

**VALVOLINE CANADA CORP.
PURCHASE ORDER TERMS AND
CONDITIONS – CANADA**

Upon the specified **VENDOR's** receipt of a purchase order ("Purchase Order") from Valvoline Canada Corp. ("**PURCHASER**") and either (i) **VENDOR's** acknowledgement by facsimile transmission or other written communication that it agrees to sell such goods to **PURCHASER**, or (ii) **VENDOR's** shipping goods to **PURCHASER** in response to the Purchase Order, a binding agreement shall be created for the purchase by **PURCHASER** and sale by **VENDOR** of the goods described in such Purchase Order, subject to the terms contained in the Purchase Order between **PURCHASER** and **VENDOR** and the following terms and conditions:

1. **PAYMENT**

Payment will be made in accordance with the terms set forth on the face of the Purchase Order upon receipt by **PURCHASER** of conforming goods accompanied by an invoice, together with Bill of Lading, or copy of Freight Bill for each shipment. **PURCHASER** shall not be liable for any charges for cartage, boxing, packaging, etc., unless such charges are specifically set forth on the face of the Purchase Order. Any cash discount period will be computed from the date of receipt and acceptance of the goods and appropriate documents. Any sums payable to **VENDOR** and its controlled subsidiaries shall be subject to set off for any present and future indebtedness to **PURCHASER** or its related companies.

2. **TAXES**

Prices stated on the face of the Purchase Order include all taxes and duties of any nature whatsoever, including, without limitation, any local, provincial and national taxes, if any, applicable to the Purchase Order, the goods purchased or the proceeds paid hereunder, unless otherwise expressly stated herein.

3. **TITLE AND RISK OF LOSS**

Title and risk of loss to the goods purchased hereunder shall pass to **PURCHASER** upon receipt and formal acceptance by **PURCHASER** of the conforming goods at the location designated on the face of the Purchase Order.

4. **INSPECTION AND REJECTION**

All goods purchased pursuant to the Purchase Order will be subject to final inspection and approval upon receipt by **PURCHASER**. Such inspection will be made within a reasonable time after receipt of the goods, irrespective of the date of payment therefore. In the event the goods are nonconforming, **PURCHASER** may reject same, and, in such event, **PURCHASER** shall notify **VENDOR** and, at **PURCHASER's** option: (i) hold the goods for **VENDOR's** account, or (ii) return the goods, freight collect, to **VENDOR**. **PURCHASER** may charge **VENDOR** for costs of reasonable handling, storage and inspection. **PURCHASER** shall have no liability or obligation whatsoever with respect to nonconforming goods held in its possession for **VENDOR's** account or returned to **VENDOR**. In no event shall **VENDOR** have more than ten (10) calendar days from receipt of **PURCHASER's** notice of the nonconformity to cure such nonconformity or to replace the nonconforming goods.

5. **BANKRUPTCY**

In the event any bankruptcy, receivership or insolvency proceedings, voluntary or involuntary, are instituted by or against **VENDOR**, **PURCHASER** may, at its option cancel the Purchase Order to the extent permitted by law or court order.

6. **ASSUMPTION OF RISK**

VENDOR specifically and expressly assumes the risk of any foreseen or unforeseen events or causes occurring subsequent to the date of any Purchase Order issued, which while not rendering performance impossible, would substantially change the cost to **VENDOR** of performing such Purchase Order, so as to make such performance onerous, unprofitable, or otherwise commercially impractical.

7. DELIVERY

Time is of the essence, and if delivery of items is not completed by the time promised, PURCHASER reserves the right without liability in addition to its other rights and remedies to terminate the Purchase Order by notice effective when issued to VENDOR as to stated items not yet shipped or services not yet rendered and to purchase substitute items or services elsewhere and charge VENDOR with any loss incurred.

8. FORCE MAJEURE

It shall not be deemed a default, and neither PURCHASER nor VENDOR shall be liable for a failure to perform arising from causes or events beyond reasonable control and without the fault or negligence of PURCHASER or VENDOR including labor disputes of any kind, acts of God, floods, fires, explosions or storms, transportation difficulties, war, any rule or action of any court, instrumentality or governmental agency. To the extent that, and so long as the obligations of either party are affected by any such cause or event, such obligation shall be suspended provided, however, that time is of the essence for the Purchase Order and should VENDOR fail to comply with PURCHASER's delivery schedule or otherwise fail to comply with its obligations hereunder, PURCHASER may terminate the Purchase Order in whole or in part without liability

9. CANCELLATION / TERMINATION

PURCHASER may at any time terminate the Purchase Order in whole or in part for its convenience upon written notice to VENDOR, in which event VENDOR shall be entitled to reasonable termination charges consisting of a percentage of the Order price reflecting the percentage of the work performed prior to termination plus actual direct costs resulting from termination.

10. WARRANTIES

(a) VENDOR warrants (i) that it will convey good title to the goods supplied hereunder, free of all liens and encumbrances, (ii) that the goods supplied hereunder meet such specifications as have been expressly made a part of the Purchase Order, and (iii) that the goods supplied hereunder shall be of merchantable quality and fit for the purpose intended.

(b) VENDOR further warrants that the goods are produced in compliance with any applicable health statutes, regulations and ordinances and that they are properly packaged and labeled in accordance with any applicable statutes or regulations.

11. INFORMATION AND INSTRUCTIONS

VENDOR agrees to furnish to PURCHASER all warnings, information, documents, labels, placards, containers and other materials which may be required by common laws statutes, ordinances, rules or regulations of any public authority related to the use, packaging, receiving, storing, handling, shipping or transporting of the goods, together with detailed written instructions as to their use and disposition of the goods and their containers.

12. LIABILITIES AND INDEMNIFICATION

VENDOR agrees to protect, indemnify, hold harmless and defend PURCHASER, its subsidiaries and related companies, and the officers, directors, employees, workers, agents, servants, and invitees of PURCHASER, its subsidiaries and related companies, from and against all losses, damages (including but not limited to punitive) demands, claims, suits, and other liabilities, including attorneys' fees and other expenses of litigation, related to (i) bodily injury, including death at any time resulting therefrom and (ii) damages to all property, including loss of use thereof and downtime, which either directly or indirectly result from or occur in connection with (a) VENDOR's manufacture, packaging, labeling, storage, delivery, unloading, handling or possession of the goods, or (b) VENDOR and its employees', workers', agents' and servants' presence on PURCHASER's premises, and, in the case of either (a) or (b), are caused by or alleged to have been caused by any act, omission, breach or duty, or default, defects in design, workmanship, materials, failure to conform to samples, if any, (irrespective of whether liability is based on negligence, strict liability, breach of expressed or implied warranty or other breach of duty) of VENDOR or any of its employees, workers, agents or servants unless same shall be due to PURCHASER's sole negligence. VENDOR's agreement to protect, indemnify, hold harmless and defend as set forth in the immediately preceding sentence shall not be negated or reduced by virtue of the existence of any negligence or alleged negligence of PURCHASER, its

subsidiaries and related companies, and the officers, directors, employees, workers, agents, servants, and invitees thereof, active or passive, concurrent or non-current with that of others, including VENDOR, its employees, workers, agents and servants. VENDOR's agreement to protect, indemnify, hold harmless and defend as set forth herein shall not be negated or reduced by virtue of VENDOR's insurance carriers denial of insurance coverage for the occurrence or event which is the subject matter of the claim and/or refusal to defend PURCHASER.

13. INSURANCE

VENDOR agrees to carry Workers Compensation Insurance as required by applicable law and Employer's Liability Insurance with limits of not less than \$1,000,000 per occurrence for any person entering PURCHASER's property in connection with performance of the Purchase Order and Automotive Liability Insurance and Comprehensive General Liability Insurance (including blanket contractual liability and products-completed operations coverage) each with limits not less than \$1,000,000 combined single limit and \$1,000,000 aggregate per occurrence for property damage. On demand of PURCHASER, certificates of such insurance must be presented for verification.

14. INFRINGEMENT

VENDOR shall indemnify, hold harmless and defend PURCHASER, its subsidiaries and related companies, and the officers, directors, employees, workmen, agents, servants, and invitees of PURCHASER, its subsidiaries and related companies, from and against all losses, damages, demands, claims, suits and other liabilities, including attorneys' fees and other expenses of litigation, based upon a claim that the goods sold hereunder constitute an infringement of any existing patent, copyright, contractual or proprietary rights, or that Purchaser's use of Vendor's trademark on or in connection with the goods constitutes an infringement of an existing trademark.

15. RIGHT OF SET OFF

PURCHASER may at its option set off any amounts otherwise due from PURCHASER to VENDOR under the Purchase Order against any delinquent amounts or liabilities which are due to PURCHASER or its commonly controlled affiliates from VENDOR.

16. ASSIGNMENT

VENDOR may not assign the Purchase Order or delegate its performance hereunder without PURCHASER's prior written approval.

17. COMPLIANCE WITH LAWS

VENDOR shall comply with any and all applicable foreign, national, provincial and local laws, rules, regulations and orders. VENDOR agrees to indemnify and hold PURCHASER harmless from any loss, cost or expense (including attorney's fees) for any and all claims for or arising out of violations of this provision or any other provision of the Purchase Order.

18. ENTIRE AGREEMENT; AMENDMENTS

The face of the Purchase Order and these terms and conditions constitute the entire understanding between the parties. No sales acknowledgment form, shipping papers, invoice or other written document shall be construed as altering or overriding the terms and conditions herein and no prior or current course of dealing between the parties, any usage of trade or custom of the industry shall modify or supplement the terms and conditions of the Purchase Order. No amendment, alteration, modification or waiver of the Purchase Order subsequent to the date hereof shall be valid or enforceable unless in writing and signed by the party sought to be charged,

19. APPLICABLE LAW AND VENUE

This Purchase Order and the rights, duties, obligations and remedies of the PURCHASER and VENDOR shall be governed by and construed in accordance with the laws of the Province of Ontario. The parties hereby agree and consent to the jurisdiction and venue of the Province of Ontario, and all court rules thereof, with respect to any litigation that may be brought by one party against the other arising out of or relating to the Purchase Order or the breach thereof. The parties specifically waive their right to challenge the procedural or subject matter of this tribunal, venue in this tribunal, or that there is a more convenient forum.

20. WAIVER

The failure of PURCHASER to exercise any right granted hereunder shall not impair nor be deemed a waiver of PURCHASER's privilege of exercising such right at any subsequent time or times.

21. ADDITIONAL INSTRUCTIONS

(i) Forward notices, on date of shipment to both "Invoice" and "Ship To" addresses indicated on the face of the Purchase Order; (ii) The complete Purchase Order number and PURCHASER's code or property number, if indicated herein, including prefix and suffix, must be shown on all invoices, bills of lading, or shipping memoranda; (iii) Complete name plate data must be shown on invoice for any capital equipment for which a code or property number is indicated herein.

22. INTERNATIONAL PURCHASES

Government Regulations: VENDOR agrees to comply with U.S. governmental regulations for the control of the import, export, or re-export of commercial, military and/or dual-use goods and technology, which are delivered to or received from PURCHASER in connection with the Purchase Order. Specifically, VENDOR agrees to comply with the U.S. Export Administration Act (50 U.S.C. §2401 et seq.) and the U.S. Arms Export Control Act of 1976 (22 U.S.C. §2751-2779) which control the import, export and re-export of commercial and military goods.

Taxes/Duties: VENDOR shall pay all taxes and import or export duties of any kind outside the U.S.A., including those taxes or duties that may be imposed or assessed on any property furnished by PURCHASER (data, information, materials, components or tooling), and all fines or penalties imposed by reason of VENDOR's failure to pay such taxes or duties. All such taxes and duties, existing, new or increased, are included in the price stated in the Purchase Order.

Packing, Marking and Customs Invoices:

- A. Identification of the goods must include the name of the country of origin.
- B. All goods must be prepared and packed by line item for export shipment in a manner acceptable to PURCHASER and in compliance with carrier regulations so as to prevent damage.
- C. Prior to export, one (1) copy of the required Customs Invoice shall be enclosed in a water proof envelope or wrapper, clearly marked CUSTOMS INVOICE, and securely attached to the outside of the No. 1 shipping container in each shipment.
- D. VENDOR shall, at its expense, obtain all necessary export licenses, approvals and authorizations required to export goods. VENDOR shall notify PURCHASER, without delay, of any obstacles or requirements which may delay VENDOR's exportation of goods.

23. DRAWINGS, PATTERNS, ETC.

All drawings, blueprints, tracings, patterns, samples, and the like, prepared by VENDOR and paid for by PURCHASER, or furnished hereunder to VENDOR by PURCHASER, and the information contained therein, are the property of PURCHASER, shall not be used by VENDOR, except to execute this purchase order, or except as authorized in writing by PURCHASER, and shall be delivered to PURCHASER promptly after completion or termination of this purchase order.