



STANDARD PURCHASE ORDER TERMS & CONDITIONS

Clause 1 - Definitions

Unless otherwise specifically stated, the terms hereunder, when capitalized, are defined as follows:

| | |
|----------------------------|---|
| “Article(s): | Goods and/or services described in this Order. |
| “Buyer”: | Groupe DCM inc., all Divisions of Groupe DCM inc. and all affiliates of Groupe DCM inc., as indicated on the Order. |
| “Order” or “Change Order”: | Purchase order or Change Order for the Articles. |
| “Seller”: | Natural person, partnership, association, legal person or other entity providing the Articles. <u>Clause 2 – Orders & Change Orders</u> |

These terms & conditions shall be part of each Order and Change Order Buyer may issue to

Seller. Clause 3 – Agreement, Acceptance & Modifications

An Order is Buyer’s offer to Seller. Seller’s acknowledgement of this Order, commencement of performance or delivery of the Articles described in this Order shall constitute acceptance of such offer by Seller. Seller shall have 10 days to refuse the offer or to request an amendment thereto. No change or modification to this Order, including any additional or different terms in Seller’s acceptance, shall be binding on Buyer unless signed by Buyer’s authorized representative.

Clause 4 - Changes

Buyer may, upon written notice to Seller, make changes to the Order or to any element of the Order, including but not limited to specifications, quantity, delivery date, method of shipment and packaging. Seller shall proceed immediately with the Order as changed. If the costs materially increase or decrease as a result of the change, Buyer and Seller will agree on an equitable price adjustment to the Order. If Seller fails or omits to provide written notice of a cost impact to Buyer within 10 days of the receipt of the Change Order, the price shall be deemed accepted by Seller.

Clause 5 – Stop Work Notice

Buyer may, upon written notice to Seller (“Stop Work Notice”), order that all work be stopped in which case Seller shall immediately cease all activities related to the Order. This Stop Work Notice may be valid for up to 180 days at no extra costs to Buyer. When resuming the Order, Seller’s delivery schedule shall be adjusted by a reasonable delay which in no case shall exceed the period of the Stop Work Notice.

Clause 6 – Termination for convenience

Buyer may, upon written notice (“Termination Notice”), terminate for its convenience the whole or part of this Order. Upon receipt of such Termination Notice, Seller shall stop performance of all activities related to the Order, including any procurement of materials and services on the cancelled portion of the Order. Once Seller’s claim is received, Buyer and Seller shall agree on an equitable adjustment of the Order price, which in no case shall exceed the total Order price. If Seller fails to file a claim with Buyer within 60 days of issuance of the Termination Notice by Buyer, Seller shall have no remedy after this period.

Clause 7 – Termination for default

If Seller is in default of carrying out any of its obligations under this Order, Buyer shall, prior to termination, give Seller a 10-day written notice during which Seller shall cure the default.

If Seller fails to cure the default during the specified cure notice period, or becomes bankrupt or insolvent, makes an assignment for the benefit of creditors or takes the benefit of any statute relating to bankrupt or insolvent debtors, Buyer may cancel the Order and the Order shall therefore be automatically terminated.

Buyer may terminate the whole or only a part of the Order. Upon such termination, Seller shall have no claim for further payments and shall be liable to Buyer for any excess costs paid by Buyer in procuring the terminated portion of the Order from another source as well as any direct damages incurred by Buyer as a result of Seller’s default.

Clause 8 – Excusable delay

A delay in the performance of Seller’s obligations under the Order which is caused by an event which (i) is an act of God, act of government, terrorism, fire, riot or war and (ii) interferes with the performance of Seller’s obligations and (iii) the effects of which could not have reasonably been avoided by Seller shall constitute an excusable delay.

Seller shall notify Buyer in writing upon the occurrence of the event and will diligently work with Buyer in coming up with an acceptable work-around plan which will limit the impact of such delay on the delivery schedule.

If the excusable delay lasts for more than 30 days, Buyer shall have the right to terminate the whole or any part of the Order in accordance with the provisions of Clause 6 (Termination for Convenience) herein.

Clause 9 – Quality Control

Seller shall comply with Buyer’s quality requirements. Seller shall also comply with the requirements of its civil airworthiness authority (Transport Canada, Federal Aviation Authority or other foreign airworthiness authority as may be applicable).

Buyer reserves the right, upon reasonable prior notice to Seller, to audit Seller’s quality manual, and to verify the conformance of Seller’s procedures, manufacturing processes and procedures and acceptance of Articles to Buyer’s quality requirements. Seller shall provide, at no cost to Buyer, appropriate facilities to perform such audits and verifications during normal business hours.

Seller shall allow Buyer's customers, upon reasonable prior notice, to audit Seller's quality manual, and to verify the conformance of Seller's procedures, manufacturing processes and procedures and acceptance of Articles to such customers' quality requirements. Seller shall provide, at no cost to Buyer's customers, appropriate facilities to perform such audits and verifications during normal business hours.

All Articles are subject to final inspection and acceptance by Buyer at destination, notwithstanding any payment or prior source inspection by Buyer at Seller. Inspection and tests by Buyer do not relieve Seller of responsibility for defects or other failures which may later be found during the warranty period.

Supplier agrees and shall ensure that Counterfeit Work is not delivered to Groupe DCM Inc. The supplier shall immediately notify the buyer with the pertinent facts if the supplier becomes aware or suspects that it has furnished Counterfeit Work. When requested by Groupe DCM Inc., the supplier shall provide appropriate documentation that authenticates acceptable traceability of the affected items. Seller shall establish and maintain controls to prevent the use of non-certified materials when certified materials are required.

Seller shall maintain a FOD prevention program and when the potential for FOD entrapment or migration can occur during manufacturing or processing by the supplier's subcontractor(s), Seller shall ensure flow down of applicable FOD requirements to the subcontractor(s).

Clause 10 – Warranty

Seller warrants that all Articles delivered under this Order will be free from defects in design, material and workmanship and will conform to all the requirements contained in the Order, including all applicable drawings and specifications. All Articles are subject to final inspection and acceptance by Buyer. The final inspection will be made within a reasonable time, not-to-exceed 90 days after receipt at Buyer. Defective Articles shall be returned to Seller at Seller's expense for repair or replacement at Buyer's option. Buyer, at its option, may also perform the necessary repair and charge the reasonable costs thereof back to Seller.

This warranty shall be in addition to all warranties arising as a matter of law and shall be enforceable by Buyer's customers as well as Buyer for a period of 36 months after delivery of the Articles to Buyer.

The supplier will keep all documentation related to the quality of the product for a minimum period of 5 years, including but not limited to : C of C, Work order, instructions...

Clause 11 – Prices, invoicing and payment

Seller shall invoice Buyer at the prices stated on the Order. All invoices will indicate the Order number, Article description, quantity, unit price and total price of the Articles as well as the payment to address, amount of applicable taxes and Goods and Services Tax (GST) and Quebec Provincial Sales Tax (PST) registration numbers.

Buyer shall pay Seller within 90 days from the latter of (i) Buyer's receipt of acceptable Articles, (ii) applicable delivery date specified on the Order or (iii) receipt of Seller's invoices.

Clause 12 – Delivery

Time is of the essence in performing Seller's obligations under the Order. The Articles shall be delivered complete on the delivery date, and not beforehand, and at the place specified on the Order. If Seller delivers an Article or Articles prior to the delivery date on the Order, Buyer reserves the right to retain the Articles and make payment per the applicable Order schedule or return them to Seller at Seller's expense. If Buyer opts to retain the Article or Articles, payment shall be made in accordance with the provisions of Clause 11 hereinabove.

All deliveries by Seller shall be made FCA Seller (Incoterms 2010) and Seller shall use the carrier designated by Buyer. Buyer shall debit Seller's account for all applicable freight costs incurred by Buyer if Seller uses a carrier other than that designated by Buyer.

Clause 13 – Packaging

All Articles must be suitably packaged and prepared for shipment to withstand normal transportation and stocking functions. Containers must be in accordance with best commercial practices and all applicable laws. When multiple Orders or Articles are combined in one container, they must be separately packaged inside that container.

A separate invoice and a separate packing list are required for each Order and must accompany each shipment. Seller will provide bar coded shipping labels with each shipment. When required on the Order, Seller shall also provide a certificate of compliance (CofC) duly signed by its authorized representative certifying the compliance of the Articles to all drawings and specifications contained in the Order. All documents must include the applicable Order number.

Clause 14 – Hazardous materials

Seller certifies that it is in compliance with any federal or provincial laws and regulations in force in Canada, as well as any federal or state laws and regulations in force in the United States, including but not limited to the U.S. Occupational Safety and Health Act (OSHA) and the Canadian Hazardous Products Act, as may be applicable.

If the Articles purchased herein are considered toxic or hazardous under the abovementioned laws and regulations, Seller shall provide a copy of the applicable Material Safety Data Sheet (MSDS) with each shipment.

Clause 15 – Government regulations – Import / Export of Articles and data

The Articles and data provided under the Order may be subject to the provisions of the Export Administration Act and the Export Administration Regulations promulgated thereunder; the Arms Export Control Act and the International Traffic in Arms Regulations (ITAR) promulgated thereunder; the Canadian Export and Import Act; the Defense Production Act and the Foreign Corrupt Practices Act.

The Parties acknowledge that these statutes and regulations impose restrictions on import, export and transfer to third countries of certain categories of data and Articles and that licenses from the U.S. Department of State and/or the U.S. Department of Commerce and/or the Canadian Department of Foreign Affairs and International Trade may be required before data and Articles may be provided hereunder. Seller agrees to comply with governmental regulations mentioned above as they relate to the import / export of data and Articles. Seller shall indemnify and hold Buyer and its customers harmless to the full extent of any loss, damage or expense, including lost profit, attorney's fees and court costs, for any failure of Seller to comply with the above referenced laws and regulations.

a. Importation

Sellers and contractors must implement business practices that comply with applicable laws, directives and regulations on the importation of items, components and technical data.

b. Exportation

Buyer's suppliers and contractors must implement business practices that comply with applicable laws, directives and regulations on the exportation of items, components and technical data. They must provide accurate and precise information and obtain export licenses or permissions where necessary.

c. Sanction and Embargoes

Buyer's suppliers and contractors must comply with all laws, directives and regulations on sanctions and embargoes that apply to exports, imports and associated financial flows.

d. Responsible ore supply

Buyer's suppliers and contractors must comply with applicable laws and regulations concerning supply of certain ores from conflict zones. In addition, they must establish a policy that allows them to reasonably ensure that the ores contained in the items they produce do not directly or indirectly fund armed groups whose activities violate human rights. They must also, where required by law, demonstrate due diligence in choosing the source and traceability of ores, and require the same diligence from their suppliers.

e. Counterfeits

Buyer's suppliers and contractors must implement and maintain effective measures and procedures that are appropriate for their activities in order to ensure that no counterfeit items or materials enter the delivered products.

Clause 16 - Indemnification

Seller agrees to indemnify, defend and hold harmless Buyer and customers from and against any and all losses, costs and expenses of any kind whatsoever in connection with any breach by Seller of third-party proprietary or intellectual property rights, except to the extent caused by Buyer.

Each party shall hold harmless the other party from and against any and all damages, losses or other injuries suffered by either one of the parties or by third parties and that result from its fault or negligence during the performance of the Order or result from the poor quality of the Articles described in the Order.

Clause 17 – Occupational Health and Safety / Ethics and social responsibility

Seller undertakes, at all times during the performance of the Order, to take the necessary measures to protect its employees against industrial accidents and to comply, at all times, with any laws or regulations in force in the Province or Territory having jurisdiction over its employees. Should a part of the Order be subcontracted, Seller shall have the obligation to ensure that all subcontractors also comply with any laws or regulations governing the occupational safety of their employees.

Groupe DCM Inc. promotes to all its employees, good practices regarding social responsibility and ethics and implements the required means to maintain them. Groupe DCM Inc. strongly recommends to all its suppliers to implement and maintain good ethical and social practices at every level within their organization.

Clause 18 – Disputes

The Parties shall attempt to resolve any disputes by escalating the matter through their respective management structures. If the Parties fail to resolve the dispute, they may submit the dispute to the tribunals identified in Clause 18 – Applicable law and venue. Pending final resolution of the dispute, Seller shall proceed diligently with the performance of the Order as directed by Buyer.

Clause 19 – Applicable law and venue

The Order, including these terms and conditions, are governed by and construed exclusively by the laws of the Province of Quebec and those of Canada applicable therein, without reference to its conflict of law rules. The Parties agree to submit any dispute related to the Order to the tribunals of the Province of Quebec, district of Montreal.

The Parties agree that these terms and conditions and any document referenced herein or in the Order be drafted in English. *Les Parties aux présentes ont convenu que ces termes et conditions ainsi que tous les documents s’y rapportant, incluant le bon de commande, soient rédigés en Anglais seulement.*

Clause 20 – Partial invalidity; Non-Waiver

If any provision of the Order or of these terms and conditions becomes null and void or unenforceable, the other provisions shall remain valid and enforceable.

The failure of Buyer to enforce, at any time, any of the provisions of the Order or of these terms and conditions or to require at any time the performance by Seller of any of the provisions hereof, shall in no way be construed to be a waiver of the right to enforce such provisions, nor in no way affect the validity of the Order and these terms and conditions or the right of Buyer to enforce such provisions.

Clause 21 – Order of precedence

In the event of any inconsistency among the provisions of the Order, such inconsistency shall be resolved by giving precedence in the following sequence:

- Provisions contained in the Order
- Long term agreement, Master agreement or other agreement, as applicable
- These terms and conditions
- Statement of work, as applicable
- Specifications, as applicable
- Other document, as applicable

Clause 22 – Entire Agreement

The Order, including these terms and conditions and all documents referred therein, constitute the entire agreement between the Parties and supersedes and replaces all prior discussions, representations, understandings or agreements whether oral or written, between the Parties.