

**WILLIAM E. COUTTS COMPANY, LIMITED
PURCHASE ORDER TERMS & CONDITIONS**

ALL ORDERS PLACED (WHETHER BY PAPER, FAX, ELECTRONIC OR OTHER TYPE OF SUBMISSION) BY WILLIAM E. COUTTS COMPANY, LIMITED, D.B.A. HALLMARK CANADA, (hereafter "Company") WITH VENDOR (hereafter "Seller") ARE SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS WHICH MAY NOT BE VARIED WITHOUT THE WRITTEN CONSENT OF COMPANY.

1. ACCEPTANCE:

A. This contract becomes effective when Seller's written acknowledgment is approved by Company at Toronto, Ontario. In the absence of Seller's written acceptance, any performance by Seller shall constitute acceptance of this contract in accordance with the terms and conditions herein stated.

B. None of the terms and conditions contained in this Purchase Order may be added to, modified, superseded or otherwise altered except by a written instrument signed by an authorized representative of Company and delivered by Company to Seller. Each shipment received by Company from Seller shall be deemed to be only upon the terms and conditions contained in this Purchase Order, notwithstanding any terms and conditions that may be contained in any acknowledgment, invoice or other form of Seller and notwithstanding Company's act of accepting or paying for any shipment or similar act of Company.

2. PAYMENT:

A. Unless different payment terms are expressly stated on this Purchase Order, payment terms shall be Net Forty-Five (45) days from Company's receipt of a properly prepared invoice.

3. WARRANTIES:

A. Seller warrants that all articles furnished hereunder shall be free from defects in workmanship and material and shall comply with the terms of this Purchase Order and any drawings and specifications incorporated herein. If any article delivered hereunder does not comply with any implied or expressed warranties, Company may require Seller to correct at no cost to Company, or return such defective or non-conforming article to Seller and recover from Seller the contract price and handling costs.

B. Seller expressly warrants that the goods covered by this order are of merchantable quality and fit and safe for consumer use. Acceptance of this order shall constitute an agreement upon Seller's part to indemnify and hold Company harmless from all liability, loss, damage and expense, including reasonable counsel fees incurred or sustained by Company by reason of the failure of the goods to conform to such warranties. Such indemnity shall be in addition to any other remedies provided by law.

C. Seller warrants that the use, sale, offer for sale, or importation of the goods delivered hereunder shall not infringe any patent covering the goods themselves or covering a process by which the goods are made, and that the goods do not infringe any other intellectual property right such as trademark or copyright, and seller agrees to defend and indemnify Company against liability for any such infringement.

D. Seller represents that the goods covered by this order have been manufactured in accordance with the requirements of the Canada Labour Code, relevant Employment Standards Act(s) and Company Supplier Code of Conduct.

E. The labeling of goods furnished hereunder shall comply with applicable industry guides specified by the Consumer Packaging and Labelling Act.

F. Seller represents and warrants that all articles and services covered by this Purchase Order meet or exceed the safety standards established and promulgated under the Occupational Health and Safety Act and its regulations in effect or proposed as of the date of this order.

G. Seller warrants that all goods comply with applicable Federal and Provincial laws and regulations, including, but not limited to, the Textile Labelling Act, the Hazardous Products Act, the Canada Consumer Product Safety Act and the Food and Drugs Act, all as amended.

H. Seller warrants that all inks, paints, dyes and surface coatings used in the production of this order will not contain more than 0.009% lead by weight and that all other parts, components or substrates that become part of the goods delivered under this Purchase Order will not contain more than 0.01% lead by weight.

I. Seller certifies the sum of the concentration levels of lead, cadmium, mercury and hexavalent chromium in any retail, wholesale or shipping package or packaging component as well as any raw material packaging represented by this Purchase Order shall not exceed 100 parts per million (0.01%) by weight.

4. INSPECTION:

A. Any article purchased hereunder shall be subject to inspection and test by Company, to the maximum extent practicable at all times and places including the period of manufacture in any event prior to final acceptance. Final inspection and acceptance of goods shall be made by Company after delivery or as otherwise indicated in this purchase Order and shall be conclusive except as regards latent defects and Seller's warranty obligations. No inspection, acceptance or payment shall relieve Seller from responsibility for defects or other failure to meet the requirements of the Purchase Order.

5. CHANGES:

A. Company may at any time by a written change order issued by an authorized purchasing representative, increase or decrease the quantity of articles to be furnished hereunder, extend the time of delivery or make changes within the general scope of the Purchase Order in any one of the more of the following:

- Drawings, Designs, or Specifications
- Method of Shipment or Package
- Place of Delivery

An equitable adjustment in price shall be made as a result of the above. In the event Company and Seller are unable to agree as to the amount of such adjustment, the matter will be submitted to arbitration under the Arbitration Act (Ontario).

6. INVOICES:

A. Invoices shall be submitted in duplicate and shall contain the following information:

- Company Purchase Order Number
- Description of Articles
- Quantities
- Extended Totals
- Item Number
- Sizes
- Unit Prices
- Payment Terms
- Sales Tax

B. If transportation charges are prepaid by Seller and charged to Coutts, the amount thereof must be separately stated on the invoice for the goods (not billed separately) and must be supported by the receipted transportation bills.

7. DEFAULT:

A. Time of delivery is the essence of this Purchase Order. Company may, by a written notice of default to Seller, cancel the whole or any part of this Purchase Order if Seller fails:

- (1) To make delivery of the goods or to perform the services within the time specified herein, or any extension thereof by change notice;
- (2) To replace or correct defective goods in accordance with the provisions of the paragraph entitled "Warranties"; or
- (3) To perform any of the other provisions of this Purchase Order or fails to make progress so as to endanger performance of this Purchase Order.

B. Cancellation of this contract by Company as aforesaid shall be without prejudice to any rights which Company may have against Seller for damages suffered by Company as a result of Seller's failure.

8. TERMINATION:

A. Company may at any time and by written notice terminate this contract or any part thereof at its convenience for any reason and not limited to default of Seller but in the event of cancellation other than for default by Seller or other proper cause, Company shall be liable to Seller for reasonable cancellation charges. Such cancellation charges shall be limited to the actual cost of any work done by Seller and Company shall not be liable for consequential damages of any amount including loss of profit and in no event shall such cancellation charges exceed the contract price.

9. SHIPMENT:

- A. All goods are to be packed in accordance with sound commercial practice unless otherwise specified in this order.
- B. A complete packing list shall be enclosed with all shipments hereunder.
- C. Seller shall mark all shipments with the necessary shipping information including the Company Purchase Order Number, dates of shipment, and addresses of consignor, consignee, and Seller with whom the order was originally placed.
- D. Direct shipments by other than Seller as shown on the Purchase Order may not be made without prior notification and approval by Company.
- E. Substitutions, excess quantities and untimely shipments are not acceptable without Company's express written approval. Non-conforming shipments may be held at Seller's risk and exposure or returned to Seller at its expense, at Company's option.
- F. Company will not pay any additional charges for inspecting, packing, trucking, insurance or similar items, unless authorized herein or subsequently agreed to by Company in writing.

10. GENERAL:

- A. Company assumes no responsibility for any materials or goods shipped without a signed Purchase Order having been issued.
- B. When furnished or purchased by Company, tools or dies together with incidental fixtures and materials necessary for the manufacture of goods ordered shall remain the property of Company, be used in production of goods for Company and kept in repair by Seller for the reasonable life expectancy of the tools or dies. In the event that Company does not reorder goods produced by such tools, dies for a period of two years, Seller shall have the right to dispose of such tools at Company's directions.
- C. This agreement shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein as effective and in force on the date of this agreement. The warranties set forth in this agreement, and any remedies specified in connection therewith, are in addition to those provided by law, and nothing herein shall narrow or lessen the warranties and remedies available to Company by applicable law. This contract may not be assigned by Seller without Company's written consent.
- D. Materials or goods purchased hereunder may be utilized by Company in fulfilling its government contracts. Seller assures Company that it does not and will not maintain or provide for its employees any facilities in any of its establishments which are segregated on the basis of race, color, creed, religion, sex, age, national origin, individual physical or mental disability, or veteran status and that Seller does not and will not permit its employees to perform their services in any location under its control which maintains segregated facilities. Seller also assures Company that it is an equal opportunity employer.
- E. Proprietary information: Seller shall not at any time use or disclose Company's proprietary information without Company's prior written authorization except in the course of, in connection with and during the performance of Seller's duties under this agreement.

11. TAXES:

A. Seller represents and warrants that it is an independent contractor for all purposes, including with respect to federal, provincial and employment taxes. Seller acknowledges and agrees that Seller is solely responsible to and shall collect, pay and withhold all federal or provincial employment taxes, including, but not limited to, income tax withholding, unemployment taxes and CPP and OAS contributions for Seller's personnel, and that Company shall have no obligation or liability with respect thereto. Any and all such taxes, interest or penalties, including, but not limited to any federal or provincial withholding or employment taxes, imposed, assessed or levied as a result of this Agreement will be paid or withheld by Seller or, if assessed against and paid by Company, will be reimbursed by Seller upon demand by Company.

B. Seller acknowledges and agrees that Company shall be entitled to deduct from any sum payable to Seller any withholding of income or other taxes, as applicable, if required by the laws of Canada, except to the extent Seller submits a certificate of exemption from, or reduced rate of withholding. Each time and material invoice submitted by Seller for payment will clearly specify the charges for services performed in Canada in order for the amount of withholding taxes to be properly determined. Company shall remit any withheld taxes to the Canadian tax authorities and provide Seller with an appropriate certificate of withholding. Company will not be further liable to Seller for amounts withheld and remitted to the Canadian tax authorities.