

**MHD-ROCKLAND GROUP  
("MHD-ROCKLAND")  
TERMS AND CONDITIONS OF PURCHASES**

1. **COMPLETE AGREEMENT:** All purchase orders ("Purchase Order(s)") issued by MHD-ROCKLAND (including all MHD-ROCKLAND companies and affiliates) to another party (the "Seller") shall include all provisions incorporated herein and the whole shall constitute the full and final Agreement between MHD-ROCKLAND and the Seller with respect to the purchases by MHD-ROCKLAND set forth in such Purchase Orders and no other agreements, representations or understandings purporting to add or modify the terms and conditions hereof shall be binding upon MHD-ROCKLAND. 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. Seller will be deemed to have assented to all terms and conditions contained herein.

A Purchase Order constitutes MHD-ROCKLAND's offer to purchase from the Seller the goods described therein pursuant to the terms and conditions stated therein and in this Agreement. It shall become a binding Agreement when accepted by the Seller either by the earlier of signing or returning an acknowledgment to MHD-ROCKLAND or the shipment of conforming goods to MHD-ROCKLAND. The Seller's acceptance shall be limited to these terms and conditions of purchase and those provided for in the Purchase Order.

2. **VARIANCE:** Any variance or amendment to any of these terms and conditions (including any supplements, specifications or other documents incorporated herein by reference) issued by the Seller is hereby objected to and not accepted by MHD-ROCKLAND unless MHD-ROCKLAND expressly states otherwise in writing. MHD-ROCKLAND shall not be deemed to have waived any provisions of this Agreement and its Purchase Order by failing to object to provisions which may appear on, be incorporated by reference in or be attached to any document issued by the Seller in connection with any order. MHD-ROCKLAND shall not be deemed to have accepted any offer of the Seller and shall not be responsible for goods shipped to MHD-ROCKLAND thereunder except in accordance with the terms and conditions herein. **The failure of the Seller to deliver written notification of express objection to these terms and conditions of purchase at least 10 days prior to the delivery of said goods shall be deemed to constitute a confirmation hereof and the terms and conditions provided for in the Purchase Order.**
3. **REVISED OR FOLLOW-UP ORDERS:** Any revised or follow-up orders shall be subject to the terms and conditions of purchase herein and the provisions of the Purchase Order, where applicable.
4. **DELIVERY:** The Seller shall deliver the goods as per the delivery terms which are stipulated in a given Purchase Order. For greater certainty, failure to deliver goods on a delivery date shall constitute a default on the part of the Seller to respect its obligations.
5. **CANCELLATION:** MHD-ROCKLAND may cancel any Purchase Order at its sole discretion, in whole or in part, upon the issuance of a 5 (five)-day written notice prior to the agreed upon or scheduled delivery date and in such an event, MHD-ROCKLAND shall be entitled to refuse delivery. Said notice shall be effective when communicated to the Seller. With respect to any Purchase Order cancelled by MHD-ROCKLAND, any claim of the Seller shall be limited to the reasonable costs, excluding profits and general administration costs, Seller has incurred to fulfill said Purchase Order at the time of receipt of MHD-ROCKLAND's cancellation notice. In such an eventuality, the Seller shall forward to MHD-ROCKLAND all invoices and supporting documentation in support of its claim.
6. **ACCEPTANCE OF GOODS:** In the event the goods do not comply with the terms, conditions and specifications of purchase, MHD-ROCKLAND shall notify the Seller. In such an event, MHD-ROCKLAND shall be entitled, at its sole discretion, to request that the Seller repair or replace any or all non-conforming goods within a specified delay in which case the Seller shall proceed accordingly at no extra cost to MHD-

ROCKLAND, or MHD-ROCKLAND may cancel the order. In such an event, any monies paid in advance by MHD-ROCKLAND on account of said order shall immediately be reimbursed by the Seller. In the event of non-conforming goods, all transportation costs to ship the goods back and forth for inspections and eventual delivery following rectification shall be borne solely by the Seller.

7. **INVOICES:** The Seller shall issue an invoice at the time of shipping, indicating the Purchase Order number, the part number(s) and description(s) of the goods, and delivery location. The method of shipment shall be stated in the Purchase Order and confirmed in the Seller's invoice. The calculation of the payment term shall begin on the later of the date of receipt of an acceptable invoice from the Seller or of the delivery of conforming goods. On collect shipments, the Seller shall attach a copy of the Bill of Lading or transportation receipt to the invoice and retain the original copy of such documents in its records.
  
8. **TIMELY PERFORMANCE:** The Seller's timely performance is an essential element of this Agreement. Notwithstanding the Seller being delayed or hindered in or prevented, whether temporarily or permanently, from the performance of any term, obligation or act required hereunder by reason of superior force, strikes, lockouts, labor troubles, riots, accidents, inability to procure materials, restrictive governmental rules, regulations or orders, bankruptcy of contractors, or any other event whether of the foregoing nature or not which is beyond the reasonable control of the Seller, the performance of such term or obligation shall nevertheless not be excused and the Seller shall be held to the terms, including time limits, agreed to between the parties, with the consequence being that should the Seller not perform as agreed, then it shall be liable in damages to MHD-ROCKLAND.
  
9. **IMPORT-EXPORT TARIFFS AND LEVIES:** Unless otherwise agreed in writing, the 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 this Purchase Order. MHD-ROCKLAND shall not be liable to the 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 affects MHD-ROCKLAND's costs or ability to perform its obligations.

The Seller undertakes to disclose to MHD-ROCKLAND the country of origin in connection with any goods sold to MHD-ROCKLAND prior to shipment and to further disclose whether any levies or tariffs are anticipated with respect to any shipments. Should the Seller fail to make any such disclosures, it shall assume any such tariffs and levies or indemnify MHD-ROCKLAND accordingly.

10. **WARRANTIES:** The Seller warrants that all new goods conform to the parties' agreed upon specifications, to all applicable standards, including without limitations applicable SAE International standards, and are free from defects in material and workmanship for a period of at least 12 months from the date of shipment. For overhauled (O/H) goods the warranty period shall be extended to a minimum of 12 months from the date of shipment and for repaired (RP) and/or serviceable (SV) goods the warranty period shall be at least ninety (90) days from date of shipment. The goods to be supplied pursuant to the Purchase Order are new (unless otherwise stated in the Purchase Order) and whether new or used, shall be fit and sufficient for the purpose intended and shall be of merchantable quality taking into consideration their intended use.

The Seller warrants that the goods have not been subject to extreme stress and/or heat, such as, but not limited to fire, failure or otherwise damaged. The Seller further warrants that it has good and merchantable title to the goods sold in connection herewith and, more particularly, that they are free and clear from any liens or encumbrances or any claims from third parties. The Seller also warrants that any services performed or products delivered in connection with any Purchase Order do not infringe or otherwise violate the intellectual property rights of any third party.

**11. INDEPENDENT CONTRACTOR:** The parties agree and declare that they are independent contractors and neither Party is the agent or representative of the other.

**12. 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 identification and customer lists, contracts, current and planned business relationships, pricing, 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's confidential and proprietary information and shall not be disclosed to any third party without first obtaining MHD-ROCKLAND's prior written authorization.

If the Seller becomes aware of any disclosure to any third party of information contemplated herein, the Seller shall immediately notify MHD-ROCKLAND in writing and take all appropriate and necessary actions to investigate the disclosure and contain any further disclosure. The Seller shall provide reasonable cooperation to MHD-ROCKLAND in any investigation it deems necessary regarding disclosure of confidential and proprietary information.

The provisions set forth in this section are in addition to and do not alter, change or supersede any obligations contained in any confidentiality agreements or provisions agreed to between the parties. Notwithstanding any other provision of this Agreement, this section, and all other provisions necessary to its interpretation or enforcement, will survive this Agreement indefinitely and will remain in full force and effect and be binding upon the parties

**13. NON-CIRCUMVENTION:** In connection with each Purchase Order and for a period of two years following each Purchase Order, the Seller agrees not to, directly or indirectly, contact, speak to, negotiate with, attempt to do business with, do business with, deal with, transact, or otherwise be involved with any the end-clients that may be disclosed by MHD-ROCKLAND in connection with a Purchase Order without the knowledge and consent of MHD-ROCKLAND. The Seller also agrees that, in the above-mentioned time period, it will not otherwise circumvent, avoid or bypass the relationship between MHD-ROCKLAND and its end-clients.

**14. ETHICAL BEHAVIOR:** As a condition of doing business with MHD-ROCKLAND, the Seller commits to upholding its social responsibility in all business dealings and shall operate in a manner which meets or exceeds MHD-ROCKLAND's minimum requirements and be able to demonstrate that suitable measures are in place to meet said minimum ethical requirements.

The Seller hereby acknowledges and recognizes 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, modern slavery, child labor, inhuman treatment and human trafficking in the supply chains of any parts, products and/or components the subject of any Purchase Orders issued by MHD-ROCKLAND etc. The 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 may cancel any and all Purchase Orders and/or cease any and all business dealings, without any compensation to the Seller whatsoever.

The Seller warrants that it is not identified on the United-States' Office of Foreign Assets Control's (OFAC) Special Designated Nationals List (SDN). The Seller agrees and warrants that it is not involved in business arrangements or otherwise engaged in transactions with or involving sanctioned countries or SDNs in violation of the regulations maintained by OFAC. The Seller agrees that it will notify MHD-ROCKLAND promptly upon the occurrence of any event that may render this representation and warranty incorrect.

The Seller also warrants that they manage their operations and supply chains in a manner that upholds the United Nations' (UN) Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the International Labour Organisation's (ILO) Core Conventions.

Moreover, the Seller shall not sell any product or engage in any other transaction in, to, or with (i) any country that is subject to sanctions imposed by the United-States Government, or (ii) any individual or entity that is listed in the following: (a) List of Specially Designated Nationals & Blocked Persons, Office of Foreign Assets Control, U.S. Treasury Department; (b) List of Debarred Parties, Directorate of Defense Trade Controls, U.S. State Department; (c) Denied Persons List, Bureau of Industry and Security, U.S. Department of Commerce; (d) Entity List, Bureau of Industry and Security, U.S. Department of Commerce; (e) Unverified List, Bureau of Industry and Security, U.S. Department of Commerce; or (f) the Palestinian Legislative Counsel (PLC) List, Office of Foreign Assets Control, U.S. Treasury Department.

**15. PRODUCT SAFETY:** The Seller must maintain the state of the product so that it is able to perform its designed or intended purpose without causing unacceptable risk of harm to a person or damage to property.

**16. QUALITY PROGRAM:**

- a) The 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 and service quality. Formal certification of personnel for processes, materials, or other operations requiring special skills or training shall be maintained.
- c) The Seller shall establish controls to prevent the use of non-certified materials when certified materials are required.
- d) The Seller shall provide and obtain for MHD-ROCKLAND, MHD-ROCKLAND's customers, and appropriate regulatory authorities access to any and all of its facilities, including those facilities of the Seller's subcontractors, or any other supplier in the Seller's supply chain where work on items is being performed or is scheduled to be performed under any Purchase Order. MHD-ROCKLAND, MHD-ROCKLAND's customers, and appropriate regulatory bodies shall have the right to perform in-process inspection, audits, and system surveillance at the Seller's and Seller's subcontractors' facilities as part of verification of conformance to the requirements of any Purchase Order at no cost to MHD-ROCKLAND.
- e) In the event a component, material, part and/or product sold to MHD-ROCKLAND is found to not meet MHD-ROCKLAND requirements, in addition to noncompliance with SAE and AS5553E/AS6174A/AS6496A/AS6081A standards, the Seller shall have in place verification protocols in order to enable the identification and/or recording of all nonconforming components, materials, parts and/or products in order to allow their recall and subsequent replacement, the whole at no additional cost to MHD-ROCKLAND<sup>1</sup>;
- f) The Seller shall maintain complete records of all manufacturing, inspecting and testing in connection with the Items including all works done by sub-contractors. At MHD-ROCKLAND's election, such records shall be made available to MHD-ROCKLAND, MHD-ROCKLAND's customers and/or appropriate regulatory agencies during the performance of any Purchase Order and for at least seven (7) years after completion of a given Purchase Order or for such longer periods, if any, as may be

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<sup>1</sup> N.B. MHD-ROCKLAND is not responsible for providing the Seller with any documentation issued by SAE International, government authorities and/or institutions and/or any other regulatory bodies in the aviation industry. Consequently, it is the responsibility of the Seller to ensure it has in its possession all relevant documentation necessary to enable it to adequately execute the terms of this agreement, the whole in compliance with all applicable standards as at this date.

specified elsewhere in such Purchase Order. Upon MHD-ROCKLAND's request, The Seller shall forward such records to MHD-ROCKLAND at no cost to MHD-ROCKLAND. The Seller shall require control of quality at all points necessary to assure conformance to any Purchase Order's requirements, whether performed by the Seller or by the Seller's sub-contractors. Seller shall not destroy any record without written permission from MHD-ROCKLAND.

- g) The Seller's documented quality system shall provide for the review of all Purchase Orders to ensure that quality requirements are incorporated into manufacturing planning, and inspection and test instructions, as applicable, to assure compliance with all Purchase Orders. Unless otherwise agreed to by MHD-ROCKLAND in writing, upon request by MHD-ROCKLAND, the Seller shall provide all the Seller records, reports, specifications, drawings, inspection and test results and other documentation.
- h) MHD-ROCKLAND shall communicate to the Seller its requirements for, and the Seller is responsible for:
  - i) ensuring that persons are aware of:
    - 1. their contribution to product or service conformity;
    - 2. their contribution to product safety;
    - 3. 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 a Purchase Order);
  - iv) conditions under which product malfunctions, defects, and unairworthy conditions have to be reported to the concerned stakeholders.
- i) The Seller shall notify MHD-ROCKLAND of any changes to processes, products or services, including changes or modifications of its external providers or locations of manufacture and obtain MHD-ROCKLAND's written approval for such changes.
- j) The Seller shall maintain counterfeit risk mitigation processes in accordance with industry recognized standards and with any other specific requirements identified with this Purchase Order.

## **17. CONTROL PLAN: AVOIDANCE, DETECTION, MITIGATION AND DISPOSITION OF COUNTERFEIT PARTS**

- a) The Seller shall implement, maintain and employ counterfeit risk mitigation processes, commensurate with the risks associated with the product and/or component sold and ensure the quality and authenticity of same, in accordance with industry recognized standards and with any other specific requirements identified with this Purchase Order;
- b) The Seller will ensure that its processes, methods, and equipment shall maximize availability of authentic, originally designed and/or qualified parts throughout the component's, material's and/or product's lifecycle, including management of parts/product obsolescence. Information and guidance for ensuring parts availability shall comply with SAE International standards AS5553E/AS6171A/AS6496A/AS6081A; and that non-conforming materials, and/or components are not received into inventory, used in manufacturing, and/or inadvertently sold to MHD-ROCKLAND;
- c) The Seller shall document its initial and maintenance assessments of all sources of supply for parts, materials and components to determine risk of counterfeits;
- d) Certifications must be from the Original Component Manufacturer ("OCM") or the Original Equipment Manufacturer ("OEM") when applicable. In the event that the Seller suspects parts, materials, and/or components to be counterfeit, they are to report it to MHD-ROCKLAND Quality Management, in writing, within 24 hours;
- e) The Seller shall provide supply chain traceability through all intermediaries from the part manufacturer to the direct source of the product for the Seller. Supply chain traceability is required for all new purchases of parts, materials or components, in inventory and/or transferred from within the Seller's

structure. In the event that document supply chain traceability is not obtainable or incomplete, Seller shall notify MHD-ROCKLAND prior to the delivery of the components/products;

- f) The Seller shall obtain MHD-ROCKLAND's prior written concurrence for tests and inspections required to demonstrate authenticity of parts procured from suppliers that do not have traceability to the manufacturer or sufficient records providing unbroken supply chain traceability;
- g) Confirmed counterfeit parts are to be reported in accordance with Customer Flow-down requirements as established by SAE International standards AS5553E/AS6171A/AS6496A/AS6081A;
- h) For suspect counterfeit parts, the Seller shall ensure that the parts identified as suspect/counterfeit are quarantined. The Seller shall have documented processes to preclude the return of the parts in question;
- i) In the event the Seller intends to use parts that are part of an unknown chain of custody, and/or that do not have the pedigree back to the OEM, or have been acquired from a broker or independent distributor, or when there are other known risk elements of potential suspect/counterfeit parts., the Seller shall have in place testing processes in compliance with the tests specified under AS5553E/AS6171A/AS6496A/AS6081A or any other applicable tests required by SAE International.
- j) The Seller shall flow-down all applicable requirements of these terms and conditions to its suppliers when procuring from other distributors or sources. Distributors or sources that do not have counterfeit risk mitigation processes compliant with this document shall be assessed by the Seller for additional risk. MHD-ROCKLAND reserves the right to review and approve all suppliers' risk mitigation processes;
- k) Any/all subcontracting shall be approved by MHD-ROCKLAND in advance and defined on the Purchase Order. Consequently, no subcontracting is permitted in the execution of this agreement, unless otherwise approved by MHD-ROCKLAND. Should subcontracting be approved by MHD-ROCKLAND, the supplier shall flow-down all requirements on MHD-ROCKLAND's Purchase Order, including these terms and conditions, as well as any other specific requirements outlined in any MHD-ROCKLAND Purchase Orders. Only MHD-ROCKLAND approved sources shall be used for subcontracting. In the event this clause is not respected, MHD-ROCKLAND reserves the right to terminate this agreement effective immediately and Seller hereby acknowledges that MHD-ROCKLAND shall not be held liable for any damages suffered by as a result of said termination. Notwithstanding the foregoing, MHD-ROCKLAND reserves all of its rights against Seller. Approval of a subcontractor by MHD-ROCKLAND in no way limits Seller's liability as set forth herein; Seller is responsible for all the work performed by subcontractors and to ensure that all subcontractors have and maintain throughout the work the required and necessary skills, knowledge and certification;
- l) A component and/or product is not deemed formally accepted until such time MHD-ROCKLAND has evaluated the Seller's data, reports and processes confirming that the component and/or product meets AS5553E/AS6174A/AS6496A/AS6081A and any other applicable SAE International counterfeit avoidance requirements;

## **18. CONTROL AND PROCESSING NONCONFORMING MATERIAL AND CORRECTIVE ACTION**

- a) The Seller named on MHD-ROCKLAND's Purchase Orders retains full responsibility for ensuring products, components, Suppliers and/or services furnished comply with all applicable specifications and SAE standard requirements. All industry standards/specifications and flow downs shall be to the latest revision unless otherwise stated on MHD-ROCKLAND Purchase Orders;
- b) In the purchasing, manufacturing, engineering and procurement of materials and/or components and/or parts as a means to satisfy any MHD-ROCKLAND Purchase Order, the Seller shall comply with any and all requirements and/or processes identified in this document;

- c) The Seller shall implement and maintain a system, which provides for identification, documentation, segregation and disposition of nonconforming material and shall ensure effective, positive corrective action is taken to prevent, minimize or eliminate non-conformance. The Seller's system shall ensure that non-conforming material is not used for production purposes.
- d) The Seller shall maintain records of all non-conforming material, dispositions, assignable causes, corrective actions, and effectiveness of corrective actions for the period specified in a Purchase Order.
- e) The Seller shall evaluate each non-conformance for its potential to exist in previously produced or delivered items. If a nonconformance exists, the Seller shall notify MHD-ROCKLAND, in writing, within 24 hours.
- f) MHD-ROCKLAND may forward requests for corrective action through the SCAR (*Supplier Corrective Action Request*) form if required, to the Seller when unsatisfactory performance by the Seller and/or any of its subcontractors is detected. The Seller shall respond to all requests for corrective action. When requested by MHD-ROCKLAND, the Seller shall provide, on the Seller's Company letterhead, a response showing action taken within their process to correct this non-conformance and action taken to preclude reoccurrences.

If the Seller does not respond to MHD-ROCKLAND's SCAR request for corrective action 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 the SCAR is answered and approved by MHD-ROCKLAND. Seller shall indemnify MHD-ROCKLAND with respect to any damages and/or cancellation fees claimed by MHD-ROCKLAND'S customers and/or buyers where said claims result from late deliveries of the products by the Seller or non-performance of the Seller.

- 19. ASSIGNMENT:** Any Purchase Order and the rights and obligations thereunder shall enure to the sole benefit of MHD-ROCKLAND and shall be binding upon each of the parties hereto and their respective successors and assigns, but may not be assigned in whole or in part by the Seller without the prior written consent of MHD-ROCKLAND, which may be withheld at its sole discretion.;
- 20. HEADINGS AND SECTIONS:** The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to a section refers to the specified section of this Agreement
- 21. SEVERABILITY:** Should any article, sentence, section or other part of this Agreement be determined to be null and void by any competent court, regardless of the reason therefor, such a decision shall not alter or nullify the rest of the Agreement.
- 22. NO WAIVER:** Any failure or delay of any of the parties to this Agreement to exercise a right, remedy or privilege hereunder shall not constitute a waiver of such right, remedy or privilege. Likewise, the fact that either party failed to exercise a right, remedy or privilege shall not prevent them from exercising all or part of such right, remedy or privilege in future
- 23. NOTICE:** Notices sent in connection with this Agreement shall be deemed to have been duly sent, notified and/or served if delivered in person to director of the corporation for which it was intended, if delivered at or sent by registered or certified mail to the last business address known to the party giving notice or if delivered by email to the last known email address used by a representative of the party to whom the notice is sent.

**24. DISPUTES:** This Agreement shall be governed by the Laws of the Province of Quebec, Canada, and the parties hereby irrevocably submit to the exclusive jurisdiction of the courts of the district of Montreal, with respect to any claims which may arise from the terms of this Agreement or the business relationship between the parties and irrevocably renounce any right they may have under Quebec law or under the laws of any other jurisdiction to submit any matter to any tribunal outside of the judicial district of Montreal.