



IMP Aerostructures, an Operating Unit of IMP Aerospace and Defence

April 2016
Rev B

PURCHASE ORDER TERMS & CONDITIONS

- 1. FORMATION OF CONTRACT:** This proposed contract ("Contract") is IMP Aerostructures, (an Operating Unit of Aerospace and Defence) offer to purchase the goods and services (Goods) described in this offer. Acceptance is strictly limited to the terms and conditions in this offer. Unless specifically agreed to in writing by the Buyer's Authorized Procurement Representative, the Buyer objects to, and is not bound by, any term or condition that differs from or adds to this Contract. Seller's commencement of performance or acceptance of this Contract in any manner shall conclusively evidence acceptance of this Contract as written.

- 2. ACCEPTANCE OF TERMS AND CONDITIONS:** Acceptance of these Terms and Conditions by the party providing services or supplies or both (the "Seller") shall be assumed by the Buyer upon the Seller's receipt of these Terms and Conditions, and unless otherwise specified in writing within ten (10) business days of the Seller's receipt of these Terms and Conditions. Any changes or non-acceptance of these Terms and Conditions shall be valid and binding only if outlined in writing and signed by both the Buyer and the Seller. The Seller is required to notify the Buyer in advance, in writing, describing any changes in materials, fabrication methods, processes or product operation characteristics and obtain the Buyer's written approval in advance of the change. No additions, deletions or other modifications of these Terms and Conditions, and no terms or conditions contained in or connected to the Seller's acceptance or delivery documentation shall be binding upon the Buyer unless specifically acknowledged and agreed to in writing. These Terms and Conditions shall form part of each and every Purchase Order or Contract for services or supplies or both ("Order") issued by the Buyer to the Seller, and each and every Order shall be subject to these Terms and Conditions until written notification is provided to the Seller by the Buyer that these Terms and Conditions have been amended, revoked, cancelled or replaced.

- 3. SCHEDULE:**
 - a) Seller shall strictly adhere to the shipment or delivery schedules specified on the face of the Purchase Order (PO). In the event of any anticipated or actual delay, whether controllable or not controllable by Seller, including but not limited to delays attributed to labor disputes, Seller shall:
 - i. promptly notify the Buyer in writing of the reasons for the delay and the actions being taken to overcome or minimize the delay;
 - ii. provide the Buyer with a written recovery schedule; and
 - iii. if requested by the Buyer, ship via air or other expedited routing to avoid or minimize delay to the maximum extent possible, unless Seller is excused from prompt performance as provided in the "Force Majeure" article of this Contract. The added premium transportation costs are to be borne by Seller.
 - b) Seller is permitted to deliver Goods up to ten (10) business days earlier than the scheduled delivery date, shown on the purchase order as the "On Dock Date". Delivery prior to ten (10) business days than the scheduled delivery date must receive prior written authorization by the Buyer.
 - c) The Buyer shall, at no additional cost, retain goods furnished in excess of the specified quantity or in excess of any allowable overage unless, within forty-five (45) days of shipment, Seller requests return of such excess. In the event of such request, Seller shall reimburse the Buyer for reasonable costs associated with storage and return of the excess.

- 4. PACKING AND SHIPPING:**
 - a) The Seller shall use appropriate and commercially standard methods of handling, packaging and preservation to prevent damage of product in process and during delivery.



**IMP Aerostructures, an Operating Unit of
IMP Aerospace and Defence**

April 2016
Rev B

PURCHASE ORDER TERMS & CONDITIONS

- b) Seller shall comply with carrier tariffs. Unless otherwise specified on the PO issued by Buyer, Goods sold F.O.B. place of shipment shall be forwarded collect. Seller shall make no declaration concerning the value of the Goods shipped except on Goods where the tariff rating is dependent upon released or declared value. In such event, Seller shall release or declare such value at the maximum value within the lowest rating. The Seller shall reimburse Buyer for any costs, fees or expenditures of any kind for damage or deterioration of any Goods which occurs during shipment for any reason.
 - c) Unless this Contract specifies otherwise, Seller will ship the Goods in accordance with the following instructions:
 - i. Shipments by Seller or its subcontractors must include packing sheets containing the Buyer's contract number, line item number, description and quantity of Goods shipped, part number or size, if applicable, and appropriate evidence of inspections. A shipment containing hazardous and non-hazardous materials must have separate packing sheets for the hazardous and non-hazardous materials. Items shipped on the same day will be consolidated on one bill of lading. The shipping documents will describe the material according to the applicable classification and/or tariff. The total number of shipping containers will be referenced on all shipping documents.
 - ii. Hazardous materials will be accompanied by Material Safety Data Sheets (MSDS) which are compliant with Canadian regulations (WHMIS).
 - iii. Seller will not insure any FOB origin shipment unless authorized by the Buyer.
 - iv. Seller will label each shipping container with the contract number and the number that each container represents of the total number being shipped (e.g., box 1 of 2, box 2 of 2).
 - v. The Buyer will select the carrier and mode of transportation for all shipments where freight costs will be charged to the Buyer.
 - vi. Seller will include copies of documentation supporting prepaid freight charges (e.g., carrier invoices or UPS shipping log/manifest), if any, with its invoices.
 - vii. If Seller is unable to comply with the shipping instructions in this Contract, Seller will contact the Buyer's Authorized Procurement Representative.
5. **QUALITY CONTROL:** Seller shall establish and maintain a quality control system acceptable to the Buyer for the Goods purchased under this Contract. Seller shall permit Buyer to review procedures, practices, processes and related documents to determine such acceptability. Seller shall have a continuing obligation to promptly notify Buyer of any violation of or deviation from Seller's approved inspection/quality control system and to advise Buyer of the quantity and specific identity of any Goods delivered to Buyer during the period of any such violation or deviation. For Buyer's quality requirements, go to:
- <http://www.impgroup.com/aerostructuresquality>
6. **SELLER'S NOTICE OF DISCREPANCIES:** Seller shall notify Buyer in writing when discrepancies in Seller's process or Goods are discovered or suspected regarding Goods delivered or to be delivered under this Contract.
7. **INSPECTION:**
- a) At no additional cost to Buyer, Goods shall be subject to inspection, surveillance and test at reasonable times and places, including Seller's subcontractors' locations.



**IMP Aerostructures, an Operating Unit of
IMP Aerospace and Defence**

April 2016
Rev B

PURCHASE ORDER TERMS & CONDITIONS

Buyer shall perform inspections, surveillance and tests so as not to unduly delay the work.

- b) Seller shall maintain an inspection system acceptable to Buyer for the Goods purchased under this Contract.
- c) If Buyer performs an inspection or test on the premises of Seller or its subcontractors, Seller shall furnish, and require its subcontractors to furnish, without additional charge, reasonable facilities and assistance for the safe and convenient performance of these duties.

8. ACCEPTANCE AND REJECTION:

- a) Buyer shall accept the Goods or give Seller notice of rejection or revocation of acceptance ("rejection" herein), notwithstanding any payment, prior test or inspection, or passage of title. No inspection, test, delay or failure to inspect or test or failure to discover any defect or other nonconformance shall relieve Seller of any obligations under this Contract or impair any rights or remedies of Buyer.
- b) If Seller delivers non-conforming Goods or Goods rejected for any reason by Buyer, Buyer may, at its sole and reasonable option, and at Seller's expense
 - i. return the Goods for full credit or refund;
 - ii. require Seller to promptly correct or replace the Goods;
 - iii. correct the Goods; or
 - iv. obtain replacement Goods from another source.
- c) Seller shall not redeliver corrected or rejected goods without disclosing the former rejection or requirement for correction. Seller shall disclose any corrective action taken. Repair, replacement and other correction and redelivery shall be completed within the original delivery schedule or such later time as Buyer's Authorized Procurement Representative authorizes in writing.
- d) All costs and expenses and loss of value incurred as a result of, or in connection with, nonconformance and repair, replacement or other correction may be recovered from Seller by equitable price reduction or set-off credit against any amounts that may be owed to Seller under this Contract or any other agreement between the parties.

9. WARRANTY:

- a) Seller warrants that all Goods furnished and sold to Buyer under this Contract shall conform to all specifications and requirements of this Contract and any related Purchase Order and shall be free from defects in materials and workmanship. To the extent Goods are not manufactured pursuant to detailed designs and specifications furnished by Buyer, the Goods shall be free from design and specification defects. This warranty shall survive inspection, test and acceptance of, and payment for, the Goods. This warranty shall run to Buyer and its successors, assigns and customers. Such warranty shall begin after Buyer's final acceptance. Buyer may, at its option, either
 - i. return for credit or refund, or
 - ii. require prompt correction or replacement of the defective or non-conforming Goods.
- b) Return to Seller of defective or nonconforming Goods and redelivery to Buyer of corrected or replaced Goods shall be at Seller's sole expense. Goods required to be corrected or replaced shall be subject to the terms and conditions of this Agreement including, but not limited to, Article 9 and Article 7. In the event the parties disagree on the finding of a breach of warranty as contained in this Article 9, The Seller shall, upon request of the Buyer:
 - i. repair, rework or replace the Goods, or
 - ii. furnish any materials or parts and installation instructions required to successfully correct the defect or nonconformance.



**IMP Aerostructures, an Operating Unit of
IMP Aerospace and Defence**

April 2016
Rev B

PURCHASE ORDER TERMS & CONDITIONS

Upon compliance with the foregoing (i) or (ii) the parties may then mutually, using reasonable discretion, determine whether there was a breach of warranty by the Seller. In the event no breach of warranty is found, the parties shall equitably adjust the Contract price.

(c) Seller warrants that any Goods provided to Buyer under this Contract or any related Purchase Order shall be free of any encumbrance, lien, security interest or third-party rights of any other kind.

10. TAXES: Unless this Contract specifies otherwise, the price of this Contract includes, and Seller is liable for and shall pay, all taxes, impositions, charges, fees, tariffs, exactions, and expenditures of any kind imposed on or measured by this Contract except for applicable sales and use taxes that are separately stated on Seller's invoice. Prices shall not include any taxes, impositions, charges or exactions for which Buyer has furnished a valid exemption certificate or other evidence of exemption. Seller shall reimburse Buyer for any expenditure listed under this Article 10 which may be imposed on Buyer by a government agency or other third party which are not separately stated on Seller's invoice.

11. INVOICES AND PAYMENT: Unless otherwise authorized by Buyer's Authorized Procurement Representative, Seller shall issue a separate original invoice for each delivery that shall include Buyer's Purchase Order number and line item number. Seller shall forward its invoice to the address specified elsewhere in this Contract. Unless freight or other charges are itemized, Buyer may take any offered discount on the full amount of the invoice. Payment due date, including discount periods, shall be computed from the later of the scheduled delivery date, the actual delivery date or the date of receipt of a correct invoice. Payment shall be deemed made on the date Buyer's check is mailed or payment is otherwise tendered. Seller shall promptly repay Buyer any amounts paid in excess of amounts due Seller.

12. CHANGES:

- a) Buyer's Authorized Procurement Representative may, without notice to sureties and in writing, direct changes within the general scope of this Contract in any of the following:
 - i. technical requirements and descriptions, specifications, statement of work, drawings or designs;
 - ii. shipment or packing methods;
 - iii. place of delivery, inspection or acceptance;
 - iv. reasonable adjustments in quantities or delivery schedules or both;
 - v. amount of Buyer-furnished property; and, if this Contract includes services,
 - vi. description of services to be performed;
 - vii. time of performance (e.g., hours of the day, days of the week); (viii) place of performance, and
 - viii. terms and conditions of this Contract required to meet obligations established by Buyer's customers. Seller shall comply immediately with such direction.
- b) If such change increases or decreases the cost or time required to perform this Contract, Buyer and Seller shall negotiate an equitable adjustment in the price or schedule, or both, to reflect the increase or decrease. Buyer shall modify this Contract in writing accordingly. Unless otherwise agreed in writing, Seller must assert any claim for adjustment to Buyer's Authorized Procurement Representative in writing within thirty (30) days and deliver a fully supported proposal to Buyer's Authorized Procurement Representative within sixty (60) days after Seller's receipt of



**IMP Aerostructures, an Operating Unit of
IMP Aerospace and Defence**

April 2016
Rev B

PURCHASE ORDER TERMS & CONDITIONS

such direction. Buyer may, at its sole discretion, consider any claim regardless of when asserted. If Seller's proposal includes the cost of property made obsolete or excess by the change, Buyer may direct the disposition of the property. Buyer may examine Seller's pertinent books and records to verify the amount of Seller's claim. Failure of the parties to agree upon any adjustment shall not excuse Seller from performing in accordance with Buyer's directions under this Contract, including the fulfillment of any changes under this Article 12. Any dispute between the parties relating to this Article 12 shall be mutually resolved by the parties without prejudice to the fulfillment of Seller's obligations under this Contract.

- c) If Seller considers that Buyer's conduct constitutes a change, Seller shall notify Buyer's Authorized Procurement Representative immediately in writing as to the nature of such conduct and its effect upon Seller's performance. Pending direction from Buyer's Authorized Procurement Representative, Seller shall take no action to implement any such change.

13. DISPUTES: This Contract shall be governed by the laws of the Province of Nova Scotia. Any dispute that arises under or is related to this Contract that cannot be settled by mutual agreement of the parties may be decided by a court of competent jurisdiction in the City of Halifax, Province of Nova Scotia. Pending final resolution of any dispute, Seller shall proceed with performance of this Contract according to Buyer's instructions so long as Buyer continues to pay amounts not in dispute.

14. FORCE MAJEURE. Seller shall not be liable for excess procurement costs pursuant to the "Cancellation for Default" article of this Contract, incurred by Buyer because of any failure to perform this Contract under its terms if the failure arises from causes beyond the control and without the fault or negligence of Seller. Examples of these causes are:

- a) acts of God or of the public enemy,
- b) acts of the Government in either its sovereign or contractual capacity,
- c) fires,
- d) floods,
- e) epidemics,
- f) quarantine restrictions,
- g) freight embargoes,
- h) unusually severe weather.

In each instance, the failure to perform must be beyond the control and without the fault or negligence of Seller. If the delay is caused by delay of a subcontractor of Seller and if such delay arises out of causes beyond the reasonable control of both, and if such delay is without the fault or negligence of either, Seller shall not be liable for excess costs unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit Seller to meet the required delivery schedules. Seller shall notify Buyer in writing within 10 days after the beginning of any such cause.

15. STOP WORK ORDER: Buyer may at any time, by written notice to Seller, require Seller to stop all or any part of the work called for by this Contract for a period of up to one hundred and eighty (180) days after the notice is delivered to Seller ("Stop Work Order"). Upon receipt of a Stop Work Order, Seller shall promptly comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by this Contract during the period of work stoppage. Within one-hundred and eighty (180) days after a Stop Work Order is delivered to Seller, or within any extension of that period to which the parties shall have agreed, Buyer shall either cancel the Stop Work Order, or terminate the work covered by this Contract as provided in the "Termination for Convenience" article. Seller shall



**IMP Aerostructures, an Operating Unit of
IMP Aerospace and Defence**

April 2016
Rev B

PURCHASE ORDER TERMS & CONDITIONS

resume work upon cancellation or expiration of any Stop Work Order. An equitable adjustment shall be made in the delivery schedule or prices hereunder, or both and this Contract shall be modified in writing accordingly, if the Stop Work Order results in an increase in the time required for the performance of this Contract or in Seller's costs properly allocable thereto.

16. TERMINATION FOR CONVENIENCE: Buyer may at any time for convenience and by written notice, immediately terminate all or any part of this Contract. Upon written notice Seller shall stop work immediately as to the terminated portion of this Contract and to notify any subcontractor(s) to stop work, and protect and preserve property in its possession in which Buyer has an interest. In the event this Contract is terminated, in whole or in part, for Buyer's convenience, Seller shall be paid an amount, to be mutually agreed upon, which shall be adequate to cover the reasonable cost of Seller's actual performance of work under this Contract to the effective date of termination, in addition to a commercially reasonable profit. No amount shall be paid to Seller for any anticipatory profits related to work under this Contract not yet performed, or costs incurred due to Seller's failure to terminate work as ordered on the effective date of termination. Buyer shall have no obligation to make any of the aforementioned payments to Seller, either for completed items or in connection with terminated work in process, unless Seller shall establish to Buyer's satisfaction that such completed items, or the work in process, including materials, are unusable in connection with Seller's other business. In no event shall the termination charges and all previous payments made under this Contract exceed the total order value shown on the face of this Contract.

17. CANCELLATION FOR DEFAULT:

- a) Buyer may, by written notice to Seller, immediately terminate all or part of this Contract if
 - i. Seller fails to deliver the Goods within the time specified by this Contract or any written extension;
 - ii. Seller fails to perform any other provision of this Contract or fails to make progress, so as to endanger performance of this Contract, and, in either of these two circumstances, does not cure the failure within 10 days after receipt of notice from Buyer specifying the failure; or
 - iii. in the event of Seller's suspension of business, insolvency, appointment of a receiver for Seller's property or business, or any assignment, reorganization or arrangement by Seller for the benefit of its creditors.
- b) In the event Buyer terminates this Contract or any portion of in accordance with this Article 17, Seller shall continue work not canceled. If Buyer cancels all or part of this Contract, Seller shall be liable for Buyer's excess re-procurement costs.
- c) Buyer may require Seller to transfer title and deliver to Buyer, as directed by Buyer, any
 - i. completed Goods, and
 - ii. any partially completed Goods and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information and contract rights (collectively, "Manufacturing Materials") that Seller has specifically produced or acquired for the canceled portion of this Contract. Upon direction from Buyer, Seller shall also protect and preserve property in its possession in which Buyer or its Customer has an interest.
- d) Buyer shall pay the Contract price for Goods accepted. Payment for Manufacturing Materials accepted by Buyer and for the protection and preservation of property shall be at a price determined in accordance with the "Termination for Convenience" article of this Contract, except that Seller shall not be entitled to profit. Buyer may withhold from any amount due under this Contract any sum Buyer determines to be necessary



**IMP Aerostructures, an Operating Unit of
IMP Aerospace and Defence**

April 2016
Rev B

PURCHASE ORDER TERMS & CONDITIONS

to protect Buyer or Buyer's customer against loss because of outstanding liens or claims of former lien holders.

- e) If, after cancellation, it is determined that Seller was not in default, the rights and remedies of the parties shall be as if the Contract had been terminated according to the "Termination for Convenience" article of this Contract.

18. ASSIGNMENT, DELEGATION AND SUBCONTRACTING. Seller shall not assign any of its rights or interest in this Contract or subcontract all or substantially all of its performance of this Contract, without Buyer's prior written consent. Seller shall not delegate any of its duties or obligations under this Contract. Seller may assign its right to monies due or to become due. No assignment, delegation or subcontracting by Seller, with or without Buyer's consent, shall relieve Seller of any of its obligations under this Contract or prejudice any of Buyer's rights against Seller whether arising before or after the date of any assignment. This Article 18 does not limit Seller's ability to purchase standard commercial supplies or raw materials.

19. BUYER'S PROPERTY. Seller shall clearly mark, maintain an inventory of, and keep segregated or identifiable all of Buyer's property and all property to which Buyer acquires an interest by virtue of this Contract. This property includes, but not limited to: drawings, specifications, electronic data, material & tooling paid for or furnished by Buyer. Seller assumes all risk of loss, destruction or damage of such property while in Seller's possession, custody or control, including any transfer to Seller's subcontractors. Upon request, Seller shall provide Buyer with adequate proof of insurance against such risk of loss. Seller shall not use such property other than in performance of this Contract without Buyer's prior written consent. Seller shall notify Buyer's Authorized Procurement Representative if Buyer's property is lost, damaged or destroyed. As directed by Buyer, upon completion, termination or cancellation of this Contract, Seller shall deliver such property, to the extent not incorporated in delivered Goods, to Buyer in good condition subject to ordinary wear and tear and normal manufacturing losses. Nothing in this article limits Seller's use, in its direct contracts with the Government, of property in which the Government has an interest.

20. INDEMNITY/INTELLECTUAL PROPERTY RIGHTS: Seller agrees that it will, at its own expense, including payment of court costs and attorney fees, defend and hold Buyer harmless against any charges, claims, damages, expenses, demands, actions, lawsuits or proceedings instituted by any party against Buyer or its customers for alleged infringement of any patent, copyright, trademark, trade secret, invention, or similar right relating to Goods manufactured by or for Seller and furnished to Buyer in the performance of this (Contract?), or relating to the use or incorporation of such Goods into manufactured products. Seller further agrees that in case of a final award of damages in any such suit, it will pay such award and will indemnify and hold harmless Buyer and all persons claiming under Buyer with respect to such award, court costs, attorney fees, and expenses incurred by reason thereof. The obligations of this Section shall survive the cancellation, termination, or completion or this Order.

21. CONFIDENTIALITY: In order to facilitate performance by the Seller and Buyer under this Contract, it is or may become necessary for the Seller and Buyer to disclose to the other, information which is confidential and proprietary to the disclosing Party. Buyer and the Seller shall not communicate confidential and proprietary information of the other, in any form, to any third party, without the prior written consent of the Party to which such information is confidential and proprietary and shall use their best efforts, using no less than a reasonable degree of care, to prevent inadvertent disclosure of such information to any third party. Furthermore, Buyer and the Seller shall cause any of their employees to whom confidential and proprietary information is transmitted to be bound to the same obligation of confidentiality



**IMP Aerostructures, an Operating Unit of
IMP Aerospace and Defence**

April 2016
Rev B

PURCHASE ORDER TERMS & CONDITIONS

that Buyer and the Seller are bound to under this contract. All confidential and proprietary information disclosed by Buyer and the Seller to the other shall remain the property of the disclosing Party and shall be promptly returned to such Party at its request, together with any copies thereof, upon completion of the purpose for which the confidential and proprietary information was disclosed. Seller agrees that if the Goods are to be manufactured to design or data provided by Buyer, Seller shall not, without Buyer's prior written consent, manufacture any such Goods except for and upon this Order. Seller shall not, without Buyer's prior written consent, in any manner, advertise or publish the fact that Seller has contracted with Buyer to furnish the Goods. In the event that Seller fails to comply with this Section, Buyer shall have the right to terminate the Contract under the "Cancellation for Default" article as well as any and all rights and remedies prescribed by law.

- 22. RECORDS AND AUDIT.** Seller shall retain all records and documents pertaining to the Goods for a period of no less than three (3) years after final payment. Such records and documents shall date back to the time this Contract was issued and shall include without limitation, catalogs, price lists, invoices and inventory records for purposes of verification of prices or rates charged by Seller for Goods procured by Buyer. Buyer shall have the right to examine, reproduce and audit all such records related to pricing and performance to evaluate the accuracy, completeness and currency of cost and pricing data submitted with Seller's bid or offer to sell; and related to "Changes," "Termination for Convenience" or "Cancellation for Default" articles of this Contract.
- 23. GRATUITIES.** Seller warrants that neither it nor any of its employees, agents, directors, contractors or representatives have offered or given, or will offer or give, any gratuities to Buyer's employees, agents or representatives for the purpose of securing this Contract or securing favorable treatment under this Contract.
- 24. ORDER OF PRECEDENCE:** In the event of any inconsistency among this Contract and any documents incorporated by reference herein, the inconsistency shall be resolved by giving precedence in the following order: (i) the Purchase Order to which these Terms and Conditions are attached; (ii) these Terms and Conditions; (iii) drawings; (iv) specifications; and (v) any other documents incorporated by reference.
- 25. SEVERABILITY:** If any provision of this Agreement is found to be unenforceable, the remainder shall be enforced as fully as possible and the unenforceable provisions shall be deemed modified to the limited extent required to permit its enforcement in a manner most closely representing the intention of the Parties as expressed herein.
- 26. DPAS Rating:** When applicable, a DPAS rating may be specified in the line item(s) contained in a Purchase Order. Seller is required to follow all the provisions of the Defense priorities and Allocations System regulation (15 CFR part 700) in obtaining controlled materials and other products, services, and materials needed to fill this order. Seller must promptly provide Buyer with written acceptance or rejection of this order. Seller must include the reason for any rejections in writing. Seller's written acknowledgement of this rated order shall constitute written acceptance of this DPAS rating.