

EURO GEAR[®] STANDARD SALES TERMS AND CONDITIONS

For Manufacturing, Gear Manufacturing, Gearbox Repair/Refurbishment, and Related Services

Version 1.2 - November 2024

1. DEFINITIONS AND INTERPRETATION

- 1.1 "Agreement" means these Terms together with any quotation, purchase order, or other document incorporated by reference.
- 1.2 "Deliverables" means all products, parts, components, or work product we are to provide under this Agreement.
- 1.3 "Services" means all manufacturing, repair, refurbishment, engineering, or other technical services we are to provide.
- 1.4 "Specifications" means the technical requirements, drawings, plans, and quality standards agreed upon in writing.
- 1.5 "Business Day" means any day other than Saturday, Sunday, or a statutory holiday in Quebec, Canada.

2. CONTRACT FORMATION

- 2.1 Our quotations are valid for thirty (30) days from the date of issue unless otherwise stated in writing.
- 2.2 A contract is formed only when we issue a written order confirmation or commence performance, whichever occurs first.
- 2.3 Your purchase orders or other documents are subject to these Terms. Any conflicting terms in your documents are expressly rejected.
- 2.4 No modification to these Terms is binding without our written agreement.
- 2.5 Typographical or clerical errors in quotations or confirmations may be corrected by us at any time.

3. PRICING AND PAYMENT

- 3.1 All prices are in Canadian Dollars (CAD) unless otherwise specified. Prices exclude applicable taxes.
- 3.2 For new customers: 50% deposit upon order, balance before shipment or completion.
- 3.3 For established customers: Net 30 days from invoice date, subject to credit approval.
- 3.4 Late payments bear interest at 1.5% per month (18% per annum) or the maximum legal rate.
- 3.5 We reserve the right to suspend work or withhold deliveries if payments are overdue.
- 3.6 Wire transfer fees, bank charges, or currency conversion costs are the Customer's responsibility.

4. SPECIFICATIONS AND TECHNICAL INFORMATION

- 4.1 The Customer must provide complete and accurate specifications, drawings, and technical information before work commences.
- 4.2 We rely on information provided by the Customer. The Customer warrants the accuracy of all provided information.
- 4.3 Changes to specifications after order confirmation may result in price and schedule adjustments.
- 4.4 Where specifications are incomplete, we may use our professional judgment based on industry standards.
- 4.5 Tolerances follow applicable AGMA standards unless otherwise specified in writing.

5. MANUFACTURING AND REPAIR SERVICES

- 5.1 All work is performed according to our standard procedures and ISO 9001 quality standards.
- 5.2 For gearbox repairs: initial inspection may reveal additional work required. We will notify you promptly of any scope changes.
- 5.3 We reserve the right to subcontract portions of work to qualified vendors while maintaining quality responsibility.
- 5.4 Time estimates are approximate. Unforeseen circumstances may affect delivery schedules.
- 5.5 Testing and inspection are performed according to our standard procedures unless otherwise agreed in writing.
- 5.6 The Customer may request witness inspections or tests with reasonable advance notice.

6. MATERIALS AND COMPONENTS

- 6.1 Materials are selected according to our engineering standards unless otherwise specified by the Customer.
- 6.2 Customer-supplied materials or components must meet our quality requirements. We are not liable for defects arising from Customer-supplied materials.
- 6.3 We may substitute equivalent materials if specified materials are unavailable, with notification to the Customer.
- 6.4 Material certifications and traceability documentation are available upon request for an additional fee.

7. DELIVERY AND RISK TRANSFER

- 7.1 Delivery dates are estimates unless otherwise agreed in writing. We are not liable for delays beyond our control.
- 7.2 Delivery is EXW (Ex Works) our facility unless otherwise specified. Risk passes to Customer upon delivery to carrier.
- 7.3 If the Customer delays acceptance, we may charge storage fees and risk passes when goods are ready.
- 7.4 Partial deliveries are permitted. Each delivery constitutes a separate contract.
- 7.5 Customer must inspect deliveries within 48 hours and notify us immediately of any visible damage or shortage.

8. INSPECTION AND ACCEPTANCE

- 8.1 The Customer must inspect Deliverables within ten (10) business days of receipt.
- 8.2 Deliverables are deemed accepted unless Customer provides detailed written notice of non-conformance within the inspection period.
- 8.3 For repaired gearboxes: on-site testing by Customer with our supervision does not constitute acceptance of latent defects.
- 8.4 Claims for latent defects must be made within thirty (30) days of discovery.
- 8.5 We have the right to inspect alleged defects before accepting any warranty claim.

9. WARRANTY

- 9.1 Standard Warranty: We warrant that Deliverables will be free from defects in materials and workmanship for twelve (12) months from delivery or 8,000 operating hours, whichever occurs first.
- 9.2 Repair Warranty: Gearbox repairs are warranted for twelve (12) months from return to service or 8,000 operating hours, whichever occurs first.

9.3 Warranty Exclusions: The warranty does not cover: (a) normal wear and tear, (b) damage from misuse, neglect, or accidents, (c) unauthorized modifications, (d) improper maintenance, (e) operation beyond specified parameters, (f) Customer-supplied materials.

9.4 Remedies: Our sole obligation is, at our option, to repair or replace defective items, or refund the purchase price.

9.5 Warranty claims must be submitted in writing with complete documentation of the defect.

9.6 Return of warranty items requires prior authorization. Shipping is Customer's responsibility unless defect is confirmed.

10. INTELLECTUAL PROPERTY

10.1 All drawings, designs, specifications, and technical information we provide remain our exclusive property.

10.2 The Customer grants a license to use Customer-provided intellectual property solely for performing the contracted work.

10.3 We retain all rights to improvements or innovations developed during work performance.

10.4 The Customer must not reverse-engineer or copy our designs without written authorization.

10.5 Each party's confidential information must be protected and not disclosed without consent.

11. LIMITATION OF LIABILITY

11.1 Our total liability under any Agreement shall not exceed the contract price paid for the specific Deliverables or Services.

11.2 We are not liable for indirect, incidental, consequential, special, or punitive damages including but not limited to lost profits, production downtime, or loss of data.

11.3 These limitations apply regardless of the legal theory and even if we have been advised of the possibility of such damages.

11.4 Some jurisdictions do not allow exclusion of certain damages; in such cases, our liability is limited to the maximum extent permitted.

12. FORCE MAJEURE

12.1 Neither party is liable for delays or failure to perform caused by events beyond reasonable control.

12.2 Force Majeure events include: natural disasters, war, terrorism, pandemics, government actions, labor shortages, supply chain disruptions, and utility failures.

12.3 The affected party must notify the other party promptly and take reasonable steps to mitigate impact.

12.4 If Force Majeure continues for more than ninety (90) days, either party may terminate affected portions of the contract.

13. TERMINATION

13.1 Either party may terminate for material breach if the breaching party fails to cure within thirty (30) days of written notice.

13.2 We may terminate immediately if Customer becomes insolvent, files for bankruptcy, or faces similar proceedings.

13.3 Upon termination: Customer must pay for all work performed and materials procured up to the termination date.

13.4 Termination does not affect rights and obligations accrued before termination.

13.5 Provisions that by their nature should survive termination will survive.

14. INDEMNIFICATION

14.1 The Customer agrees to indemnify us against claims arising from: (a) Customer-provided information or materials, (b) Customer's breach of third-party rights, (c) Customer's misuse of Deliverables.

14.2 We agree to indemnify the Customer against claims that our original designs infringe third-party intellectual property rights, provided Customer notifies us promptly and cooperates in defense.

15. INSURANCE

15.1 We maintain comprehensive general liability and professional liability insurance appropriate to our operations.

15.2 Certificates of insurance are available upon request.

15.3 The Customer must maintain appropriate insurance for its operations and property.

15.4 Our insurance does not cover Customer property in our possession beyond specified limits.

16. COMPLIANCE AND REGULATORY

16.1 Deliverables comply with applicable Canadian and U.S. standards unless otherwise specified.

16.2 Specific regulatory requirements must be identified in writing before ordering.

16.3 Export licenses or permits are the Customer's responsibility. We will reasonably cooperate with documentation requests.

16.4 The Customer must comply with all applicable laws including anti-corruption regulations and export controls.

17. CONFIDENTIALITY

17.1 Each party agrees to protect the other's confidential information with the same degree of care used for its own confidential information.

17.2 Confidential information shall not be disclosed to third parties without prior written consent.

17.3 Confidentiality obligations do not apply to information that: is publicly available, is lawfully received from third parties, or is required by law.

17.4 Confidentiality obligations survive for five (5) years after termination of the Agreement.

18. DISPUTE RESOLUTION

18.1 The parties will first attempt to resolve disputes through good faith negotiation.

18.2 If negotiation fails, disputes shall be submitted to binding arbitration under the rules of the ADR Institute of Canada (ADRIC).

18.3 Arbitration shall take place in Montreal, Quebec, Canada.

18.4 The language of arbitration shall be English or French as agreed by the parties.

18.5 The arbitrator's decision shall be final and binding. Judgment may be entered in any court of competent jurisdiction.

19. GOVERNING LAW AND JURISDICTION

19.1 These Terms and any Agreement are governed by the laws of the Province of Quebec and applicable federal laws of Canada.

19.2 The United Nations Convention on Contracts for the International Sale of Goods (CISG) does not apply.

19.3 Subject to the arbitration clause, the courts of Montreal, Quebec have exclusive jurisdiction.

20. NOTICES

20.1 Notices must be in writing and are deemed delivered: immediately if hand-delivered, the next business day if sent by email with confirmation, or five (5) business days after mailing by registered mail.

20.2 Notices to us should be sent to our head office or the email address shown on the order confirmation.

20.3 Each party must notify the other promptly of any change in contact information.

21. ASSIGNMENT

21.1 The Customer may not assign any rights or obligations without our prior written consent.

21.2 We may assign our rights to an affiliate or in connection with a sale of the business.

21.3 Any unauthorized assignment is void.

22. WAIVER

22.1 No waiver of any right is effective unless in writing.

22.2 Failure to enforce any right does not constitute a waiver of that right.

22.3 Waivers apply only to the specific instance and do not create precedent.

23. SEVERABILITY

23.1 If any provision is found invalid or unenforceable, the remaining provisions continue in full force.

23.2 Invalid provisions will be modified to the minimum extent necessary to make them valid.

24. ENTIRE AGREEMENT

24.1 These Terms together with any quotation and order confirmation constitute the entire agreement between the parties.

24.2 No representations or warranties outside this Agreement are binding.

24.3 Amendments must be in writing and signed by both parties.

25. SURVIVAL

25.1 Provisions regarding intellectual property, limitation of liability, indemnification, confidentiality, dispute resolution, and governing law survive termination or expiration of any Agreement.

26. HEALTH AND SAFETY

26.1 All work is performed in compliance with applicable health and safety requirements.

26.2 The Customer must provide a safe work environment for our personnel performing on-site work.

26.3 We reserve the right to refuse to perform work if safety conditions are inadequate.

27. ENVIRONMENTAL

27.1 We comply with applicable environmental regulations.

27.2 Disposal of hazardous waste is billed separately if required.

27.3 The Customer is responsible for disclosing any contamination affecting supplied materials.

28. EXPORT CONTROL

28.1 The Customer is responsible for compliance with all export control regulations.

28.2 Deliverables may not be re-exported or transferred in violation of applicable laws.

28.3 The Customer must notify us of any known end-use restrictions.

29. CUSTOMER REPRESENTATIONS

29.1 The Customer represents that it has the authority to enter into this Agreement.

29.2 The Customer represents that its use of Deliverables will not violate any law or third-party rights.

29.3 The Customer represents that it has provided accurate and complete information.

30. NO THIRD-PARTY BENEFICIARIES

30.1 These Terms are intended for the parties only and do not create rights for third parties.

30.2 Affiliates of either party may enforce relevant rights as if they were parties.

31. HEADINGS

31.1 Section headings are for convenience only and do not affect interpretation.

32. COUNTERPARTS

32.1 Agreements may be executed in counterparts, each constituting an original.

32.2 Electronic signatures are valid and binding.

33. LANGUAGE

33.1 These Terms are available in English and French.

33.2 In case of conflict between versions, the English version prevails.

33.3 Communications may be in either language as agreed by the parties.

34. RELATIONSHIP OF PARTIES

34.1 These Terms create an independent contractor relationship, not employment, partnership, or joint venture.

34.2 Neither party has authority to bind the other without express written authorization.

35. CONTACT INFORMATION

35.1 Euro Gear Inc., 4660 Ave Thibault, Saint-Hubert, QC J3Y 0A8, Canada

35.2 Phone: 514-316-3444

35.3 Website: www.eurogearinc.com