



STANDARD TERMS AND CONDITIONS OF SALE

1. General Provisions. These Terms and Conditions shall apply to all sales of products by SFS (“SFS”) to each buyer of those products (“Buyer”). Acceptance of Buyer’s purchase order by SFS shall be made by issuance to Buyer of an order Acknowledgement (an “Acknowledgement”). The acceptance of Buyer’s purchase order by SFS is expressly limited to the provisions of the Acknowledgement and these Terms and Conditions and any provisions of Buyer’s purchase order that are consistent with the provisions of the Acknowledgement and these Terms and Conditions. Any and all other terms and conditions proposed by Buyer in any fashion are objected to and rejected by SFS, unless they have been accepted in writing by an authorized representative of SFS and specifically refer to Buyer’s proposed terms and conditions. Acceptance of products from SFS by Buyer shall be deemed to be an acceptance of the provisions of the Acknowledgement and these Terms and Conditions. Notwithstanding the foregoing, if at the time of Buyer’s purchase of products there is in effect a supply or purchasing agreement between SFS and Buyer, any of these Terms and Conditions that are inconsistent with the provisions of such supply or purchasing agreement shall be ineffective and the terms of the supply or purchasing agreement shall control.

2. Payment and Shipping Terms.

2.1 Prices, payment and shipping terms for products sold to Buyer shall be set forth in the Acknowledgement.

2.2 Shipping is FOB Dundas, unless otherwise agreed upon.

2.3. If products are shipped by a non-approved common carrier specified by Buyer, the Buyer will pay all shipping costs.

2.4 Payment by credit card will be accepted only if made on or before the date of an order's shipment.

2.5 Payment not received on or before due date shall bear interest at the rate of 1% per month from the due date until paid in full.

3. Taxes, Duties and Special Packaging. Prices for all products do not include taxes, duties or special packaging costs. Any sales, use or excise taxes or other charges or levies that SFS is required to pay or collect under any applicable law, ordinance, rule or regulation (domestic or foreign), upon or with respect to the sale, shipping, delivery, storage or use of the products purchased by Buyer, shall be for the account of Buyer and Buyer agrees to pay the amount thereof to SFS, as invoiced or upon request.

4. Delivery Time. All specified shipping and delivery dates are estimated and approximate. Shipment of products is subject to availability of SFS’s inventory and, while SFS shall make all commercially reasonable efforts to comply with estimated delivery times, no particular shipment or delivery date is guaranteed and SFS shall not be liable in any manner for failure to make delivery by any particular time.



5. Force Majeure. SFS shall not be responsible nor liable to Buyer for any failure to perform its obligations to Buyer as a result of any strikes, work stoppages or labor unrest, earthquakes, fires, floods, storms or other natural disasters, shortages of materials or supplies or availability of goods or inventory, acts of war, terrorism, crimes, unrest or violence, shipping or other transportation delays, acts, laws, rules or regulations of any governmental or legal authority, or any other cause or circumstance beyond SFS's reasonable control.

6. Order Cancellation. SFS may cancel and terminate Buyer's purchase order upon the terms, if any, specified in the Acknowledgement. Orders may not be cancelled by Buyer without the written consent of SFS. In the event of an order cancellation permitted by SFS, Buyer shall be responsible for and shall reimburse SFS for all of its costs incurred with respect to work performed on the cancelled order to the date of cancellation, including, without limitation, the costs of raw materials, partially and completely finished goods, tools and production equipment specific to the order, and development and labor costs and 25% re-stocking fee.

7. Product Warranty. SFS warrants that the products sold to Buyer will be free from defects in workmanship and materials for a period of one (1) year from their date of shipment, provided the products have been installed and operated with accordance with all applicable manuals and instructions for use, they are not used in any application or manner not specified or recommend by SFS or have suffered damages due to negligence, improper use or abuse. The sole liability and obligation of SFS to Buyer in the event of a breach of the foregoing warranty shall be to replace the defective product or products or, in the discretion of SFS, to provide a credit in the amount of the purchase price thereof. All claims for breach of the foregoing warranty shall be made by the Buyer in writing within twenty (20) days after receipt of shipment, in the case of defects discoverable by inspection, and within thirty (30) days after discovery of the defect in all other cases, but in no event later than one (1) year after the date of shipment. The claim shall be accompanied by the return of the defective product or products to SFS, when possible. The Buyer shall permit access to the products at its facilities for inspection by representatives of SFS. Any claims not made in compliance herewith shall be deemed to have been waived.

EXCEPT AS EXPRESSLY SET FORTH HEREIN, SFS NEITHER MAKES, NOR SHALL HAVE ANY LIABILITY UNDER, ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR AN INTENDED USE OR PURPOSE. NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, MADE BY ANY REPRESENTATIVE, AGENT OR EMPLOYEE OF SFS THAT ARE NOT EXPRESSLY SET FORTH HEREIN SHALL BE BINDING UPON SFS.

8. Limitation of Liability. IN NO EVENT SHALL SFS BE LIABLE TO BUYER WITH RESPECT TO ANY SALES OF PRODUCTS, WHETHER UNDER THEORIES OF CONTRACT, TORT, INDEMNITY, PRODUCT LIABILITY, STRICT LIABILITY OR OTHERWISE, FOR ANY LOST PROFITS OR SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR EXEMPLARY DAMAGES, EVEN IF SFS HAS BEEN APPRISED OF THE LIKELIHOOD OF SUCH DAMAGES OCCURRING.

9. Customized Products. The following provisions shall apply to non-catalogue products that are customized to specifications provided by Buyer ("Customized Products"):

9.1. Unless otherwise specified in the Acknowledgement for Customized Products, SFS shall have no liability for the failure to produce and deliver up to 10% less than the number of Customized Products



specified in the Acknowledgement and Buyer shall accept and pay for Customized Products delivered in an amount not in excess of 110% of the amount specified in the Acknowledgement.

9.2. SFS shall have no responsibility for, or liability with respect to, the accuracy or completeness of the drawings, specifications, designs, models, samples and/or data supplied by the Buyer with respect to Customized Products.

9.3. Buyer warrants that all drawings, specifications, designs, models, samples and data supplied to SFS do not and will not infringe any valid patent, copyright, trademark, trade secret or other intellectual property interest owned or controlled by any other person and Buyer shall indemnify, defend and hold harmless SFS and its officers, employees, agents, representatives, successors and assigns from any and all losses, liabilities, damages, penalties, claims, demands, actions, suits, costs and expenses (including, without limitation, reasonable attorney's and other professional fees and defense costs) arising out of any claim or suit at law or equity for actual or alleged infringement of any such intellectual property interest.

10. Order Return.

10.1. Nonconforming Products. Products shipped to Buyer that do not conform to Buyer's order may be returned to SFS within thirty (30) days of shipment for replacement or reimbursement or credit in the amount of their purchase price plus shipping costs and taxes, provided that they are accompanied by a returned goods authorization number. Products for which a warranty claim is validly made under Section 7 hereof shall be returned as specified in Section 7.

10.2. Conforming Products. All conforming products (which are products other than nonconforming products as specified above or defective products returned under the provisions of Section 7) may be returned only with the prior approval of an authorized representative of SFS, as evidenced by the issuance of a returned goods authorization number by SFS. SFS will not under any circumstances accept the return of conforming products that:

(i) are not returned within thirty (30) days of shipment,

(ii) are Customized Products,

(iii) are damaged (other than products that were received by Buyer in damaged condition under circumstances in which SFS is responsible for the damage) or otherwise not in resalable condition, e.g., with damaged packaging. If SFS accepts the return of conforming products, SFS reserves the right to charge, and Buyer agrees to pay, a restocking charge in an amount not in excess of twenty five percent (25%) of the returned products' purchase price.

11. Blanket Purchase Orders. If SFS has issued an Acknowledgement that accepts a blanket purchase order, it will be entitled to manufacture the entire quantity of products specified in the purchase order ("the Full Order"), whether or not it receives releases from Buyer for the Full Order and Buyer will be obligated to take delivery of



the Full Order and pay all amounts due for the same not later than one (1) year after the date of the Acknowledgement.

12. Adequate Assurance/Suspension of Orders. SFS may, at any time or times, suspend performance of any order to Buyer or require payment in cash, security or other adequate assurance satisfactory to SFS when, in SFS's opinion, the financial condition of Buyer or other grounds for insecurity warrant such action.

13. Assignment. Buyer shall not assign its rights nor delegate its duties with respect to any purchase of products from SFS and/or its agreement with SFS without the prior written consent of SFS.

14. Governing Law. The agreement between SFS and the Buyer regarding the sale and purchase of products, as reflected in the Acknowledgement and these Terms and Conditions, shall in all respects be governed by, and the parties' respective rights and obligations enforced under, the laws of the Province of Ontario, without reference to its choice of law provisions. SFS and the Buyer specifically exclude and disclaim the application of the United Nations Convention on the International Sale of Goods to their agreement regarding the sale and purchase of products. Any claim, dispute, or controversy arising from or relating to the agreement of SFS and Buyer and the purchase of SFS products by Buyer shall only be brought in the Ontario Court of Justice, Burlington and Buyer consents to be subject to the jurisdiction of such courts.

15. Miscellaneous. The provisions of any Acknowledgement, these Terms and Conditions, and the non-conflicting provisions of Buyer's purchase order relating thereto (and the terms of any supply or purchasing agreement between SFS and Buyer, if applicable) constitute the entire agreement between SFS and Buyer with respect to the sale of SFS's products to Buyer. No amendment or modification thereof shall have any force and effect unless in writing and signed by the respective duly authorized representatives of SFS and Buyer. No waiver by SFS of any provision thereof or any breach of any provision thereof by Buyer will be deemed to be a continuing waiver of any such provision or a waiver of any subsequent breach by Buyer. If any provision thereof is deemed invalid or unenforceable in any jurisdiction, it shall not render invalid or unenforceable the remaining provisions thereof or affect the validity or enforceability of any of the provisions thereof in any other jurisdiction. The headings contained in these Terms and Conditions are for convenience of reference only and shall not have any effect on the interpretation or enforceability of the parties' agreement.