

PURCHASING TERMS AND CONDITIONS – DOMESTIC FLEET

GENERAL

“**Agreement**” means, collectively, these terms and conditions and the Order to which they apply.

“**CSL**” means The CSL Group Inc., acting through its Canada Steamship Lines division.

“**Order**” means a purchase order and, if applicable, change order, duly issued by an authorized representative of CSL to the Supplier for the purchase of goods and and/or services.

“**Supplier**” means the supplier of goods and/or services identified on an Order.

These terms and conditions are applicable to the Order to which they are attached or to which they are otherwise incorporated by reference. In the event of a conflict between these terms and conditions and the terms set out in the Order, these terms and conditions will prevail.

If goods and/or services authorized by the Order explicitly incorporate special terms and conditions under a separate contract signed by authorized personnel of CSL (an “**Incorporated Contract**”), both this Agreement and that Incorporated Contract shall govern the legal relationship between CSL and the Supplier with respect to those goods and/or services. Should there be an inconsistency between the terms of this Agreement and the Incorporated Contract, then the terms of the Incorporated Contract shall prevail over this Agreement to the extent of the inconsistency.

This Agreement, together with any Incorporated Contract, if any, constitutes the entire agreement between the parties relating to the Order and supersedes all prior agreements and understandings, oral and written, among the parties regarding the Order.

An Order becomes effective upon written acceptance by duly authorized representatives of the parties. An Order may not be amended except by a change order issued by CSL to the Supplier. By accepting an Order (including a change order) or by supplying any goods and/or services under an Order (including a change order), the Supplier will be deemed to have agreed to be bound by all of the terms and conditions of this Agreement.

PRICE AND PAYMENT

Unless stipulated on the face of the Order to the contrary, the price for goods or services includes all parts, supplies, labour, expenses, disbursements and all other products and/or components required to perform the service or supply the goods. CSL is not liable for packaging, freight, insurance, taxes, duties or other charges of any type, unless otherwise indicated on the face page of the Order. For greater certainty, CSL shall not be responsible for any additional expenses or disbursements which have not been specifically agreed to in writing by CSL on the face page of the Order. Supplier represents and warrants that the price for goods and/services charged to CSL under the Order is no less favourable than the price charged to any other customer of the Supplier for the same or similar goods and/or services. In

the event that Supplier reduces its prices for such goods and/or services, Supplier shall reduce the price charged to CSL under the Order.

CSL shall not pay for any goods and/or services unless such goods and/or services are ordered by authorized personnel of CSL under a duly issued Order.

The Supplier shall send detailed invoices immediately after delivery of the goods and/or completion of the services to The CSL Group Inc., Accounts Payable Dept. All invoices will be delivered in one of the following manners, as requested by CSL:

- (a) by email at Purchasing-Canada@cslships.com;
- (b) by mail at 759 Square Victoria, Suite 223, Montreal, Quebec H2Y 2J7; or
- (c) through an electronic platform designated by CSL from time to time.

Unless otherwise provided in the Order, all undisputed invoices for goods and/or services are payable by CSL sixty (60) days after receipt of the invoice.

DELIVERY, TITLE AND RISK OF LOSS

All deliveries shall be made by Supplier by the delivery date and in accordance with the delivery instructions set out in the Order, otherwise CSL may forthwith cancel the Order in whole or part without liability or penalty and without prejudice to any other rights CSL may have. All goods shall remain at the Supplier's risk until delivered to and accepted by CSL.

CSL retains the right to inspect goods provided by Supplier under the Order and may reject any or all goods received from Supplier at any time within two (2) business days of receipt of the goods at CSL's warehouse or on the applicable vessel, whichever is the ultimate destination of the goods. Payment for or use of the goods prior to inspection will not constitute acceptance of the goods. Any signature by CSL on any shipping or receiving documents will not constitute acceptance of the goods, but will merely constitute an acknowledgment of receipt of a shipment of goods.

WARRANTY

Purchase of Goods. The Supplier shall supply the goods in full conformity with the specifications, including the price and exact quantity, set out in the Order. The Supplier shall supply goods free and clear of any liens, hypothecs or encumbrances and of good and merchantable quality and workmanship, fit for the purpose for which they are intended and having all the features and specifications described in the Order which include, without limiting the foregoing, the proper style, size and design of the goods ordered under the Order. This warranty is effective during the twelve (12) months period from the date the equipment delivered under the Order is put into service by CSL. In the event that the Supplier repairs or replaces equipment that is no longer covered by the twelve (12) months warranty described above, that repaired or replaced equipment will be subject to an equivalent warranty during the ninety (90) days period from the date of repair or replacement.

Purchase of Services. The Supplier warrants that all services and work (i) shall be performed in accordance with the requirements, plans, designs and specifications set out under the Order, (ii) shall be performed in accordance with the highest standards and in a workmanlike manner and (iii) shall be free of all defects whether they be due to faulty design, materials or workmanship. This warranty is effective during the ninety (90) days period from the date of completion of the services.

All goods and services provided under an Order shall be supplied and performed, as applicable, and shall comply with, all applicable laws, rules and regulations.

The Supplier hereby waives any rights to charge CSL's property with any liens, hypothecs, encumbrances or other charges. The Supplier shall, at its sole cost and expense, obtain from all its subcontractors waivers and releases of all liens, hypothecs, encumbrances or other charges that may encumber the goods delivered under the Order or any other property of CSL.

CSL may cancel the Order and return the goods or reject the services at the Supplier's expense if they do not meet the requirements of the warranties set out in this paragraph, without any liability or penalty whatsoever and without prejudice to any other rights CSL may have. In the event of a breach of these warranties, the Supplier, at its expense and at CSL's option, shall either (i) remedy, repair and/or replace as required all defective materials and workmanship and damage or (ii) pay to CSL the actual costs to CSL of carrying out such remedial work, repairs or replacements.

PARTICULAR PROVISIONS APPLICABLE TO SERVICES

The Supplier shall ensure that it and its work force observe all applicable laws, regulations, rules, ordinances, directives and codes including the CSL Contractor Safety Guidelines and applicable worker's compensation legislation.

All work is to be carried out by qualified tradesmen, professionals or other persons in accordance with applicable regulatory bodies and classification society's requirements. Such work must be to CSL's satisfaction and must meet or exceed best industry standards.

Any additional work beyond that specified, or any other extra work whatever to be carried out by the Supplier, must be specifically ordered by authorized personnel of CSL under an Order, at prices to be mutually agreed on.

Should any of the vessel's machinery, equipment or fittings be used, with CSL's prior consent, by the Supplier for any purpose whatsoever, the Supplier shall, at its expense, make good any damage resulting from such use, and shall conduct such use at its own risk.

CSL shall have the right to inspect the progress of the work at any reasonable time at its expense. Should CSL not be satisfied with the progress of the work, it shall so advise the Supplier in writing and the Supplier shall then have five (5) business days to remedy the deficiency set out in CSL's notice. In the event the Supplier fails to remedy such deficiency within the prescribed time, CSL may elect to terminate

the Order and pay to the Supplier all amounts owing to it for the work completed up to the date of termination less any costs incurred by CSL in order to remedy the Supplier's default.

TERMINATION

In addition to its other remedies available to it under this Agreement and under applicable law, CSL may terminate this Agreement, in whole or in part, without cause, by giving at least five (5) days' written notice to the Supplier. In the event CSL elects to so terminate the Order, CSL shall pay to the Supplier all amounts owing to it for the services completed and/or goods delivered and, in each case, accepted up to the date of termination.

In the event that (i) the Supplier becomes insolvent or bankrupt; (ii) the Supplier ceases to carry on business in the normal course; (iii) a receiver, manager or liquidator is appointed in respect of the whole or any part of the affairs or assets of the Supplier; (iv) the Supplier otherwise commences or is the subject of proceedings under any law in relation to its insolvency or bankruptcy or (v) the Supplier commits a breach of any of its obligations hereunder, CSL may, without prejudice to any other rights it may have, immediately terminate this Agreement upon written notice of termination to the Supplier.

Upon termination or completion of an Order, all working papers, materials, work in progress and data in whatever mode of storage in respect of which payment or reimbursement is made under this Order shall pass to CSL and the Supplier shall deliver such items to CSL, upon request, and in a form acceptable to CSL.

INSURANCE REQUIREMENTS FOR SERVICE CONTRACTORS

The Supplier shall provide and maintain at all times in full force and effect the following policies of insurance:

- (a) Automobiles Liability (owned and non-owned) with limits of not less than \$2,000,000 per occurrence.
- (b)
 - (i) Comprehensive General Liability including Products Liability and Completed Operations Liability, and/or
 - (ii) Ship Repairers' Liability and Marine Products Liability as appropriate,

Each with limits of not less than \$5,000,000 per occurrence, or not less than the value of the service order or whichever is the greater amount; and

- (c) Employer's Liability with limits of not less than \$5,000,000 per occurrence.

In the event that any architectural, engineering or other professional services are rendered under this Agreement, the Supplier shall maintain a Professional Liability Insurance with a limit of not less than \$5,000,000 per occurrence.

In addition, CSL reserves the right to require a Supplier to provide higher limits and/or additional coverages for certain work, to have CSL named as an additional insured on any insurance policy and for the insurance policy to provide a waiver of any right of subrogation by the insurer against CSL.

The Supplier shall furnish insurance certificates for the policies set forth above and certificates of good standing from the applicable Workers' Compensation Boards to CSL upon request.

CONFIDENTIALITY

For the purposes of this Agreement, "Confidential Information" means: (a) any and all information of, or relating directly or indirectly to, CSL or any of its affiliates or subsidiaries which is received from or on behalf of CSL, in whatever form maintained (written, documentary, computerized, oral or otherwise), including but not limited to the material, methodologies, data, computations, specifications, technical information, trade secrets, trademarks, methods of operation, know-how, ideas, plans, drawings, designs, blueprints, reports, analyses, development plans, and (b) all notes, memoranda, summaries, and other similar materials, in whatever form maintained, whether documentary, computerized, oral or otherwise, prepared by or for the benefit of CSL or any of its affiliates or subsidiaries that, directly or indirectly, contain or otherwise reflect, in whole or in part, any of the Confidential Information. The Supplier agrees not to disclose Confidential Information to any third party, other than its employees and authorized agents and sub-contractors who have a need to know and have agreed to be bound by confidentiality obligations in favour of CSL substantially similar to those set out in this paragraph. The Supplier shall use Confidential Information only as is necessary to perform its obligations under this Agreement. Upon the expiration or termination of this Agreement for any reason, the Supplier will promptly deliver to CSL all such Confidential Information or will destroy all such Confidential Information, and will provide a certificate from an appropriate officer of the Supplier confirming compliance with such obligation. In no event will Supplier use less than the degree of care that it uses to protect its own information of like kind, but in any event not less than reasonable care, to prevent the unauthorized use or disclosure of the Confidential Information. The Supplier further agrees not to use the Confidential Information except in the course of performing its obligations under this Agreement and will not use the Confidential Information for the benefit of anyone other than CSL.

MISCELLANEOUS

The Supplier shall defend, indemnify and save harmless CSL, its directors, officer, employees and agents, from and against any and all loss, liability, damages, claims, demands, causes of action, suits, awards, judgments, costs and expenses, including legal fees and disbursements, arising out of or resulting from (i) loss, injury, property damage or death to any person that has occurred in connection with any act or omission or breach of any of the terms of this Agreement on the part of the Supplier, its employees or agents, or resulting from their negligence, bad faith or willful misconduct or (ii) any defect in the goods supplied under this Agreement or their negligent manufacture, including, without limitation, failure of the goods supplied under this Agreement to comply with the warranties set out above.

CSL's entire liability arising out of or in connection with or resulting from this Agreement will in no case exceed the price paid by CSL to the Supplier under the Order that is the subject of this Agreement. In no event will CSL be liable for anticipated profits or punitive, incidental or consequential damages.

The Supplier assigns to CSL, except as otherwise specifically provided herein, all rights, titles and interests in and to all patents, trade-marks, copyrights, drawings, data, documentation or other intellectual property rights in any goods and/or services supplied to CSL under this Agreement or required for the use of such goods and/or services and the Supplier warrants that there exists no prohibition of a legal, judicial or contractual nature for it to assign any such rights, titles and interests. Moreover, the Supplier shall indemnify CSL against (i) any third party claim contesting the validity or legal effect of any such patents, trade-marks, copyrights or other intellectual property rights or (ii) any claim alleging that any goods and/or services supplied by the Supplier infringes any third party's patents, trade-marks, copyrights or other intellectual property rights.

This Agreement is governed by and construed in accordance with the laws of the Province of Ontario and applicable federal laws of Canada except that if the Supplier has a registered or head office in, or is a resident of, Quebec, this Agreement will be governed by and construed in accordance with the laws of the Province of Quebec and applicable federal laws of Canada. Any dispute, controversy or claim arising out of or in connection with this Agreement shall be submitted to and be subject to the exclusive jurisdiction of the courts of the Province of Ontario, except that if the Supplier has a registered or head office in, or is a resident of, Quebec, the dispute, controversy or claim shall be submitted to and be subject to the exclusive jurisdiction of the courts of the Province of Quebec. The parties expressly exclude the application of the *United Nations Convention on Contracts for the International Sale of Goods*.

If any clause or part thereof herein contained shall be adjudged illegal or invalid, same shall not affect the validity or enforceability of the remainder of said clause or any other clause, or constitute any cause of action in favour of either party as against the other.

The Supplier may not assign this Agreement. CSL may assign this Agreement, in whole or in part, to an affiliate or a subsidiary, as such terms are defined in sections 2(2), (3), (4), (5) of the *Canada Business Corporations Act*.

The parties hereto are independent contractors and not employees, agents or representatives of one another for the purpose of this Agreement.

These terms and conditions may not be amended without the written consent of CSL.

The parties have requested that this Agreement and all documents contemplated in this Agreement be drawn up in the English language. Les parties ont exigé que cette entente et tous autres documents envisagés par les présentes soient rédigés en anglais.