laws

(a) This Contract shall be governed by and construed in accordance with the law of Quebec, excluding its choice and conflicts of law rules. Any legal action shall be brought in the exclusive venue of the federal and state courts of Montreal, Quebec, Canada. The Company and the Purchaser hereby irrevocably waive the right to a jury trial to the extent permissible by law. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Contract. The parties to this Agreement have expressly required that these Terms and Conditions and any supporting document be drafted in the English language. Les parties a la presente termes et conditions ont expréssé requis que la presente convention et tout document s’y reportant soient rediges en langue anglaise.

(b) Seller represents that each chemical substance constituting or contained in Work sold or otherwise transferred to Company hereunder is on the list of chemical substances compiled and published by Environment Canada in the Canada Environmental Protection Act (CEPA) Registry or by the Administrator of the United States Environmental Protection Administration pursuant to the Toxic Substances Control Act (15 U.S.C. Sec. 2601 et seq.) as amended.

(c) Seller shall provide to Company with each delivery any Material Safety Data Sheet applicable to the Work in conformance with and containing such information as required by: (i) the Canadian Centre for Occupational Health and Safety Act of 1977-78, as amended, and regulations promulgated thereunder, or by its Provincial approved counterpart; and (ii) the U.S. Occupational Safety and Health Act of 1970 and regulations promulgated thereunder, or by its State approved counterpart.

18. Compliance with Laws

(a) Seller shall comply with all applicable laws, orders, rules, regulations and ordinances.

(b) Company is an Equal Opportunity Employer and is committed to conducting its business ethically and lawfully. To that end Company, through its ultimate parent company, Company Group plc, maintains a Code of Business Ethics and mechanisms for reporting unethical or unlawful conduct. Company expects that the Seller also will conduct its business ethically and lawfully. Company Code of Business Ethics is available at http://www.smiths-group.com/responsibility-code-of-business-ethics.aspx. By the acceptance of this Contract, Seller represents that it has not participated in any conduct in connection with this Contract that violates the Company Code of Business Ethics or, alternatively, equivalent business ethics and conduct standards of the Seller. If, at any time, Company determines that Seller is in violation of the applicable standards of business ethics, Company may cancel this Contract and any other contract with Seller upon written notice to Seller and Company shall have no further obligation to Seller.
(c) To the extent applicable, Seller shall comply with the U.S. EEO Clause in Section 202 of Executive Order 11246, as amended; 41 CFR 60-250 and 60-300; and 41 CFR 60-741, as amended, which are incorporated herein by specific reference.

(d) To the extent applicable, Seller represents that it is selling Commercial Items as that term is defined in U.S. Federal Acquisition Regulation (“FAR”) 2.101. In the event seller’s goods or services do not meet the definition of Commercial Items, Company will provide the appropriate government-unique flowdown clauses. Additional clauses specific to the performance of a given U.S. Government prime or sub -contract, if any, are provided as an Attachment to this Contract and deemed incorporated herein.

(e) The parties recognize that some or all of the Work that is the subject of this Contract may be used to satisfy requirements in furtherance of Company’s performance under a U.S. Federal Government prime or subcontract. Accordingly, Seller agrees that in that instance, it shall be bound by the FAR clauses referenced in FAR 52.244-6(c)(1), as amended from time to time, which are incorporated herein by reference.

(f) By submitting its written offer, or providing oral offers or quotations at Company’s request, or accepting this Contract, including oral orders from Company, Seller certifies that to the best of its knowledge and belief, that Seller and/or any of its Principals (as defined in U.S. FAR 52.209-5) are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any U.S. Federal Government Agency. Seller shall provide immediate written notice to Company if at any time it learns that its certification was erroneous or has become erroneous by reason of changed circumstances.

19. No Gratuities / Kickbacks

No gratuities (in the form of entertainment, gifts, or otherwise) or kickbacks shall be offered or given by Seller, to any employee of Company with a view toward securing favorable treatment as a supplier.

20. Export / Import Control

(a) Seller agrees to comply with all applicable export and import control laws and regulations of Seller’s country, Canada, the United States, and all other applicable export or import authorizations and their provisions. Without limiting the foregoing, Seller agrees that it will not transfer any export controlled item, data or services, to include transfer to foreign persons employed by or associated with, or under contract to Seller or Seller’s lower-tier suppliers, without the authority of an export license or applicable license exemption or exception.

(b) Seller agrees to notify Company of the US Munitions List Classification or US Export Commodity Classification Number of each deliverable under this Contract.

(c) Seller shall provide to Company all information necessary to support any export or import authorization requirements by Company for items ordered hereunder.

(d) Seller shall immediately notify the Company Procurement Representative if Seller is listed in any Denied Parties List, has been convicted of violating any of the U.S. criminal statutes enumerated in 22 CFR §120.27, is ineligible to contract with, or to receive a license or other approval to export or import articles or services, from any agency of the U.S. Government, or if Seller’s export privileges are otherwise denied, suspended or revoked in whole or in part by any U.S. Government entity or agency.

(e) Seller shall indemnify Company for all liabilities, penalties, losses, damages, costs or expenses, including attorney fees that may be imposed on or incurred by Company in connection with any violations of such law and regulations by Seller.

(f) Seller acknowledges that if it engages in the United States in the business of either manufacturing or exporting defense articles or defense services, as defined in 22 CFR §§120.6, 120.9, then Seller is required to register with the U.S. Department of State, Office of Defense Trade Controls.

21. Default

(a) Company, by written notice, may terminate this Contract for default, in whole or in part, if Seller fails to comply with any of the terms of this Contract, fails to make progress as to endanger performance of this Contract, or fails to provide adequate assurance of future performance. Seller shall have five (5) days (or such longer period as Company may authorize in writing) to cure any such failure after receipt of notice from Company. Default involving delivery schedule delays shall not be subject to the cure provision.

(b) Company shall not be liable for any Work not accepted; however, Company may require Seller to deliver to Company any supplies and materials, manufacturing materials, and manufacturing drawings that Seller has specifically produced or acquired for the terminated portion of this Contract. Company and Seller shall agree on the amount of payment for these other deliverables.

(c) In the event of termination, in whole or in part, Company may acquire, under terms Company considers appropriate, supplies or services similar to those terminated, and the Seller will be liable to Company for any excess costs of those supplies or services, including any incidental costs Company incurs through procurement.

(d) Seller shall continue all Work not terminated.

(e) If after termination under paragraph (a), it is later determined that Seller was not in default, such termination shall be deemed a Termination for Convenience.

22. Termination for Convenience

(a) For specially performed Work: Company may terminate part or all of this Contract for its convenience by giving written notice to Seller. Company’s only obligation shall be to pay Seller a percentage of the price reflecting the percentage of the Work performed prior to the notice of termination, plus reasonable charges that Seller can demonstrate to the satisfaction of Company, using generally accepted accounting principles, have resulted from the termination. Seller shall not be paid for any Work performed or costs incurred which reasonably could have been avoided. Company may audit any of Seller’s books and records in connection with any termination claim.

(b) In no event shall Company be liable for lost or anticipated profits, or unabsorbed indirect costs or overhead, or for any sum in excess of the total Contract price. Seller’s termination claim shall be submitted within ninety (90) days from the effective date of the termination.

(c) For other than specially performed Work: Company may terminate part or all of this Contract for its convenience by giving written notice to Seller and Company’s only obligation to Seller shall be payment of a mutually agreed-upon restocking or service charge.

(d) In either case, Seller shall continue all Work not terminated.

23. Limitation of Liability

Company shall not be liable for any indirect damages including incidental, consequential, punitive, or exemplary damages, or for lost or anticipated revenue or profits.

24. Indemnification

(a) Seller shall indemnify and hold harmless Company, its officers, employees, and agents from any losses, costs, claims, causes of action, damages, liabilities, and expenses, including attorneys’ fees, all expenses of litigation and/or settlement, and court costs, by reason of property damage, personal injury, or any loss to any person caused in whole or in part by the actions or omissions of Seller, its officers, employees, agents, suppliers, or subcontractors.

(b) Seller shall without limitation as to time indemnify and save Company harmless from all claims which may be asserted against property covered hereunder, including without limitation mechanic’s liens or claims arising under Worker’s compensation or Occupational Disease laws and from all claims from injury to persons or property arising out of or related to such property unless the same are caused solely and directly by Company’s negligence.

(c) Seller does hereby irrevocably indemnify and agree to defend any claim or litigation, or to pay or reimburse any judgment and all loss and expense costs (including reasonable attorney fees) incurred in connection with any claim or litigation which asserts or is based upon any alleged design or manufacturing
defect, negligence, failure to warn, or breach of warranty related to Seller’s product(s) including parts and components thereof purchased by Seller from its suppliers, delivered to Company, or breach of, or non-compliance with, any provision of this Contract.

(d) Seller warrants materials furnished pursuant to this Contract shall be free from asbestos containing materials.

(e) Seller agrees to indemnify, save harmless and defend Company and its directors, officers, employees, agents, successors, and assigns from and against any and all liabilities, claims, losses, damages, fines, penalties, forfeitures, and the costs and expenses incident thereto (including costs of defense, settlement, and reasonable attorney's fees) which it or they may hereafter incur, become responsible for, or pay out as a result of, or arising out of or in Seller's breach of any of its duties addressed in this clause. Seller shall include this clause in all subcontracts at any tier, involving the performance of this Contract.

25. Information of Company

All information, including but not limited to technical and business information, provided by Company to Seller remains the property of Company. Seller agrees to comply with the terms of any Proprietary Information Agreement with Company and to comply with all Proprietary Information markings and Restrictive Legends applied by Company to anything provided hereunder to Seller. Seller agrees not to use any Company provided information for any purpose except to perform this Contract and agrees not to disclose such information to third parties without the prior written consent of Company.

26. Information of Seller

Seller shall not provide any proprietary information to Company without prior execution by Company of a Proprietary Information Agreement or amendment to this Contract providing for the same.

27. Release of Information

Except as required by law, no public release of any information, or confirmation or denial of same, with respect to this Contract or the subject matter hereof, will be made by Seller without the prior written approval of Company.

28. Intellectual Property

Subparagraph (a) is NOT applicable for commercial off-the-shelf purchases unless such off-the-shelf Work is modified or redesigned pursuant to this Contract.

(a) Seller agrees that Company shall be the owner of all inventions, technology, designs, works of authorship, mask works, technical information, computer software, business information and other information conceived, developed or otherwise generated in the performance of this Contract by or on behalf of Seller. Seller hereby assigns and agrees to assign all right, title, and interest in the foregoing to Company, including without limitation all copyrights, patent rights and other intellectual property rights therein and further agrees to execute, at Company request and expense, all documentation necessary to perfect title therein in Company. Seller agrees that it will maintain and disclose to Company written records of, and otherwise provide Company with full access to, the subject matter covered by this clause and that all such subject matter will be deemed information of Company and subject to the protection provisions of the clause entitled "Information of Company". Seller agrees to assist Company, at Company request and expense, in every reasonable way, in obtaining, maintaining, and enforcing patent and other intellectual property protection on the subject matter covered by this clause.

(b) Seller warrants that the Work performed and delivered under this Contract will not infringe or otherwise violate the intellectual property rights of any third party in the United States or any foreign country. Seller agrees to defend, indemnify and hold harmless Company and its customers from and against any claims, damages, losses, costs and expenses, including reasonable attorneys' fees, arising out of any action by a third party that is based upon a claim that the Work performed or delivered under this Contract infringes or otherwise violates the intellectual property rights of any person or entity.

29. Offset Credit / Cooperation

All offset or countertrade credit value resulting from this Contract shall accrue solely to the benefit of Company. Seller agrees to cooperate with Company in the fulfillment of any foreign offset/countertrade obligations.

30. General

(a) This Contract integrates, merges, and supersedes any prior offers, negotiations, and agreements concerning the subject matter hereof and constitutes the entire agreement between the Parties.

(b) Seller’s acknowledgment, acceptance of payment, or commencement of performance, shall constitute Seller’s unqualified acceptance of this Contract.

(c) Additional or differing terms or conditions proposed by Seller or included in Seller’s acknowledgment hereof are hereby objected to by Company and have no effect unless expressly accepted in writing by Company.

(d) Any assignment of Seller’s contract rights or delegation of duties shall be void, unless prior written consent is given by Company. However, Seller may assign rights to be paid amounts due, or to become due, to a financing institution if Company is promptly furnished a signed copy of such assignment reasonably in advance of the due date for payment of any such amounts. Amounts assigned to an assignee shall be subject to setoffs or recoupment for any present or future claims of Company against Seller. Company shall have the right to make settlements and/or adjustments in price without notice to the assignee.

(e) Seller is an independent contractor in all its operations and activities hereunder. The employees used by Seller to perform Work under this Contract shall be Seller's employees exclusively without any relation whatsoever to Company.

(f) Seller shall be responsible for any costs or expenses including attorneys’ fees, all expenses of litigation and/or settlement, and court costs, arising from any act or omission of Seller, its officers, employees, agents, suppliers, or subcontractors at any tier, in the performance of any of its obligations under this Contract.

(g) Each paragraph and provision of this Contract is severable, and if one or more paragraphs or provisions are declared invalid, the remaining provisions of this Contract will remain in full force and effect.

(h) If this Contract expires, is completed, or is terminated, Seller shall not be relieved of those obligations contained in the following provisions: Applicable Laws; Export/Import Control; Indemnification; Intellectual Property; Release of Information; and Warranty

(i) Failure by Company to enforce any of the provision(s) of this Contract shall not be construed as a waiver of the requirement(s) of such provision(s), or as a waiver of the right of Company thereafter to enforce each and every such provision(s). Company’s approval of documents shall not relieve Seller from complying with any requirements of this Contract.

(j) The rights and remedies of Company in this Contract are cumulative and in addition to any other rights and remedies provided by law or in equity.