



TO: Our Valued Suppliers

Enclosed is your copy of Clover Tool Manufacturing Ltd.'s ("**Clover Tool**") updated Supplier Quality Guide. Please review the information within and share this with your appropriate personnel.

The Purchasing and Quality departments here at Clover Tool are committed to sharing information with you so that we will be able to work closely together to meet Clover Tool's requirements for purchased materials. As mentioned in the Introduction section of the Supplier Quality Guide, our suppliers play an essential part in the ongoing quest for continuous improvement. Clover Tool is interested in the development and maintenance of long-term business relationships with suppliers who share the commitment to continuous improvement in the materials that they supply to us.

Once you and your personnel have had an opportunity to review the Supplier Quality Guide, please compare Clover Tool's expectations and requirements to your current policies and procedures to see if they match. If you find that your procedures and policies do not agree with Clover Tool's policies or procedures listed in the Supplier Quality Guide, please contact the person at Clover Tool's Purchasing Department and/or Quality Department that you work with and let's discuss the differences. We stand ready to assist in any way possible to help you in your continuous improvement efforts.

Your acceptance of any order from Clover Tool is limited to the terms and conditions specified in the Supplier Quality Guide found on our website www.clovertoolmfg.com and incorporated by reference herein. Any additional or different terms and conditions proposed by the seller are hereby rejected unless otherwise expressly agreed in writing by the Purchasing Department and signed by the Purchasing Department's authorized representative(s).

If you have any questions or would like to discuss any of the information in the Supplier Quality Guide, please feel free to contact the Purchasing Department. Your efforts and cooperation in supplying materials and services that allow Clover Tool to meet our customer expectations is greatly appreciated.

Sincerely,

Peter Durbano, CPA, CGA, CCLP
Purchasing & Materials Manager
Clover Tool Manufacturing Ltd.
905-669-1999 ext. 229
P.Durbano@CloverToolMfg.com

INTRODUCTION

At Clover Tool, *Quality* is the first priority. Without a constant supply of defect-free parts, there is no chance for us to achieve higher levels of efficiency and productivity. Clover Tool has long been committed to the highest level of quality - we are challenged to excellence by our market's demand for superior products and service.

Our suppliers play an essential part in the ongoing quest for continuous improvement. We recognize that for suppliers to meet our request for consistent deliveries of zero-defect parts, we must be willing to establish long-term relationships, share engineering changes, supply delivery schedules, exchange product expertise, etc. As we progress to a ship-to-WIP (Work in Process) mode of operation based on a "pull system" of manufacturing, the importance of the supplier acting as an additional work center in the production line becomes increasingly clear.

How do we get our suppliers to act as one of our own work centers? The answer, of course, lies in the development of mutually beneficial supplier partnerships, making suppliers' part of the "team". *Quality* remains the key - quality of product, information, delivery and counts, to name just a few.

We invite you to join our quality team as a partner in performance, progress, and profitability.

GOALS OF THE SUPPLIER QUALITY ASSURANCE PROGRAM

The two primary goals of this program can be described as follows:

- Push incoming inspection tasks back to the supplier's process, where it is both controllable and correctable.
- Eliminate the costs associated with reworking, repairing, rejecting, re-handling, and returning substandard materials.

The principles to be recognized in support of this program are:

- The suppliers must assume full responsibility for the quality of their products and services.
- Clover Tool should not be required to verify that the supplier has provided acceptable product.
- Each supplier should have in place or develop an effective quality system based on defect prevention rather than defect detection to include statistically based quality planning, with goals of reduced variation and continual improvement.

COMMUNICATIONS

The addresses for Clover Tool are as follows:

Mailing Address

Clover Tool Manufacturing Ltd.
8271 Keele Street, Bldg. #3
Concord, Ontario, CANADA
L4K 1Z1

Shipping Addresses

Clover Tool Manufacturing Ltd
8271 Keele Street, Bldg. #3
Concord, Ontario, CANADA
L4K 1Z1

Leslie Toth
416-209-9170
Controller
L.Toth@clovertoolmfg.com

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Ronald Menezes
905-669-1999 ext. 244
Senior Buyer
R.Menezes@clovertoolmfg.com

Tim Boothby
905-669-1999 ext. 233
Quality Mgr.
T.Boothby@clovertoolmfg.com

Please contact Clover Tool's Materials Department for the shipping address to deliver to:
Materials@clovertoolmfg.com 905-669-1999 ext. 239

Any communications from suppliers should be directed to the Senior Buyer. Inquiries regarding quotations and/or purchase orders delivered by Clover Tool to the supplier (collectively, the "**Purchase Order**") should be directed to the Senior Buyer.

The Purchasing Department is the sole authority within Clover Tool to agree on supplier prices and delivery dates, and to commit Clover Tool to any purchase.

Suppliers shall be received in a friendly and courteous manner at any time during normal working hours.

We look to our suppliers for ideas, suggestions and creative solutions that will enable us to reduce our costs and offer our customers the highest standards of quality and service. We believe that first-rate suppliers will continually offer suggestions to reduce total cost through reduced manufacturing costs, innovative inventory control programs and imaginative new concepts.

Purchase order terms and conditions

By acceptance of a Purchase Order, the supplier accepts all the terms and conditions contained in this Supplier Quality Guide.

Further by accepting a Purchase Order, supplier warrants that all merchandise shipped under the order complies with all laws and regulations of Federal and Provincial governments of Canada, and of the country of origin, if not Canada, and of this Supplier Quality Guide (100-420) which is on Clover Tool's website: http://clovertoolmfg.com/userContent/documents/Supplier%20Quality%20Guide_Rev8.pdf

QUALITY SYSTEM REQUIREMENTS:**IATF / ISO Certification:**

Suppliers of automotive products and services are required to be ISO9001:2008 or IATF16949 registered by an accredited third-party certified body. Suppliers are required to provide evidence of their quality certification to Clover Tool's Quality Department annually.

Supplemental Requirements:

The Automotive Industry Action Group ("AIAG") has published a number of manuals that standardize procedures, reporting formats, and technical nomenclature, which are required by ISO/IATF and Clover Tool. It is Clover Tool's expectation that our suppliers remain current with these standards in order to fully comply with the requirements of ISO9001: 2015 / IATF16949-2016.

Supplier Audits & Access to Supplier Facility:

All suppliers of Clover Tool shall be required to give full access to supplier development personnel as required to conduct "Supplier Quality System Audits", being an audit of such supplier's procedures, as necessary to meet Clover Tool and its customer requirements, which have been delivered to supplier. Supplier will be given, at a minimum a 24 hours advance notice of these scheduled audits and the areas to be reviewed.

QUALITY REQUIREMENTS**Advanced Product Quality Planning ("APQP"):**

All suppliers for production and/or service programs shall use the latest revision of the AIAG APQP, Control Plan reference manual and/or CSR.

All PPAP submissions to Clover Tool shall contain Product Control Plans that meet the AIAG format. Suppliers may be required to attend prototype or preproduction meetings at Clover Tool or the final customer's facility. Representatives from both manufacturing and quality departments should attend the APQP program meetings.

Product Part Approval Process ("PPAP"):

Suppliers shall fully comply with all requirements specified in the AIAG PPAP manual as well as any customer specific requirements referenced on the Purchase Order. Where not specified it is Clover Tool's expectation to receive a level 3 in accordance with the PPAP manual. Suppliers are required to "control" their sub-contractor's material and PPAP approvals. PPAP submissions to Clover Tool shall include all appropriate sub-contractor warrants, performance testing, dimensional results (as per MSA standards), material certifications, and APQP required documents. Any proposed change to part or process after PPAP submission must be communicated to the Clover Tool's facility prior to implementing change, written notification is preferred. The supplier is obligated to obtain PPAP approval by the Quality department from Clover Tool prior to implementation. IMDS documentation is required in all PPAP submissions to Clover Tool. If required need CQI certificate as related to the product or process.

LAYOUT INSPECTION & VALIDATION REQUALIFICATION

Layout inspection and validation requalification shall be performed on a yearly basis as a minimum requirement.

Suppliers shall utilize the early production containment plan for all preproduction requirements to Clover Tool facilities and must follow GP-12 guidelines (or equivalent customer standard as applicable). Early production containment must be in place until all exit criteria specified by Clover Tool and the original equipment manufacturer customer is complete.

SUPPLIER PERFORMANCE AND MONITORING

Supplier Quality Performance requirements are “Zero Defects” on all product supplied to Clover Tool and 100% on time delivery. Deviation from this requirement will result in the issuance of a Non-Conformance Report (“NCR”) and subsequent applicable charges.

Key product characteristics established on a product supplied to Clover Tool may require the supplier to submit product capability reports on an ongoing or requested basis to show conformance to customer requirements. This requirement will be set-up during the PPAP process and added to the supplier’s control plan. A minimum of a 1.67 Cpk is required of all key product characteristics on an ongoing basis. Deviation of this requirement must be received in writing from the Clover Tool plant being supplied.

SUPPLIER SELECTION

Clover Tool’s Purchasing Department is responsible for supplier selection and has the authority to choose the best supplier for Clover Tool’s needs from qualified or approved suppliers. Assistance from other departments within Clover Tool is utilized to assure that the supplier can consistently meet our specifications.

Clover Tool requires each potential supplier to complete a supplier self-assessment audit form (#43-28), which provides us with essential information along with other criteria necessary in our supplier approval process, such as:

- a) Capacity Planning, Adequacy of available resources (e.g.; people, infrastructure),
- b) Quality Management system,
- c) Customer designated special characteristics,
- d) Change Management Process,
- e) Business continuity planning (contingency plan), Logistics process, Customer Service & Certificate of Origin,
- f) Review applicable statutory and regulatory requirements applicable to the product and process.

Approval will be completed only after the appropriate Clover Tool department completes a quality system survey of the supplier and a pre-production sample run is approved, where applicable. The survey will evaluate procedures for control of drawings, adherence to specifications, inspection procedures, testing equipment, manufacturing capability, SPC activity and other associated quality control procedures. Heavy emphasis is placed on the supplier’s planning and commitment to quality. Any suppliers registered to the ISO or IATF 16949 system shall be exempt from this survey.

DELIVERY

Purchase Orders are placed with specific delivery dates to be received at Clover Tool’s dock. Clover Tool’s Materials Department provides these dates to the Purchasing Department. It is imperative that these dates be adhered to in order that our production schedules are not impeded. If the supplier determines that delivery dates cannot be met, the Clover Tool Materials Department should be advised of the situation immediately.

Clover Tool has an unloading capacity of 15,000 lbs. for our forklifts.

Shipments in excess of 10% above the quantity ordered will not be accepted except by **prior** written approval by Clover Tool.

Clover Tool discourages early deliveries and, in some cases, may return shipments collect. Furthermore, no shipment should be split unless previously authorized in writing by Clover Tool.

Supplier must contact the Clover Tool Material Coordinator to establish material receiving times. Regular receiving hours are 7:00 am to 10:00 pm Monday to Friday. However, Production Department or Purchasing Department requirements may change. It is the supplier's responsibility to periodically re-confirm receiving times. Raw materials receiving is limited to the hours between 9:00 am to 5:00 pm.

Delivery performance is monitored as part of the overall performance evaluation, as further described below.

It is the responsibility of the supplier to advise Clover Tool when the expected delivery date will not be met. If Clover Tool is not advised of a late delivery, Purchase Orders reaching a past due status will be followed up by our Purchasing Department or Material Coordinator and supplier will be rated with late arrival.

In some cases, depending upon the supplier's geographical location, Clover Tool will make arrangements to pick orders up from the supplier.

PACKAGING

All parts and materials shipped to Clover Tool are to be packed as per Clover Tool packaging instructions previously delivered to supplier and protected to prevent transit and handling damage and mitigate the risk of corrosion.

Any coils with a 12" width or less must be delivered lying flat on a skid. If there are several coils on a skid, there must be a 3" hardwood spacer wrapped in paper or if spacers are not wrapped a sheet of paper must be placed between each layer to prevent moisture damage. Paper interleave must never be used (when a layer of paper is wrapped up in the coil).

Any coils with a width over 12" must be sent standing up with the eye of the coil facing the rear of the truck, so that we are able to unload with a forklift from the rear of the truck. If there are several coils strapped together, there must be 3" hardwood paper wrapped spacers between the coils and the total weight should not exceed 15,000 lbs. Each coil has 4 straps per coil and 1 around the outside of the coil. Edge protectors are also required.

All coils must meet the following criteria minimum outside diameter: 48", Minimum 20" Coil ID, Maximum Coil Weight 15,000 lbs. Maximum outside diameters will be outlined on an item by item basis.

All HRPO coils must be marked with green spray paint on the ID/OD lip that has a Manganese Mn level under 0.60, Chromium Cr:<0.05, Phosphorus P: <0.03, Copper Cu:< 0.15 or less.

Suppliers are responsible for assuring that every coil is tagged. The aforementioned criteria for coil material apply unless otherwise specified by Clover Tool.

Suppliers are responsible for special packaging methods as indicated on the Purchase Order or in the applicable engineering or material specifications.

The supplier shall notify the Purchasing Department by written notice prior to any packaging change.

When materials with different part numbers are shipped together, the Purchase Order number, part number and quantity of each part number and lot traceability must be clearly marked on the outside of each box and visible without unloading a pallet.

AIAG bar-coded labeling on product packaging is preferred by Clover Tool, other labeling format should be pre-approved by Clover Tool's Quality Department as part of the PPAP submission.

MATERIAL CERTIFICATIONS

Certification for proof of material and/or process control is required for all outside processors, i.e. steel suppliers, coaters, parts manufacturing, etc., where so stated on Clover Tool prints, specifications or as otherwise requested by the Clover Tool Purchasing, Engineering, and/or Quality departments.

Failure to supply required certifications or evidence of process control can result in the rejection of the shipment and the issuance of a SNCR.

The supplier is responsible for assuring that it has the needed drawings and specifications. Verification of revision status of new copies may be obtained by contacting the applicable Clover Tool representative.

SUPPLIER PERFORMANCE

To assist suppliers in gauging their performance, Clover Tool's Purchasing Department compiles what is termed a "Supplier Performance Report" every month. This report quantifies each supplier's delivery and quality performance, SQA and Supplier Rating based on the following criteria:

1. Delivery Rating: 1 = 0 late deliveries per month
 2 = 3 or less late deliveries per month
 3 = 4 or more late deliveries per month

2. Quality Rating: 1 = 0 rejections per month
 2 = 3 or less rejection per month
 3 = 4 or more rejections per month

SUPPLIER RATING

The supplier's overall rating is determined once the two categories are calculated and the average of the two will generate a rating.

- >80% Acceptable
- 70-79% Marginal, some improvement is required
- <70 Unacceptable, corrective action is required

Other items taken into consideration regarding supplier performance include, but are not limited to, the following:

- Cost: Purchasing decisions based on total value, which considers inventory carrying costs, freight, warranty policies, etc.

Flexibility:	Schedule changes and lead-times are always important aspects of meeting customer requirements.
Supplier Support:	Contributions to the continual process of product development and improvement leading to the mutual enhancement of competitiveness.

If the supplier's rating drops to <70% (unacceptable) the supplier will be notified by a non-conformance and a plan of action should be taken. If after two consecutive rating reviews no improvement is made, the supplier will be subject to Section 9(a) of the agreement entered into between Clover Tool and the supplier (the "**Agreement**", a form of this agreement is appended as an addendum to this Supplier Quality Guide), and may be subject to removal as an approved suppliers.

DEFECTIVE MATERIAL

All incoming material is subject to inspection, although our direction is toward "inspection-less receiving", with parts "accepted as received" to enhance our just in time efforts.

When defective material is received, two alternatives are considered:

1. Whenever possible and practical, rejected material will be returned to the supplier, at his expense, for replacement and/or credit.
2. Should Clover Tool elect to do so, and should certain criteria be met, the parts may be accepted under deviation, sorted to remove the unusable parts or reworked before they are accepted by the Quality Department into Clover Tool stock.

All expenses related to sorting and rework will be accumulated and charged back to the supplier. The supplier must be issued a SNCR by Clover Tool's SharePoint system.

The Purchasing Department or Quality Department will contact the supplier for return authorization and arrange for the return of the defective material. The supplier's account is debited at the time the material is returned. If inbound freight charges are incurred by Clover Tool an appropriate add-on will be applied to the debit.

The Purchasing Department may issue a new purchase order to cover the return of reworked and/or replacement parts.

The supplier is responsible for analyzing the defect and providing an SD or similar format corrective action ("**Corrective Action**") to our Quality Department.

The requirement for Corrective Action response timing will be as follows:

1. Initial action response is expected by supplier within 24 hours;
2. Direct, detection and systemic root causes must be defined by supplier within one week;
3. Permanent actions must be determined and submitted by supplier to Clover Tool within 10 business days.

Repeat non-conformances will require the supplier's senior management (at a minimum a representative from the supplier's quality and production departments) to present the Corrective Action to the Clover Tool management team at a meeting that will be conducted at Clover Tool.

The submission of Corrective Actions is mandatory and failure to submit a Corrective Action may result in chargebacks.

Rejections and deviations become a part of the supplier's performance record and will be reflected in the Quarterly Supplier Performance Report (Form # 43-27) compiled by Clover Tool's Quality Department.

In an effort to process the non-conforming material in timely manner and ensure material flow, Clover Tool has developed the following policy:

Supplier notification to Clover Tool:

Suppliers must always notify Clover Tool in writing in cases where non-conforming products/materials or suspected non-conforming products/materials have been shipped. Once notification in writing has been given to Clover Tool's Purchasing Department, such notice shall be deemed to be given in accordance with Section 9(a) of the Agreement and the potential non-conformance by a supplier shall be followed up by:

1. containment, including the relevant third party, where necessary, at Clover Tool facility to include replacement (certified) material if requested
2. written initial Corrective Action response with containment method/identification within first 24 hours of delivery of notice, when requested
3. direct, detection and systemic root causes must be defined within one week of delivery of notice
4. written long-term Corrective Action (including risk analysis) response with root cause and irreversible Corrective Action(s) within 10 days of delivery of notice.

Processing suspect/non-conforming product

In the event that a third party notifies supplier of a complaint relating to a product or materials originating from supplier, the following steps shall be complied with:

1. supplier is required to deliver written notice of the complaint to Clover Tool within 24 hours following the receipt of complaint;
2. supplier will be required to immediately respond with certified replacement product expedited at sufficient intervals to minimize the impact to Clover Tool or to the third party;
3. supplier will be required to issue RMA# and rejected material must receive a disposition within 7 days from the receipt of complaint;
4. if the rejected material has not received a disposition within 7 days from the receipt of complaint and no RMA# issued, product will be sent back at supplier's expense;
5. material deemed non-conforming and identified as "return to vendor" is to be picked-up within 30 days of the NCR being issued or the material will be scrapped at the supplier's cost and no recourse can be taken.

Supplier Chargebacks and penalties

Clover Tool will debit suppliers for incurred cost associated with handling, processing, sorting and managing supplied non-conforming products/materials in Clover Tool's facility and/or at our customer facility (include standard sorting fees).

The applicable fees are as follows:

1. initial administration charges - \$500

2. charges relating to equipment downtime required due to non-conforming products/materials - \$300/hour
3. use of forklift - \$65/hour
4. operator sorting of non-conforming products/materials - \$25/hour
5. quality review support of non-conforming products/materials - \$85/hour

Suppliers to Clover Tool are expected to understand and comply with the conditions of business as described within this Clover Tool Supplier Quality Guide. For purpose of clarification supplier is encouraged to contact Quality or Purchasing Group at Clover Tool.

ADVANCED DEVIATION

Authorization for deviation from specifications may be obtained by obtaining written confirmation of Clover Tool. A deviation number will be issued after Engineering and Quality Departments agree to the deviation. The shipping papers and parts containers will be marked with the deviation number.

Clover Tool will furnish suppliers with notices of rejection or deviation.

Clover Tool gives preference to those suppliers who handle problems before parts have been shipped.

CONTROLLED SHIPPING: LEVEL 1 AND 2 PROCEDURES

Within ten days of completing the Process Control Plan audit conducted with respect to the reported issues the supplier shall deliver to Clover Tool an action plan in writing to address the reported issues.

If the supplier action plan is not deemed acceptable by Clover Tool, at its sole discretion, the supplier will be placed under controlled shipping level 1 for 30 days from the date that such action plan is not deemed acceptable by Clover Tool. Controlled shipping level 1 requires the supplier to have internal dedicated personnel to certify the conformity of 100% of the products prior to their distribution.

The supplier shall be placed in controlled shipping level 2 for 30 additional days if it fails to contain non-conform material while in control shipping level 1. Controlled shipping level 2 grants authorization to Clover Tool to hire a third-party company to certify 100% of the products at the supplier's facility prior to their distribution.

The supplier shall be prepared to assume all costs related to the establishment of controlled shipping levels 1 and 2 forthwith upon request by Clover Tool.

Failure to regain control following controlled shipping level 2 might trigger re-sourcing for new business partner, at Clover Tool's sole discretion.

COMMODITY SUPPLIERS

The same policies apply to suppliers who furnish Clover Tool with commodity items (with the exception of quality surveys). This is due to the fact that such companies normally do not produce the products they sell. Clover Tool encourages these suppliers to be motivated and suggest ways in which we can more efficiently perform a job and/or realize cost savings.

Systems, procedures and requirements contained within this guide are reviewed annually in addition to normal ongoing review procedures in order to promote an assessment of effectiveness. Suppliers are invited to forward any input which is felt may assist in this process.

ADDENDUM LETTER FOR ALL SUPPLIERS

To all suppliers:

This letter constitutes our agreement (“**Agreement**”) with regards to the supply of all types of material (Ferrous and/or Non-Ferrous, or components) to be supplied by any SUPPLIER to Clover Tool Manufacturing Ltd. (“**CLOVER**”).

In consideration of the agreements herein made, CLOVER and SUPPLIER hereby agree to the following:

1. Prices and Other Charges:

During the Term (as defined below):

- (a) The prices for the specified types of material are set on the purchase order (“**PO**”) and are understood and agreed to by SUPPLIER to be the maximum firm prices (inclusive of all surcharges, premium charges and all other charges or costs) to be paid by CLOVER during the Term.
- (b) There shall be no additional raw material surcharges or other premium charges applied to the price during the Term unless agreed to in writing by CLOVER and SUPPLIER.
- (c) It is agreed that the price of any additional material types to be supplied by SUPPLIER to CLOVER and added to this Agreement during the Term will be equal in price of similar material types (same gauge and specification) set forth in PO at the time such material is added to this Agreement.
- (d) If at any point throughout the Term, CLOVER is put at a disadvantage due to non-competitive material pricing under this Agreement, SUPPLIER will take all commercially reasonable actions with their supplying partners to adjust pricing as appropriate to ensure CLOVER stays competitive.

2. Estimate of material requirements:

- (a) For planning purposes only, CLOVER will provide SUPPLIER with an estimated (“**Forecast**”) of CLOVER’s projected material requirements for the Term. The Forecast will be updated on an “as needed” basis as requirements may change. The Forecast indicates the capacity SUPPLIER must have available to supply to CLOVER, however, SUPPLIER acknowledges and agrees that the providing of the Forecast is for planning purposes only and does not constitute or create any obligations or commitment of any kind upon CLOVER to purchase the quantities indicated in the Forecast. The Forecast is subject to change from time to time.
- (b) Without limiting SUPPLIER’s requirements under paragraph 5 below, in the event of any supply allocation by SUPPLIER’s sub-suppliers, CLOVER will be guaranteed their material requirements as set out in the Forecast.
- (c) CLOVER will undertake reasonable commercial efforts to purchase material according to the Forecast, however the actual purchases may be reduced or cancelled if:

- (i) Any of CLOVER's customers decide to purchase or supply material themselves to CLOVER for use in the manufacture of their products;
- (ii) CLOVER's customers reduce their orders for products incorporating such material for any reason;
- (iii) The manufacturing of CLOVER's products is moved to low cost countries for economic reasons;
- (iv) SUPPLIER breaches any term of this Agreement or any PO issued by CLOVER for the purchase of material; or
- (v) SUPPLIER exercises its right not to supply under paragraph 5(f).

3. Currency:

All prices under this Agreement will be in Canadian funds, unless otherwise stated on the PO.

4. Technical Assistance & Productivity Gains:

Consistent with automotive and non-automotive industry requirements for continuous improvement and cost reduction, SUPPLIER will establish with CLOVER, an on-going cost reduction program utilizing technological, commercial, manufacturing and delivery improvements. SUPPLIER and CLOVER will mutually agree on the cost saving commitments.

5. Supply Requirements:

- (a) Subject to the other terms and conditions of this Agreement, SUPPLIER will supply CLOVER with material of such type and in such quantities and at such time as authorized by CLOVER in firm POs issued to SUPPLIER. CLOVER's PO supplier quality guide terms and conditions ("**Terms and Conditions**"), available via Internet at www.clovertoolmfg.com, are incorporated herein by reference and will apply to any PO issued by CLOVER.
- (b) SUPPLIER will ensure that all material meets CLOVER's specifications set forth in the relevant PO or otherwise in any document or PO issued to SUPPLIER. SUPPLIER will immediately replace or correct any defective material (at CLOVER's option). All costs associated with replacing material or correcting the defects will be paid by SUPPLIER. Should SUPPLIER fail to undertake remedial action within a reasonable time, CLOVER reserves the right to contract with others to correct the problem and will notify SUPPLIER about the remedial action. All costs associated with remedial action will be paid by SUPPLIER.
- (c) CLOVER will have reasonable access to SUPPLIER's production facilities to make inspections or conduct tests to ensure the purchased material meets the required specifications. SUPPLIER will, at its own expense, provide support with respect to test pieces, samples and general assistance. No such inspection by CLOVER will relieve SUPPLIER of its obligations under this Agreement or any PO.
- (d) SUPPLIER will not be required to continue supplying material to CLOVER if CLOVER commits an act of insolvency as described in paragraph 9(b) below.

- (e) Without limiting SUPPLIER's supply obligations under this paragraph, in the event of a disruption in supply from any of the SUPPLIER's sub-suppliers, with CLOVER'S prior approval, SUPPLIER will make every effort to source equivalent material from third parties and to make all shipping and other arrangements to ensure that CLOVER is not in any way disadvantaged. Those arrangements will include, but not limited to, storage at SUPPLIER's facility, at SUPPLIER's sole expense, of three month's supply of material required in accordance with the most recent estimate. In the event of any disruption, supply volumes, location of storage and logistical arrangements for material stored by SUPPLIER will be subject to prior approval by CLOVER. If SUPPLIER fails to secure alternate sources of supply, then SUPPLIER will indemnify CLOVER for all incremental costs incurred for all of CLOVER's purchases of materials from third parties specified in the most recent estimate.
- (f) Unless otherwise stated in this Agreement, SUPPLIER will not be responsible for any of CLOVER's costs, losses or damages suffered resulting from any delay in delivery or non-delivery, caused by fire, acts of God, embargoes, civil commotion, government action or any other cause or causes beyond the reasonable control of SUPPLIER (a "**Force majeure Event**") provided that SUPPLIER has used its best efforts to secure alternate sourcing as provided in paragraph (g) above. For greater certainty, SUPPLIER'S financial difficulties or the change in cost or availability of material based on market conditions or SUPPLIER actions will not be considered Force Majeure Events. A legitimate declaration of a Force majeure Event by a SUPPLIER's sub-supplier is not considered action within the SUPPLIER's reasonable control.
- (g) SUPPLIER acknowledges that damages at law would be an insufficient remedy if it breaches its obligations hereunder and any interruption in the supply of material to CLOVER's facility would cause irreparable harm. Accordingly, in an action brought by CLOVER, SUPPLIER agrees that CLOVER may apply for and have injunctive relief and specific performance of SUPPLIER's obligation under this Agreement.

6. Product Development:

CLOVER products are constantly evolving to meet the requirements of a competitive marketplace. The material used in such products is also evolving to meet changing requirements for formability, strength and weight. Accordingly, CLOVER reserves the right under this Agreement to undertake material development activities directly with the SUPPLIER's sub-suppliers on a unilateral basis in order to achieve product development goals. This includes supply of certain quantities of material directly to CLOVER from time to time for this purpose.

7. Consistent with CLOVER's requirements with respect to material ordered from SUPPLIER, such requirements may include by not limited to:

- Just in time supply arrangements
- Disruption of supply rules
- Specific sub-supplier sourcing requirements
- Quality system requirements
- Material size requirements, etc.

Specific requirements will be documented on the PO or the Terms and Conditions which shall comprise a part of this Agreement, this Agreement shall govern.

8. Payment Terms:

Unless agreed otherwise in writing, CLOVER will pay for all material purchased from SUPPLIER as per CLOVER's standard commercial terms which are 60 days from date of shipment. SUPPLIER has the right to pre-determine credit worthiness and establish reasonable credit limits.

9. Terms and Termination:

The term of any Agreement ("**Term**") will commence and end on the specified dates determined at the beginning of this Agreement or as set out on the PO, subject to the following provisions:

- (a) Unless an alternate process is expressly set out in the Terms and Conditions, in the event that CLOVER or SUPPLIER breaches a material term of the Agreement, then the other party ("**Innocent Party**") shall provide the party in breach ("**Breaching Party**") with written notice together with reasonable details of the breach. If the Breaching Party has not cured the breach within 30 days after receipt of the notice, the Innocent Party may terminate this Agreement immediately upon delivery of a further written notice of termination to the Breaching Party; provided, however, if the Breaching Party is CLOVER, SUPPLIER agrees to continue supplying material as ordered by CLOVER during a period of time needed by CLOVER to complete the transition to a new SUPPLIER.
- (b) For greater certainty, each of the SUPPLIER'S obligations to satisfy CLOVER with respect to price, quality, service and delivery of material will be considered to be a "material term"; and,
- (c) Either CLOVER or SUPPLIER may terminate this Agreement if the other party becomes bankrupt or insolvent; becomes subject to a receiving order or liquidation; makes an arrangement for the benefit of its creditors; or, ceases to carry on business in this ordinary course.

10. Confidentiality

Each of the parties hereto agrees that, except as may be required by applicable law, they shall not, without the prior written consent of the other party hereto, directly or indirectly, disclose, instruct, or divulge any information disclosed by the other party pursuant to this Agreement to any third party provided that such information may be disclosed to employees of the receiving party who need to know the same in carrying out their responsibilities pursuant to this Agreement and are informed of the confidential nature of the information. In addition, such information shall be used solely for the purpose of this Agreement. The obligations of confidence, including the obligations of confidence relating to any disclosure made pursuant to the Agreement, shall survive the termination of this Agreement. Such confidentiality obligations shall not apply to information which; (i) was known by the receiving party prior to the date of this Agreement (ii) is or becomes public knowledge through no fault of the receiving party; or (iii) becomes available from another source not bound to the disclosing party obligations of confidentiality.

11. Entire Agreement:

This Agreement and the applicable PO issued by CLOVER from time to time hereunder, together with the Terms and Conditions, which forms an integral part thereof, shall be the entire agreement and understanding between the parties and shall supersede all prior agreements, understanding and memoranda between them as to the subject matter hereof. Notwithstanding the foregoing, the terms

of this Agreement shall be in addition to and not in substitution for the terms of the POs, except in the case of any conflict, in which case the terms of this Agreement shall govern.

12. Governing Law:

This Agreement shall be governed by and interpreted in accordance with the Province of Ontario. For greater certainty, the UN Convention of Contracts for the International Sale of Goods shall not apply to this Agreement.

13. Indemnity by Supplier:

Supplier shall indemnify, defend, and hold harmless CLOVER, its affiliates, and their respective officers, directors, employees, consultants, and agents (the “**Indemnified Parties**”) from and against any claims, fines, losses, actions, damages, expenses, legal fees, and all other liabilities brought against or incurred by the Indemnified Parties, or any of them arising out of:

- (a) death, bodily injury, or loss or damage to real or tangible personal property resulting from the use of or any actual or alleged defect in the goods or services, or from the failure of the goods or services to comply with the warranties hereunder;
- (b) any claim that the goods or services infringe or violate the intellectual property rights or rights of any person;
- (c) any intentional, wrongful, fraudulent or negligent act or omission of supplier or any of its affiliates or subcontractors;
- (d) any breach, non-performance of or non-compliance with any covenant, agreement or obligation of supplier under or pursuant to this Agreement; or,
- (e) any liens or encumbrances relating to any goods or services contracted for by Clover Tool under this Agreement.

14. Limitation of Liability:

Except for damages that are a result of the gross negligence, fraudulent conduct or willful misconduct of a party, in no event will either party be liable to the other party or any other person for any exemplary, aggravated or punitive damages arising from this Agreement.