
Terms and Conditions of Purchase of MTU Maintenance Canada Ltd.

rev_June2016

1 General

- 1.1** These general terms and conditions of purchase, together with those terms contained in the Purchase Order (as that term is hereinafter defined), together with all amendments to which MTU has agreed in writing constitute the entire agreement between MTU and Supplier with respect to the purchase by MTU of any goods (“Goods”) or services (“Services”) from the Supplier.
- 1.2** MTU expressly rejects the Supplier's general terms and conditions of sale and supply and such terms shall not apply and shall not form part of any Supply Contract (as that term is hereinafter defined) between the parties, even if MTU has not expressly objected to such terms or if the Supplier has stated that it will only deliver Goods and/or perform the Services subject to its own general terms and conditions.

2 Orders, Acceptance and Order Amendments

- 2.1** MTU shall submit orders for Goods and/or Services to Supplier by submitting a purchase order (a “Purchase Order”) to Supplier in writing (to include email) or via a supplier provided online ordering portal. Supplier shall accept or reject a Purchase Order in writing (to include email). Upon Supplier’s acceptance of a Purchase Order, a binding contract for the supply and purchase of Goods and/or Services (as applicable) is formed between MTU and Supplier (the “Supply Contract”). These Terms and Conditions of Purchase form an integral part of the Supply Contract.
- 2.2** In any correspondence in connection with the fulfillment of a Supply Contract, Supplier shall include the name and department of the responsible MTU buyer as well as MTU's purchase order number including item number and MTU's material number.
- 2.3** If the Supplier does not accept a Purchase Order within two (2) weeks of its receipt by Supplier, MTU shall have the right to revoke such Purchaser Order.
- 2.4** MTU may, by written notice to the Supplier, request that the Supplier make changes to the Goods relating to design and process. Supplier shall use its commercially reasonable efforts to accommodate MTU’s change requests. Within twenty four (24) hours of delivery of MTU’s requested change, Supplier shall provide MTU with a quote for the price of any requested changes to Goods. MTU in its discretion may accept or reject Supplier’s quoted price.
- 2.5** Supplier shall immediately inform MTU in writing of any proposals for alterations to Goods and Services specified in a Purchase Order and of the proposed costs and details of such alterations. MTU in its sole discretion may choose to accept or reject any such proposed alterations. Any proposed alteration or amendment by Supplier to the Goods and/or Services specified in a Purchase Order will only be effective if MTU has agreed to such proposed alteration in writing.
- 2.6** Supplier shall ensure that the Goods and Services provided comply with all applicable laws of the Province of British Columbia and the federal laws of Canada, including all safety engineering regulations as well as environmental, accident prevention and other health and safety regulations. Furthermore, Supplier shall notify MTU of any special, not commonly known, handling and disposal arrangements that may be required in connection with any delivery or service. Supplier shall package, label and ship hazardous products in compliance with the applicable national and international laws and regulations. In particular, the Supplier shall provide MTU with a safety data sheet in the English language.

3 Furnished Materials

- 3.1** Materials and objects of any kind furnished by MTU (“MTU Materials”) shall remain the sole property of MTU. Supplier shall take all necessary measures to store and hold in safe custody the MTU Materials. Supplier shall label the MTU Materials as MTU's property and shall use these solely for the purposes designated by MTU.
- 3.2** To the extent that the MTU Materials are processed or transformed and thus turned into a new movable item by the Supplier, this processing or transformation shall take place on behalf of MTU. MTU shall immediately become owner of the new or transformed item. If this is not possible for legal reasons, MTU and Supplier hereby agree that MTU shall be the owner of the new item at all times during the processing or transformation. If MTU Materials are joined or blended with other materials and items at such a rate that these can no longer be separated, MTU shall be entitled to co-ownership in the newly created items pro rata of the value the item had at the time they were joined or blended. If MTU Materials are joined or blended with material or objects provided by the Supplier itself in such proportion that the result may be regarded as being primarily the property of the Supplier, it shall be deemed to have been agreed that the Supplier confers co-ownership pro rata the value of the input by MTU. Supplier shall retain custody of property owned or co-owned by MTU at no extra cost and in so doing shall exercise the duty of care of a merchant.
- 3.3** Supplier undertakes to carry out any maintenance or inspection work that may be required on MTU Materials. Supplier shall, at its sole expense, obtain sufficient insurance coverage to cover any loss or damage of the MTU Materials while in the custody of Supplier, including loss or damage suffered during transportation to or from any third party, and to provide evidence of such insurance coverage to MTU upon MTU's request.

4 Rights of Use / Industrial Property Rights

- 4.1** Supplier grants MTU the non-exclusive, assignable, royalty-free right, without restriction as to time and location, to use in connection with the usage of the deliveries and services (e.g. repairs or integration in other products) the Supplier's industrial property rights and/or know-how that are contained in the Goods and Services. This right to use shall be granted for all types of uses and shall also apply to items protected by copyright contained in the Goods and Services, especially software and related documentation. Backup copies may be made. Supplier shall inform MTU immediately of any industrial property rights achieved, created or otherwise attained by the Supplier in respect of the Goods and Services during the performance of a Supply Contract.
- 4.2** If the Goods and Services have been developed solely by MTU or developed, adapted, tested or assessed jointly by Supplier and MTU, the Goods and Services, or component or parts thereof, shall not be supplied to third parties without MTU's prior consent. The same shall apply to deliveries that have been developed solely by the Supplier but have been paid for by MTU.
- 4.3** To the extent the Supply Contracts cover research or development work, the rights to all work results achieved by Supplier in the performance of a Supply Contract including drawings, documents in electronic form, computer programs and technical documents (“Development Results”) shall be the exclusive property of MTU. Supplier shall fully and comprehensively disclose all Development Results to MTU. Supplier shall inform MTU without delay of any patentable Development Results and shall upon request provide MTU with any and all information regarding such patentable Development Results. Ownership of patentable Development Results shall be deemed to be transferred to MTU when such a Supply Contract is concluded. Supplier shall unconditionally claim patentable Development Results developed by its employees in the performance of such Supply Contract by asserting the rights toward the inventor. Through asserting this claim, the patentable Development Results shall be deemed to be transferred to MTU. The granting of the aforementioned rights shall be deemed to have been satisfied with the payment of the prices agreed in the Supply Contract.

5 Confidentiality

- 5.1** In these Terms and Conditions of Purchase, "Confidential Information" shall mean all commercial and technical information, documents, data, knowledge and inventions (whether patentable or not) and in whatever form (verbal, written, digital or embedded in hardware) made accessible to Supplier or obtained by Supplier from MTU. This includes but is not limited to design schemes, processes, drawings, specifications/ procedures, designs, design data, inspection results, price lists, training documents and catalogs or printer's copies, engineering models (e.g. 3D models), tools, patterns, samples or similar items as well as copyrights or other rights contained in the information or in an application for patents or design patents.
- 5.2** Supplier shall during and after termination of its cooperation with MTU (a) treat such Confidential Information as confidential, (b) not disclose Confidential Information to third parties, (c) appropriately protect Confidential Information against access by third parties, (d) use Confidential Information only for the purposes of the Supply Contract and (e) make available Confidential Information only to those employees who need to know the Confidential Information in order to perform the Supply Contract and who have been obligated to confidentiality to the same extent as Supplier itself. If MTU has consented to Supplier subcontracting the provision of all or a portion of the Goods or Services to a third party, Supplier shall ensure that such subcontractor abides by the confidentiality obligations contained in this Article 5. Confidential Information shall at all times remain MTU's unrestricted property. Supplier shall have no right whatsoever to retain Confidential Information. The duplication or reproduction of Confidential Information is permissible only within the limits of internal requirements and subject to copyright regulations. The confidentiality obligations contained in this Article 5 shall not apply to information that (a) is or becomes publicly known, (b) was known to the Supplier before its disclosure by MTU; (c) was demonstrably developed independently or was otherwise lawfully received by Supplier or (d) the disclosure of which is required by applicable law, provided that if the Supplier is required to disclose any Confidential Information under applicable laws or regulations, Supplier shall before making any such disclosure, notify MTU of such requirement to disclose the Confidential Information.
- 5.3** Upon MTU's request, Supplier shall promptly return Confidential Information and copies thereof to MTU CIP MTU's plant (INCOTERMS 2010) and upon MTU's request will destroy all copies of documents, notes, analyses, compilations, studies or summaries that contain or concern Confidential Information and provide MTU with a certificate to that effect.

6 Subcontracting

Supplier shall not subcontract any of its obligations under a Supply Contract without MTU's prior written consent. Supplier shall require any permitted subcontractors to comply with the requirements set out in Article 5.

7 Place of Performance, Shipment, Export Control Conditions

- 7.1** The place of performance for deliveries of Goods and performance of Services shall be stated in the Purchase Order. If no such place of delivery or performance is stated in the Supply Contract, MTU Maintenance Canada's company headquarters shall be deemed to be the place for delivery and/or of performance.
- 7.2** For deliveries not involving assembly or installation work, risk of loss shall pass to MTU upon receipt of the deliveries at the place of delivery stated by MTU in the Purchase Order. For deliveries involving assembly or installation work, the risk shall pass to MTU upon MTU's acceptance of such assembly or installation work at the place of delivery.
- 7.3** Supplier shall ensure that all shipments of Goods comply with MTU's shipping instructions set out in the applicable Purchase Order. Deliveries must be packaged in accordance with industry practices and MTU's requirements. MTU may instruct the Supplier as to the type and method of packaging in writing in the Purchase Order or otherwise by providing Supplier with written instructions regarding same.

- 7.4 All relevant documents such as delivery notes, certificates etc. must be placed in a shipping envelope and affixed to the outside of the shipment. The delivery note shall state MTU's Purchase Order number including item number, the name and department of the responsible MTU buyer, MTU's delivery note number as well as the delivery date, the date of shipment, the type of packaging, MTU's part number (if any), part designation, quantity and weight of the consignment as well as the address for delivery specified by MTU.
- 7.5 Unless otherwise provided in the Supply Contract, Supplier shall deliver all Goods DDP (delivered duty paid) to MTU. Supplier shall be responsible for all freight, shipping and duty costs associated with any delivery of Goods.
- 7.6 Supplier shall comply with the applicable national and international export restrictions and with the MTU regulation "Export Control Provisions" in its current version. This MTU regulation "Export Control Provisions" is available at <https://www.mtu-portal.com/wps/sp/downloadch01>.

8 Delivery Dates, Delay in Delivery, Force Majeure

- 8.1 Supplier shall deliver all Goods and perform all Services by the dates and times specified in the Purchase Order.
- 8.2 In the event of delay in delivery, MTU shall be entitled, without prejudice to the statutory claims, to demand a penalty equivalent to one (1) percent of the order value according to the Supply Contract for the deliveries and services delayed, for each week or part of a week up to a maximum of five (5) percent of this order value. These penalties are a genuine pre-estimate of the damages that MTU will suffer as a result of delayed delivery or performance under a Supply Contract. MTU shall have the right to claim such penalties even after acceptance of the last deliveries and performance due under the Supply Contract, provided that MTU reserved such right to claim penalties within one (1) month after acceptance of such last delivery and service. Further or additional claims for damages remain unaffected, however, any amounts paid by Supplier in connection with late delivery or performance will be set-off against such claims for damages. MTU shall have the right to set-off any amounts due from Supplier in connection with its late delivery or performance against any amounts payable under a Supply Contract.
- 8.3 Cases of force majeure or any other unpredictable, unpreventable and serious events that are beyond the reasonable control of a party and not attributable to such party, such as industrial conflicts, governmental regulations or acts of governments, acts of god, natural catastrophes, war, riots and terrorist actions ("Force Majeure") shall relieve the parties of their duties under Supply Contracts for the duration of the disruption and within the scope of its effects. Supplier shall immediately inform MTU in writing of any default due to Force Majeure, which notice shall include a full description of the Force Majeure event and all necessary information. Supplier shall at its own cost take all reasonable measures to perform the Supply Contract notwithstanding the occurrence of declaration of any Force Majeure. If the end of such disruption is not predictable or if such disruption lasts for more than two (2) months, MTU shall be entitled to terminate the affected Supply Contract.
- 8.4 MTU may postpone the delivery dates and delivery times stipulated in the Supply Contract up to maximum of two (2) months, if MTU's scheduled need of Goods and Services is delayed due to reduced working hours, plant shutdowns, delays in production or other kinds of disruption in business. MTU shall provide written notice to the Supplier of the circumstances compelling the change in the delivery and performance dates. Supplier shall deliver the Goods and perform the Services in accordance with such revised delivery or performance dates.

9 Prices, Taxes and Payment Terms

- 9.1 The price for the Goods and Services supplied shall be those set out in the Supply Contract.
- 9.2 Unless otherwise specified in the Supply Contract, the following payment conditions shall apply to each Supply Contract: payment is due 60 days from the date that MTU receives an invoice from Supplier for delivered Goods and/or performed Services. MTU shall be entitled to discount

three (3) percent from the invoice value if it pays the full amount of the invoice within 14 days of its receipt of invoice, and two (2) percent if it pays the full amount of the invoice within 30 days. Discounts shall also be allowed if MTU offsets payments or withholds payments in appropriate amounts due to defect or delay in any Goods or Services; in the event of delayed delivery or defective Goods or Services, the 60 day payment period shall commence on the date that all defects in deliver, or the defective Goods and Services, have been remedied. Payments made by MTU shall not be deemed to constitute acceptance of deliveries of Goods and/or performance of Services as conforming to the Supply Contract. Invoices for partial deliveries of Goods or partial performance of Services or Goods delivered ahead of schedule shall not become payable in accordance with the terms in this Section 9.2 until all Goods and/or Services are delivered or performed as required under the Supply Contract. Agreed discounts, if any, shall be deducted from the total amount of the invoice.

- 9.3** All invoices must be issued in compliance with the applicable tax laws. The invoice must contain MTU's Purchase Order number including item number, as well as the date of shipment and part designation for each delivery and service. Supplier shall send all invoices to MTU's accounts payable department with a copy MTU's accounting control department.
- 9.4** Unless otherwise specified in the Supply Contract, MTU shall make all payments by bank transfer.
- 9.5** MTU will not be liable for any taxes with respect to a Supply Contract, except for sales, use, excise, ad valorem, value added, or consumption taxes imposed by any governmental authority which Supplier is required by applicable law to collect from MTU. Supplier shall remit any such taxes to the applicable government authority when due. Supplier shall not collect or remit and MTU shall not be liable for, any such taxes for which MTU has provided Supplier with a tax exemption certificate. If MTU is required by the law of any jurisdiction to withhold any taxes, duties, fees, levies or charges ("Withholding Taxes") from any fees or other charges (including reimbursement of expenses) paid to Supplier, MTU will be entitled to deduct the amount of such Withholding Taxes from the amount of such fees or other charges (including reimbursement of expenses). If Supplier is either exempt from withholding or entitled to a reduced rate of withholding pursuant to a tax treaty or other applicable law, and provides MTU with adequate documentation of such exemption from, or reduced rate of, withholding, MTU will be entitled to withhold only such Withholding Taxes from which Supplier is not exempt.

10 Quality Management

- 10.1** Supplier shall provide for an appropriate quality assurance and quality control system. The Supplier shall establish and maintain a quality management system which substantially complies with the requirements of ISO 9001 / EN 9100 rules and standards, and to observe and to comply with any quality assurance agreements as well as any additionally agreed quality provisions and, if applicable, all requirements of MTU's specification FO-SH-004 (for contractors) or FO-SH-327 (for distributors) in its latest version. No quality assurance or incoming inspection performed by MTU shall relieve the Supplier of its contractual obligations.
- 10.2** MTU shall be entitled to require Supplier to ensure that Supplier's quality management system be approved by certification companies listed in the database "Online Aerospace Supplier Information System" (OASIS) of the "International Aerospace Quality Group" (IAQG). On MTU's request, Supplier shall allow MTU a systemic access to the OASIS database in order to review the audit reports written by the certification companies.

11 Warranty / Warranties for Defects

- 11.1** Supplier warrants and represents to MTU that the Goods and Services will meet all applicable laws, regulations, standards, code and other requirements of any governmental authority or standards and codes customarily applicable at the place where MTU will use the Goods and Services and that the Goods and Services will be free from defects in design, materials, workmanship, will conform in all respects to the terms and conditions of this Purchase Order and

shall strictly conform to applicable samples, specifications, drawings or other descriptions provided to MTU, will be fit and suitable and perform satisfactorily for the purposes and under the conditions made known to Supplier by MTU. Supplier further represents and warrants to MTU that the Goods are free of all liens, charges, encumbrances, adverse claims or restrictions whatsoever, and subject to MTU's payment of the purchase price for the Goods, MTU will have good and marketable title to the Goods.

- 11.2 In particular, Supplier represents and warrants that the Goods and Services conform to the state-of-the-art of science and technology at the time of performance of the Supply Contract, even if this standard has not yet been incorporated in the relevant rules and standards.
- 11.3 MTU may make a claim for breach of representation and warranty subject only to the limits of applicable law.
- 11.4 MTU will visually inspect deliveries and services for defects in quality within a reasonable period of time following the delivery of the Goods or the performance of the Services and shall notify Supply of any defect in quality within two (2) weeks from the date that MTU detects the defect in quality.
- 11.5 In the event of defects in quality or defects in title of Goods or Services MTU shall be entitled to its full statutory claims and rights. In particular, the Supplier shall bear all expenses associated with the discovery and rectification of the defect(s), including those expenses incurred by MTU and including but not limited to the costs of investigations, costs incurred up to the time the defect was discovered at MTU, disassembly and assembly costs, costs of labour and materials and transportation and other costs for the return of the defective and supply of non-defective items. Upon presentation of evidence of costs incurred by MTU to rectify defects, Supplier shall reimburse MTU for the full amount of all such expenses incurred to rectify defective Goods and/or Services. This shall apply even in the event of increased expenditures as a result of the consignment being taken to some place other than the place of performance.
- 11.6 In the event that Supplier fails or refuses to remedy the defect to MTU's satisfaction or in accordance with MTU's time requirements, MTU, without prejudice to any remedy otherwise available to MTU, shall have the right to rectify any defect itself or engage a third party to remedy such defect and to charge the costs on to the Supplier. In urgent cases, after prior consultation with the Supplier, MTU shall be entitled to rectify or have rectified the defect through a third party on Supplier's cost.
- 11.7 Supplier hereby assigns to MTU the benefit of all Suppliers' manufacturers' or other third parties' warranties and any indemnities with respect to the Goods and Services.
- 11.8 MTU shall be entitled to set off amounts owed to MTU by Supplier under this Article 11 against any amounts payable by MTU to Supplier in connection with a Supply Contract.

12 Infringement of Third Parties' Industrial Property Rights

Supplier shall be liable for any and all claims arising in connection with the contractual use of the deliveries and services due to infringement of granted or pending industrial property rights, copyrights or other third parties' rights (collectively, "Third Parties' Rights"). The Supplier shall indemnify and hold MTU harmless from any claims arising out of the use of such Third Parties' Rights and agrees to pay, upon first request, for all damage, costs or expenditures incurred by MTU as a result of the violation of such Third Parties' Rights. This shall not apply if proprietary rights are violated by MTU sample drawings or other MTU specifications. Supplier shall be liable for the violation of foreign industrial property rights and applications for industrial property rights only if at least one of such industrial proprietary rights of the same industrial property rights family is published either in the Supplier's home country, by the European Patent Office or in the United States of America or Canada.

13 Insurance

Supplier shall obtain and maintain a policy for general liability insurance and product liability insurance coverage commensurate with industry standards and upon request shall provide evidence of such insurance coverage to MTU. Upon request, Supplier shall assign to MTU the benefit of its claims under such insurance policies.

14 Stockpiling, Readiness for Supply

Supplier shall maintain an adequate stock level of parts and guarantees its ability to supply MTU for a normal technical service life of the Goods and Services (and in any event, for a period of at least for a period of ten (10) years after the last delivery of any Goods or performance of any Services). If the Supplier ceases delivery of the Goods after the end or during the aforementioned period of time, it shall notify MTU and provide MTU with the opportunity for a final order at reasonable terms.

15 Miscellaneous

15.1 Each Supply Contract shall be governed by, and be construed in accordance with, the laws of British Columbia and the laws of Canada applicable in British Columbia, which for all purposes shall be deemed to be the proper law hereof. The Supplier hereby irrevocably attorns to the jurisdiction of the courts of British Columbia. This provision shall not be construed to affect the rights of MTU to enforce a judgment or an award outside of British Columbia, including, without limitation, the right to record and enforce a judgment or an award in any other jurisdiction. The United Nations Convention on Contracts for the International Sale of Goods of April 4, 1980 shall not apply to the Services contract and is hereby excluded in its entirety.

15.2 MTU may by written notice at any time and without cause terminate a Supply Contract with respect to Goods or Services, in whole or in part, which as of the date of cancellation have not been delivered or performed (as applicable).

15.3 Supplier shall comply with the Code of Conduct for MTU Suppliers (available for download at <http://www.mtu.de/company/compliance/code-of-conduct-for-suppliers/> . Supplier shall ensure that its permitted subcontractors and sub-tier contractors to comply with equivalent standards. MTU shall have the right to verify compliance with the Code of Conduct for MTU Suppliers by on-site audits at the Supplier's place of business, which are carried out by MTU or by a third-party contracted by MTU. If any violations of the Code of Conduct for MTU Suppliers are found, the Supplier shall submit a written statement to MTU which contains a description of the actions taken to remedy the Supplier's non-compliance. In the event the Supplier engages in any activity towards MTU employees, customers or public office holders in connection with Supply Contracts or other delivery contracts that could lead to criminal prosecution for corruption, favors, or active or passive bribery, MTU shall have the right to terminate the Supply Contract and end any and all legal relationships existing between MTU and the Supplier without notice. The same applies in the event the Supplier uses child labor in the production process for its deliverables. If Supplier suspects persons working at MTU of actions that might lead to criminal liability for defraud, embezzlement, violation of competition, offering an undue advantage or corruptibility, Supplier may get in touch with MTU's neutral point of contact at <http://mtu.de/en/company/compliance/organisation/index.html> .

15.4 Conflict Minerals. If the Supplier's deliverables contain tantalum, tungsten, tin or gold ("Conflict Minerals"), the Supplier shall be obliged to ensure that the Conflict Minerals are procured from responsible melting shops / sources of supply that comply with the UN resolutions and are not involved in the funding of armed conflicts, especially so in the Democratic Republic of the Congo and its neighboring countries. Upon request by MTU, the Supplier shall provide any and all information necessary to ascertain the origin of the Conflict Minerals.

15.5 Supplier's data and the data of Supplier's contact persons will be stored at MTU and will be used exclusively for processing business transactions with the Supplier. Access to MTU's data

processing system is protected according to the state-of-the-art systems. Further information is available in MTU's data privacy statement at <http://www.mtu.de/privacy-statement/>.

- 15.6** Supplier shall not assign any of its rights under a Supply Contract, including its rights to receivables under a Supply Contract to third parties or to have such receivables collected by third parties, without the prior written consent of MTU, which shall not be unreasonably withheld. In the event that Supplier assigns its right to collect receivables to a third party, MTU may continue to make all payments required under a Supply Contract to Supplier. In the event of assignments to companies in which MTU directly or indirectly holds an interest of more than 50%, consent is assumed to have been given.
- 15.7** Time shall be of the essence to all Supply Contracts.
- 15.8** Failure to invoke any right, condition or covenant in a Supply Contract by either MTU or Supplier shall not be deemed to imply or constitute a waiver of any rights, condition or covenant and neither party may rely on such failure.
- 15.9** Supplier acknowledges and agrees that Supplier is an independent contractor of MTU. Nothing contained in these Terms and Conditions of Purchase or in any Supply Contract shall be deemed to constitute either party the partner of the other nor, except as expressly provided in these Terms and Conditions of Purchase, to constitute either party as the agent or legal representative of the other.
- 15.10** To the fullest extent allowed by applicable law, Supplier shall indemnify and save MTU, including its affiliates and their respective directors, officers, employees, or agents, harmless from and against any and all losses, claims, debts, demands, suits, actions, causes of action, costs, damages, expenses (including legal expenses calculated as between solicitor and his/her own client) and liabilities MTU may sustain or incur at any time arising directly or indirectly by reason of: (a) any breach of this Purchase Order by Supplier or its employees, agents or contractors (collectively "Supplier's Representatives"); and (b) the acts or omissions of Supplier or Supplier's Representatives, including any injury to or death of any person or any damage to any and all persons or property, whether deliberate, accidental or through negligence except to the extent that any such claim arises from the negligence of MTU.