

MHD-ROCKLAND Inc.
Terms and Conditions of Purchase

Complete Agreement

All purchase orders issued by MHD-ROCKLAND shall include all items incorporated herein contains and which shall constitute the full and final Agreement between MHD-ROCKLAND and Seller and no other Agreement or representations or understandings purporting to add or modify the terms and conditions hereof shall be binding upon the parties hereto.

An MHD-ROCKLAND Purchase Order constitutes MHD-ROCKLAND's offer to purchase from Seller the goods described herein pursuant to the terms and conditions stated herein. It shall become a binding Agreement when accepted by Seller either by the earlier of signing or returning the acknowledgment copy to MHD-ROCKLAND or the shipment of conforming goods to MHD-ROCKLAND. Seller's acceptance shall be limited to the present terms and conditions of purchase. The terms and conditions of purchase herein prevail and supersede all previous communications, representations or agreements, whether oral or written, between the parties with respect to the subject matter hereof.

Variance

Any variance or amendment to any part these terms and conditions (including any supplements, specifications or other documents incorporated herein by reference) is hereby objected to and void unless expressly accepted by MHD-ROCKLAND in writing. MHD-ROCKLAND shall not be deemed to have waived any provisions of these terms and conditions of purchase by failing to object to provisions that may appear on, be incorporated by reference in or be attached to any order. MHD-ROCKLAND shall not be deemed to have accepted any offer of Seller and shall not be responsible for goods shipped to MHD-ROCKLAND there under except in accordance with the terms and conditions herein. **The failure of Seller to deliver written notification of objection to these conditions of sale at last 5 days prior to the delivery of said goods shall be deemed an acceptance thereof and the contract shall be deemed formed only upon said conditions**

Revised or Follow-up Orders

Any revised or follow-up Orders shall be deemed to be an Order and shall be subject to the terms and conditions of purchase herein. MHD-ROCKLAND's Orders may only designate the goods being ordered, quoted prices, order quantities, requested delivery dates and shipping addresses.

Delivery

Seller shall deliver the goods as per the delivery terms which are stipulated herein.

Cancellation

MHD-ROCKLAND may terminate this order for its convenience in whole or in part upon a 5 day written or facsimile notice or verbal notice confirmed in this delay in writing and refuse to accept delivery. Said notice shall be effective when received by or communicated to Seller. If so terminated, any claim of Seller shall be settled on the basis of and limited to the reasonable costs Seller has incurred as of the time of receipt of MHD-ROCKLAND's notice in the performance of this order. Failure to deliver goods on delivery date shall also constitute a default on the part of Seller to respect its obligations.

Acceptance of Goods

In the event the goods do not comply with the terms and conditions and specifications of purchase, MHD-ROCKLAND shall promptly notify Seller and provide a specific written explanation of the basis of rejection.. Seller shall be afforded a reasonable opportunity to repair or replace non-conforming goods at MHD-ROCKLAND's option. After the initial delivery, provided for in the Delivery clause, the risk of loss or damage to the goods in transit shall be borne by the party initiating the transportation of such goods.

Invoices

Seller shall issue an invoice at the time of shipping, showing Purchase Order number, part number and description whether goods are sent prepaid or collect point of shipment, method of shipment in accordance with agreed conditions. Any time period applicable for MHD-ROCKLAND to pay shall begin on the day MHD-ROCKLAND is in receipt of an acceptable invoice of Seller and of conforming goods. On collect shipments, Seller shall attach a copy of the Bill of Lading or transportation receipt to the invoice and retain the original copy of such documents on file.

Excusable delays

Seller shall be excused from delays in delivery and performance of its obligations herein raised by government embargoes, blockades, or any act of any government, fires, earthquakes, floods, severe weather conditions, or any other Acts of God, quarantines, , riots, strife, insurrections, and wars.

Import-Export

Unless otherwise agreed in writing, Seller shall be responsible for compliance with the import-export control laws and regulations applicable and when required by such laws and regulations, shall obtain validated import-export or re-export licenses required for goods transferred pursuant to the present Purchase Order. MHD-ROCKLAND shall not be liable to Seller for any failure to deliver goods as a result of any following government actions:

- Refusal to grant any import, export or re-export license
- Cancellation of any import, export or re-export license
- Any subsequent interpretation of a law or regulations after the date of this Agreement that adversely impacts or effects MHD-ROCKLAND's costs or ability to perform its obligations

Warranties

Seller expressly warrants title and that all new products conform to Seller's published specifications and are free from defects in material and workmanship for a period of 12 months. (For Overhauled Goods (O/H) the period is 12 months and for Repaired (RP) or Serviceable (SV) the period is 90 days) from date of shipment. The goods to be supplied pursuant to the present Purchase Order are new (unless otherwise stated in the present Purchase Order) and whether new or used, are fit and sufficient for the purpose intended and ordinarily used, are merchantable. Seller warrants that products have not been subject to extreme stress and/or heat, such as, but not limited to fire, failure or incident. Seller further warrants that it has good title to the goods sold hereunder and that they are free and clear from any liens or encumbrances or any claims from third parties.

Independent Contractor

MHD-ROCKLAND agrees and declares that it is an independent contractor and in no circumstances an agent or employee of the Seller.

Confidentiality and Proprietary Information

The Seller hereby acknowledges and recognizes that any information disclosed by MHD-ROCKLAND and relating to MHD-ROCKLAND's know-how, technical information, drawings, current and future product features and development plans, customers and customer lists, contracts, current and planned business relationships, price lists, costing information, operating procedures, business plans, financial information, production technologies, marketing and sales plans and methods, research data, documents, formulas, designs, specifications, protocols and process information shall constitute MHD-ROCKLAND confidential and proprietary information and shall not be disclosed to any third party without first obtaining MHD-ROCKLAND's prior written authorization.

Assignment

The present Purchase Order and the rights and obligations there under shall inure for the sole benefit of and shall be binding upon, each of the parties hereto and their respective successors and assigns, but it may not be assigned in whole or in part by either party without the prior written consent of the other party.

Disputes

Any controversy, claim or dispute arising out of or relating to the present Purchase Order or the transaction contemplated hereby or the breach, termination, enforcement, interpretation, validity thereof shall be interpreted in accordance with the laws of the province of Québec, Canada and shall be exclusive of any choice of any other laws and provisions.

The parties hereto further irrevocably agree that any suit brought in accordance with the present clause shall be brought exclusively in a Court of law sitting in the judicial district of Montreal, province of Québec, Canada and irrevocably consent to personal and exclusive jurisdiction and venue of and agree to be bound by any judgment and orders rendered by such court.

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Ethical Behavior

Seller agrees and accepts that MHD-ROCKLAND has a zero-tolerance approach to unethical behavior, including, but not limited to, conflicts of interest, bribery, corruption, misrepresentation of products and/or services, fraud, etc. Seller further agrees that it will conduct its own activities to the highest ethical standards and report any unethical activities/issues as they may arise to the attention of MHD-ROCKLAND. Depending upon the nature and/or severity of the violation, MHD-ROCKLAND will provide disposition to the Seller up to and including cancellation of the Purchase Order or cessation of business dealings.

Quality Program

- a) Seller shall maintain an effective Quality Program based upon product complexity and contractual requirements.
- b) Responsibility for control of quality shall be clearly designated within the Seller's organizational structure. The program shall provide for placement and training of inspection and other personnel who have an effect upon or are responsible for determining product quality. Formal Certification of personnel for processes, materials, or other operations requiring special skills or training shall be maintained.
- c) Seller shall establish controls to prevent the use of non-certified materials when certified materials are required. Seller shall provide and obtain for Buyer, Buyer's customers, and appropriate regulatory agencies access to any and all facilities, including those facilities of Seller's subcontractors, where work on Items is being performed or is scheduled to be performed under this Purchase Order ("PO"). Buyer shall have the right to perform in-process inspection, audits, and system surveillance at Seller and Seller's subcontractors' facilities as part of verification of conformance to the requirements of this PO at no cost to Buyer.
- d) Seller shall maintain complete records of all manufacturing, inspecting and testing in connection with the Items. At Buyer's election, such records shall be made available to the Buyer, Buyer's Customers and/or appropriate regulatory agencies during the performance of this PO and for at least seven (7) years after completion of this PO or for such longer periods, if any, as may be specified elsewhere in this PO. Upon Buyer's request, Seller shall forward such records to Buyer at no cost to Buyer. Seller shall require control of quality at all points necessary to assure conformance to this PO's requirements, whether performed by Seller or by Seller's sub-tiers.
- e) Seller's documented quality system shall provide for the review of this PO to ensure that quality requirements are incorporated into manufacturing planning, and inspection and test instructions, as applicable, to assure compliance with this PO. Unless otherwise authorized by Buyer in writing, upon request by Buyer, Seller shall provide all Seller records, reports, specifications, drawings, inspection and test results and other documentation.
- f) MHD-ROCKLAND shall communicate to Seller its requirements for, and the Seller is responsible for:
 - i) ensuring that persons are aware of:
 - their contribution to product or service conformity;
 - their contribution to product safety;
 - the importance of ethical behavior;
 - ii) specific authority and customer requirements (as specified on Purchase Order);
 - iii) format and content of the external provider's delivery documentation package (as specified on Purchase Order);
 - iv) conditions under which product malfunctions, defects, and unairworthy conditions have to be reported to the concerned stakeholders.

- g) Seller shall maintain counterfeit risk mitigation processes in accordance with industry recognized standards and with any other specific requirements identified with this Purchase Order.

Control and Processing Nonconforming Material and Corrective Action

- a) Seller shall implement and maintain a system, which provides for identification, documentation, segregation and disposition of non-conforming material and shall ensure effective, positive corrective action is taken to prevent, minimize or eliminate non-conformance. Seller's system shall ensure that non-conforming material is not used for production purposes.
- b) Seller shall maintain records of all non-conforming material, dispositions, assignable causes, corrective actions, and effectiveness of corrective actions for the period specified in this PO.
- c) Seller shall evaluate each non-conformance for its potential to exist in previously produced or delivered items. If a nonconformance exists, Seller shall notify Buyer, in writing, within 24 hours.
- d) Buyer shall forward requests for corrective action, through the SCAR form if required, to Seller when unsatisfactory performance by Seller and/or any of its subcontractors is detected by Buyer. Seller shall respond to all Buyer requests for corrective action. When requested by Buyer, Seller shall provide on Seller's Company letterhead, a response showing action taken within their process to correct this non-conformity and action taken to preclude reoccurrences.
- e) If Seller does not respond to Buyer's SCAR within, 30 days of receipt of the nonconforming Item(s), the Seller shall be deemed to have accepted responsibility for the identified nonconformance. Payment is subject to be held until SCAR is answered and approved by MHD-ROCKLAND.