



Pason Purchase Order Terms and Conditions

1. **Applicability.** These Pason Purchase Order Terms and Conditions (the “**Terms**”) apply to any purchase order, statement of work and any other commercial document (the “**Order**”) for the supply of goods and/or services, whether tangible or intangible, including all intellectual property rights purchased, licensed or otherwise acquired from the party named in the Order as the provider and/or supplier (the “**Seller**”) by the subsidiary of Pason Systems Inc. named in the applicable Order, be it Pason Systems Corp., an Alberta corporation; Pason Systems USA Corp., a Colorado corporation; Petron Industries Inc. d/b/a Pason Offshore Corp., a Texas corporation; or another subsidiary of Pason Systems Inc. identified in such Work Order (collectively, “**Pason**”), and any installation, training, maintenance, construction, labour or other service(s) provided to Pason in connection therewith (collectively, the “**Products**”). However, in the event Pason and the Seller have entered into an agreement in writing in respect of the Products detailed in the Order, the terms of that agreement shall govern. These Terms apply to any repaired or replacement Products provided by Seller hereunder. Pason is not obligated to any minimum purchase or future purchase obligations under any Order.
2. **Agreement.** The Order and these Terms (collectively, the “**Contract**”) constitutes the entire agreement between the parties and supersedes all prior or contemporaneous written or oral understandings, agreements or communications between the Parties with respect to the Products. Any reference to terms and/or conditions provided by the Seller (collectively, “**Seller Terms**”), whether in a quotation, bid, proposal, invoice or otherwise, does not imply Pason’s acceptance of such Seller Terms. Unless otherwise agreed to by Pason in writing (whether by explicitly referencing the Seller Terms in the Order or otherwise), any Seller Terms shall be deemed to be rejected by Pason in their entirety and shall be null and void. No amendment to the Contract shall be effective unless made in writing and signed by authorized representatives of both parties. In the event of any conflict between the various documents comprising the Contract, the Order shall take precedence.
3. **Shipping Terms.** With respect to any tangible Products provided by the Seller:
 - (a) Unless otherwise agreed to by the parties in writing, delivery of the Products shall be made Free on Board (FOB) Seller’s shipping location (the “**Delivery Location**”), Incoterms 2020.
 - (b) Seller shall deliver the Products in the quantities and on the date(s) specified in the Contract (the “**Delivery Date**”) at the Delivery Location during normal business hours, or as otherwise agreed in writing by the parties. If Seller fails to deliver the Products in full on the Delivery Date and/or at the Delivery Location, Pason may terminate the Contract immediately by providing written notice to Seller and Seller shall indemnify Pason against any losses, claims, damages and reasonable costs and expenses attributable to Seller’s failure to deliver the Products on the Delivery Date and/or at the Delivery Location.
4. **Title and Risk of Loss.** Subject to Section 5 (Acceptance or Rejection of Products) of these Terms, title, ownership and risk of loss of or damage to the Products will pass to Pason upon Acceptance. “**Acceptance**” means: (i) with respect to Products that require testing to ensure proper performance, written verification by Pason of its inspection and acceptance of the Products the Delivery Location on the Delivery Date to a carrier or other bailee for the purpose of transmission to Pason in accordance with Section 3 (Shipping Terms).
5. **Acceptance or Rejection of Products.** If, in Pason’s sole opinion, any of the Products are defective or fail to conform to the applicable specifications or otherwise do not comply with the terms of the Contract, Pason may provide written notice to the Seller invoking any of the following remedies: (i) rejecting the Products and requiring rectification or replacement of the rejected Products; (ii) accepting the Products at a reasonably reduced price; and/or (iii) rescinding the Contract in its entirety. If Pason requests the Seller to rectify or replace the rejected Products, the Seller shall, at its expense, promptly rectify or replace the rejected Products and pay for all related expenses, including, but not limited to, transportation charges for the return of the rejected Products and the delivery of replacement Products. If Seller fails to timely rectify or deliver replacement Products, Pason may replace the rejected Products with Products from a third party and charge Seller the cost thereof and terminate the Contract for cause pursuant to Section 13 (Termination). If Acceptance does not occur, Pason shall return the Products to the Seller at the Seller’s sole expense and risk, and Seller shall refund to Pason any money paid for returned Products within thirty (30) days of the date the Products are shipped. The refund for Products returned under this Section shall not be subject to any re-stocking charge. Acceptance shall not prejudice any rights of Pason under the Contract or in law in respect of defective Product, regardless of any verification of Acceptance or other document executed by Pason.



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6. **Return of Products.** Products delivered in error, unauthorized late deliveries, unordered Products, Products delivered in quantities in excess of trade practice, defective and non-conforming Products may be returned to the Seller at the Seller's sole expense and risk. Return of Products shall not prejudice any other right or remedy available to Pason with respect to such Products.

7. **Packaging.** All Products shall be packed for shipment according to Pason's instructions or, if there are no instructions, in a manner sufficient to ensure that the Products are delivered in undamaged condition. Seller must provide Pason prior written notice if it requires Pason to return any packaging material. Any return of such packaging material shall be made at Seller's sole expense and risk.

8. **Quality Control.** Seller has or will adopt adequate procedures to ensure proper quality assurance and will, if requested, submit to Pason for review, the Seller's quality control procedures and detailed quality control plan(s) for Products, including a detailed procedure defining the quality control and inspection regime (including identification of hold points and performance tests) used by Seller to verify the design and manufacture of Products is strictly in accordance with the requirements of the Contract. Any approval or failure to approve such plan by Pason will not relieve Seller of any of its obligations or liabilities under the Contract. Seller will, at all times during the performance of the Contract, implement its quality control procedures and exercise full and adequate quality control, which includes the inspection and testing of Products during manufacture or production in accordance with the quality control plan. Seller will permit Pason and/or its duly authorized representative to view the state and progress of the manufacture or production of any Products at Pason's reasonable request, and Seller will provide adequate, safe and proper facilities for such inspection.

9. **Warranties.** Seller warrants to Pason that for a period of twelve (12) months from the Delivery Date, or any longer warranty period agreed to by the parties, all Products will: (a) be free from any defects in workmanship, material and design; (b) conform to applicable specifications, drawings, designs, samples and other requirements specified by Pason; (c) be fit for their intended purpose and operate as intended; (d) be merchantable; (e) be free and clear of all liens, security interests or other encumbrances; and (f) not infringe or misappropriate any third party's patent or other intellectual property rights. These warranties survive any delivery, inspection, Acceptance or payment of or for the Products by Pason. These warranties are cumulative and in addition to any other warranty provided by law or equity. Any applicable statute of limitations shall run from the date of Pason's discovery of the noncompliance of the Products with the foregoing warranties. The Seller hereby assigns to Pason, or shall cause to be assigned, any assignable rights as the Seller may have under any and all manufacturers' and other warranties that are available in connection with the Products. To the extent the Products include services, the services will: (i) be performed in a conscientious, professional and worker-like manner, with reasonable skill, care and diligence, in accordance with industry standards; and (ii) be performed by employees, contractors or agents who are qualified and competent and have the appropriate skills and experience to perform the duties assigned to them.

10. **Price.** The price of the Products is the price stated in the Order (the "Price"). If no price is included in the Order, the Price shall be most favorable price offered by Seller for the Products as of the date of the Order. Unless otherwise specified in the Order, the Price includes all packaging, transportation costs to the Delivery Location, insurance, customs duties and fees and applicable taxes. No increase in the Price is effective, whether due to increased material, labor or transportation costs or otherwise, without the prior written consent of Pason.

11. **Payment Terms.** Where Acceptance has occurred, Seller shall issue an invoice to Pason on or within thirty (30) days from the Delivery Date and only in accordance with the Terms. Pason shall pay all non-disputed invoiced amounts within forty-five (45) days of the later of the date of Acceptance or receipt of an invoice in proper form, or in such other time period as agreed to by the parties in writing.

12. **Set-off.** Without prejudice to any other right or remedy it may have, Pason reserves the right to set off at any time any amount owing to it by Seller against any amount payable by Pason to Seller.

13. **Termination.** Unless specifically agreed to in writing by Pason and Seller, Pason may terminate the Contract, in whole or in part, at any time with or without cause prior to the delivery of Products on fourteen (14) calendar days' prior written notice to Seller. In addition to any remedies that may be provided under the Contract, Pason may terminate the Contract with immediate effect upon written notice to Seller, either before or after the Acceptance of the Products, if Seller has not performed or complied with any of the Contract terms, in whole or in part. Further, if Seller becomes insolvent, files a petition for bankruptcy or commences or has commenced against it proceedings relating to bankruptcy, receivership, reorganization or assignment for the benefit of creditors, then



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Pason may terminate the Contract upon written notice to Seller. If Pason terminates the Contract for any reason, Seller's sole and exclusive remedy is payment for the conforming Products delivered prior to the termination.

14. **Compliance with Laws and Policies.** Seller and its employees, contractors and representatives shall be fully knowledgeable of the Laws (as defined below) applicable to the Products and the performance of the Contract and shall comply with all Laws. Seller and its employees, contractors and representatives shall also comply with Pason's Supplier Code of Conduct and Ethics and its Anti-Corruption Policy. Seller has and shall maintain in effect all the licenses, permissions, authorizations, consents and permits needed to carry out its obligations under the Contract. Seller shall comply with all export and import Laws of all countries involved in the sale of Products under the Contract. "**Laws**" means valid applicable common law, federal, provincial, state and municipal and other local laws, orders, rules, regulations and decisions of regulatory bodies, including, without limitation, those related to the prohibition on modern slavery, child labour and forced labour, occupational health and safety, environmental laws, anti-bribery law or international convention, as may apply now or in the future, and any other governmental requirements, work practices and procedures prescribed by law.

15. **Confidential Information.** The Seller acknowledges that any and all non-public, confidential and/or proprietary information of Pason, including, but not limited to, specifications, samples, patterns, designs, plans, drawings, documents, customer data, business operations, customer lists, pricing, discounts or rebates, disclosed or made available by Pason to Seller, whether disclosed orally or disclosed or accessed in written, electronic or other form or media, and whether or not marked as "confidential", in connection with the Contract, the Products, or otherwise, is confidential to Pason and may be used by the Seller solely to perform the Contract and may not be disclosed to any third parties, copied or used for any other purpose unless authorized by Pason in writing. Upon Pason's request, Seller shall promptly, and in any event no later than ten (10) calendar days after receiving such a request, return or destroy all documents, information and/or other materials received from Pason, and, where requested, Seller shall also certify its compliance with such a request in writing. Pason shall be entitled to injunctive relief for any violation of this Section. This Section shall not apply to information that is, and can be proven by documentary evidence to be: (a) in the public domain; (b) known to Seller at the time of disclosure; or (c) rightfully obtained by Seller on a non-confidential basis from a third party.

16. **Personal Information.** In the course of fulfilling any Order, Seller may be required to process personal information and data on behalf of Pason or same may involve disclosure of personal information and data to Seller. When Seller is required to process or otherwise deal with personal information and data or when personal information and data is disclosed to Seller, Seller will deal with same in accordance with all applicable notice requirements and Laws, including, without limitation, all privacy Laws.

17. **Intellectual Property.** Subject to any rights, title or interests expressly granted by the Contract, in and to the Products or otherwise, neither party shall acquire any right, title, or interest in or to any intellectual property rights of the other party in existence prior to the execution of the Contract. Notwithstanding the foregoing, unless otherwise agreed to in writing by the parties:

- (a) title to all working papers, materials, reports, designs, drawings, studies, specifications, copyrights, inventions and other work product, including intellectual property rights therein, created, discovered, developed or performed by the Seller as a result of or in connection with providing the Products (the "**Work Product**") shall vest in Pason. The Seller shall promptly disclose to Pason all Work Product intellectual property as and when created. The Seller conveys and assigns to Pason, free and clear of all charges, liens, encumbrances, security interests or other interests, all right, title and interest (including any copyright) in and to all Work Product and shall execute or cause to be executed any additional documents required to evidence same, including unconditional and irrevocable waivers of all moral rights; and
- (b) Pason shall have the benefit and ownership of all right, title and interest in and to any enhancements, improvements or modifications to the Products as may be developed by or on behalf of Pason or any of its employees, agents or representatives. The Seller shall promptly disclose to Pason all such developments as and when created.

18. **License.** Notwithstanding Section 17 (Intellectual Property), if any intellectual property rights that the Seller owned, created, developed or acquired prior to Pason receiving the Products or independently of such order for the Products (collectively, "**Background IP**") is incorporated or embedded into any Products or is otherwise necessary to use or maintain the Products, then the Seller hereby grants to Pason a non-exclusive, irrevocable, worldwide,



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transferable, royalty-free, fully paid-up, sub-licensable and perpetual right and license to use or maintain such Background IP in any way related to its use of the Products with no obligation to account to the Seller.

19. **Third Party IP.** The Seller hereby represents and warrants to and covenants with Pason that, to the extent Pason requires use of the intellectual property rights of any third party in connection with the Products, the Seller, at its sole expense, has obtained from such third party all necessary licenses, consents or assignments of those intellectual property rights for the benefit and/or use of Pason.

20. **Intellectual Property Indemnification.** Seller shall be liable to and shall indemnify and hold harmless Pason, its successors or assigns and its respective directors, officers, shareholders, employees, customers, representatives, advisors and agents (collectively, "**Indemnitees**") against any and all loss, damage, cost, expense, disbursement, penalty, fine, claim, demand, action, proceeding, encumbrance, statutory obligation, liability, suit, judgment, award, decree, determination, adjudication, unpaid tax of any kind (including withholding tax), cost of investigation and any type of fee (including legal fees) ("**Claims**") arising out of or resulting from the actual or alleged infringement or misappropriation of intellectual property rights or any litigation based thereon in respect of Products supplied by the Seller hereunder or the license provided pursuant to Section 18 (License). The Seller, if requested to do so by Pason, shall, at its sole expense, promptly defend against any such Claims. Upon receipt of Pason's notification of such a Claim, the Seller shall have the right, at its own expense, to modify the Products so they become non-infringing, or to obtain the necessary licenses to use the infringing Products, but only if such substituted and modified Products meet all the requirements and are subject to all the provisions of the Contract.

21. **General Indemnification.** The Seller shall indemnify and hold harmless the Indemnitees from all Claims brought against or suffered, sustained, paid or incurred by one or more of the Indemnitees as a result of the acts, faults, errors, omissions or negligence of the Seller, arising out of or incidental to the performance or non-performance of the Contract or of the Products, including, without limitation, any breach of the Contract by the Seller.

22. **Third Party Indemnity.** The Seller shall indemnify and hold harmless the Indemnitees from all Claims by any third party which may be brought against or suffered, sustained, paid or incurred by one or more of the Indemnitees as a result of and to the extent of the acts, faults, errors, omissions or negligence of the Seller.

23. **Limitation of Liability.** Nothing in the Contract shall exclude or limit: (a) Seller's liability under Sections 14 (Compliance with Laws), 15 (Confidential Information), 16 (Personal Information), 20 (Intellectual Property Indemnification) and 22 (Third Party Indemnity), or (b) Seller's liability for fraud, personal injury or death caused by its negligence or willful misconduct. With respect to all other liability, the parties' aggregate liability under the Contract shall be limited to the value of the Products purchased or ordered by Pason from Seller in the preceding twelve (12) months from the date the liability arose.

24. **Insurance.** Without limiting any of the obligations or liabilities under the Contract, the Seller shall obtain and maintain at its sole cost and expense, commercial general liability insurance covering Products and Completed Operations Liability or self-insurance that meets the following requirements: (a) the insurance shall insure Seller against all liability related to the Products, including liability for bodily injury, property damage, wrongful death and any contractual indemnity obligations imposed by this Agreement, and (b) the insurance shall be in amounts, respectively, that are reasonable and customary in the industry for companies of comparable size and activity but in no event less than \$1 million dollars per claim and \$5 million dollars in the aggregate.

25. **Audit.** The Seller shall keep all accounts, books and records relating to the transactions involving the Products in accordance with generally accepted accounting practices. Such accounts, books and records shall be maintained by Seller at its principal place of business for a period of not less than three (3) years after the completion of any transaction related to the Contract. The accounts, books and records shall be made available to Pason during normal business hours and Pason or its duly authorized representative shall have the right to audit such accounts, books and records (including making copies thereof) for the purpose of verifying compliance with the Contract and the veracity of the details of any transaction entered into pursuant to the terms thereof. In the event any audit under this Section reveals an overpayment by Pason under the Contract, the Seller shall reimburse Pason for such overpayment together with all costs Pason incurred to have the audit performed.

26. **Notices.** All notices, requests, consents, claims, demands, waivers and other communications hereunder (each, a "**Notice**") shall be in writing and addressed to the parties at the addresses set forth in the Order or to such other address that may be designated by the parties in writing. All Notices shall be delivered in person, by courier



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or transmitted by electronic communication. Except as otherwise provided in the Order, a Notice is effective only: (a) upon receipt of the receiving party during business hours (or if delivered outside of business hours, receipt shall be deemed to be made on the next business day), and (b) if the party giving the Notice has complied with the requirements of this Section.

27. **Time.** Time shall be of the essence in the Contract.

28. **Governing Law and Submission to Jurisdiction.** Without regard to any conflict of law rules that would impose the laws of another jurisdiction and without regard to the UN Convention on Contracts for the International Sale of Goods, if the Products are ordered by:

- (a) A Pason entity in the United States, the Contract will be governed by and construed in accordance with the laws of the State of Texas and the parties irrevocably and unconditionally submit to the exclusive jurisdiction of the Courts located in Harris County, Texas; or
- (b) A Pason entity outside of the United States (all or any portion of the Services), the Contract will be governed by and construed in accordance with the laws of the Province of Alberta and the parties irrevocably and unconditionally submit to the exclusive jurisdiction of the Courts located in Calgary, Alberta, Canada.

29. **Relationship of the Parties.** The relationship between the parties is that of independent contractors. Nothing contained in the Contract shall be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment or fiduciary relationship between the parties, and neither party shall have authority to contract for or bind the other party in any manner whatsoever. No relationship of exclusivity shall be construed from the Contract.

30. **Assignment.** Seller shall not assign, transfer, delegate or subcontract any of its rights or obligations under the Contract without the prior written consent of Pason, save and except for the right to collect monies owing hereunder. Any purported assignment or delegation in violation of this Section shall be null and void. No assignment or delegation shall relieve the Seller of any of its obligations hereunder and Seller shall at all times remain responsible for any permitted subcontractors.

31. **No Waiver.** No waiver by Pason of any of the provisions of the Contract shall be effective unless explicitly set forth in writing and signed by Pason. No failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from the Contract shall operate or be construed as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

32. **Cumulative Remedies.** The rights and remedies under the Contract are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise.

33. **Severability.** If any term or provision of the Contract is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

34. **Force Majeure.** Neither party shall be liable for failure to perform any of its obligations under the Contract if, and to the extent, its performance is prevented, hindered or delayed by causes beyond its control, including war, acts of God, a foreign enemy, civil war, earthquake, flood, fire or other natural physical disaster, global pandemic, strike, change in government policy or legislation.

35. **Survival.** Provisions of the Contract which by their nature should apply beyond their terms will remain in force after any termination or expiration of the Contract including, but not limited to, the following Sections: 9 (Warranties), 12 (Set-off), 14 (Compliance with Laws and Policies), 15 (Confidential Information), 17 (Intellectual Property), 20 (Intellectual Property Indemnification), 21 (General Indemnification), 22 (Third Party Indemnity), 25 (Audit), 28 (Governing Law) and this Section 35.