



GLOBAL HELICOPTER MMRO SPECIALISTS



Vendor Quality Requirements Manual & Contract Terms & Conditions

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1 Introduction

This document is applicable to all Vendors of products and services to VIH Aerospace Inc. The purpose of this document is to define all applicable Vendor quality requirements and purchase order terms and conditions. Vendors must adhere to the requirements below in order to remain in active status on VIH Aerospace's Approved Vendor List.

All Vendors providing products and services to VIH Aerospace Inc. must review and be knowledgeable of the contents of this document and are accountable for ensuring implementation, where required, within their corporate organization.

1.1 Manual Control and Approval

Page	Revision	Date	Page	Revision	Date
1	1	11 September 2018	10	1	11 September 2018
2	1	11 September 2018	11	NR	20 June 2018
3	1	11 September 2018	12	NR	20 June 2018
4	1	11 September 2018	13	NR	20 June 2018
5	1	11 September 2018	14	NR	20 June 2018
6	1	11 September 2018	15	NR	20 June 2018
7	NR	20 June 2018	16	NR	20 June 2018
8	1	11 September 2018	17	1	11 September 2018
9	1	11 September 2018			

The contents of this manual are considered approved and released by:

Robert Bertrand

Name
Quality Assurance Manager

Title

Signature
11 September 2018

Date

2 Terms and Abbreviations

1. **"Agreement"** means any agreement for supply of goods and/or services to which these terms and conditions relate;
2. **"CFPOA"** means the *Corruption of Foreign Public Officials Act* of Canada;
3. **"Counterfeit Material"** means materials that have been confirmed to be a copy, imitation, or substitute that has been represented, identified, or marked as genuine, and/or altered by a source without legal right with intent to mislead, deceive, or defraud.
4. **"Code"** means the Business Conduct, Ethics, and Compliance Program of VIH Aerospace Inc.;
5. **"FCPA"** means the *Foreign Corrupt Practices Act* of the United States of America;
6. **"Goods"** means the products to be supplied under and in terms of the Supply Contract;
7. **"Order"** means a purchase order issued by the Purchaser for the supply of Goods/Services to which the Supply Contract relates;
8. **"Purchaser"** means any person, persons, firm or company named in the Supply Contract to purchase goods and/or services and shall include VIH Aerospace Inc. and its representatives, successors or assigns;
9. **"Services"** means the services to be provided under and in terms of the Supply Contract;
10. **"Vendor"** means the person, firm, company or entity supplying the Goods/Services under the Supply Contract;
11. **"Supply Contract"** means the Order including terms and conditions outlined in Clause 4;
12. **"VCAR"** means **V**endor **C**orrective **A**ction **R**equest issued to a Vendor by Purchaser's Quality Department in the event of excessive quality escapes.
13. **"VIHA"** means VIH Aerospace Inc.
14. **"QMS"** means Quality Management System which is a collection of business processes focused on consistently meeting customer requirements and enhancing their satisfaction. It is aligned with an organization's purpose and strategic direction.

3 Vendor QMS Requirements

Table 1 below illustrates QMS requirements for vendors offering products and services to VIHA.

Table 1 – Vendor QMS Requirements																
Vendor’s Quality Management System Approvals (R = Recommended; M = Mandatory) Where multiple “R” notations are shown in a column, it is implied that any of the QMS recommendations be implemented, not all.	Service Provider							Product Provider				Lab				
	Composite Mfg / Rep	Engineering Services	Machining / Cutting	MR&O Services	Non Destructive Testing	Surface Treatment	Welding	Other Services Not Listed	OEM	OEM Distributor	Accredited Distributor	Non Accredited Broker	Tool / Consumable Vendor	Other Source	Calibration	Other Lab Not Listed
Regional Governmental Authority (e.g., TC, FAA, EASA) approval where applicable	M	M		M	M		M		M							
Non Accredited QMS - (Includes Internal Audits / Corrective Action Process)			R					R				R	R	R		
FAA AC00-56										R	R					
ISO 9001	R	R	R	R				R		R	R				R	R
AS 9100	R		R							R						
AS 9110				R												
AS9120										R	R	R				
ISO/IEC 17025																R
NADCAP Certification					R	R	R									

3.1 Performance Measures

To assist in monitoring and evaluating approved vendors, VIH Aerospace has developed a vendor scorecard system. VIH Aerospace will assign each approved vendor a score based on weighted performance criteria developed to determine how effective each approved vendor is in meeting VIH Aerospace expectations and needs. These scores will be assigned annually at any time within a calendar year. Weighted performance criteria are defined within the Online Systems vendor scorecard system.

Vendors must always be aware that they directly contribute to product or service conformity and product safety and are expected to practice ethical behavior in the conduct of all activities.

4 Purchase / Repair Order Terms and Conditions

Table 2 below illustrates terms and conditions clauses applicable to vendors offering products and services to VIH Aerospace.

Table 2 – Vendor Terms and Conditions Clause Applicability														
Vendor Type	Applicable Clauses (“X” means applicable)													
SERVICE PROVIDER	4.1	4.2	4.3.1	4.3.2	4.3.3	4.3.4	4.3.5	4.3.6	4.3.7	4.3.8	4.3.9	4.4.1	4.5.1	4.5.2
Production Related Services	X	X	X	X	X	X	X	X	X	X		X	X	X
Non-Production Related Services	X	X	X	X	X	X	X	X	X	X		X	X	
PRODUCT PROVIDER														
Production Related Products	X	X	X	X	X	X	X	X	X	X	X	X	X	
Non-Production Related Products	X	X	X	X	X	X	X	X	X	X	X	X	X	
SERVICE PROVIDER	4.5.3	4.5.4	4.5.5	4.5.6	4.5.7	4.5.8	4.5.9	4.5.10	4.5.11	4.5.12	4.5.13	4.6.1	4.6.2	4.6.3
Production Related Services	X	X	X	X	X	X	X	X	X	X	X	X	X	
Non-Production Related Services	X		X	X		X				X		X		
PRODUCT PROVIDER														
Production Related Products	X		X			X	X	X	X		X	X	X	X
Non-Production Related Products	X		X			X						X		
SERVICE PROVIDER	4.6.4	4.6.5	4.6.6	4.7.1	4.7.2	4.7.3	4.7.4	4.8.1	4.8.2	4.8.3	4.8.4	4.8.5	4.8.6	4.9
Production Related Services	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Non-Production Related Services			X					X	X	X	X	X	X	X
PRODUCT PROVIDER														
Production Related Products		X	X	X	X			X		X	X	X	X	X
Non-Production Related Products			X					X		X	X	X	X	X
SERVICE PROVIDER	4.10	4.11.1	4.11.2	4.11.3	4.11.4	4.11.5	4.12	4.13	4.14	4.15	4.16.1	4.16.2	4.16.3	4.16.4
Production Related Services	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Non-Production Related Services		X	X	X	X	X	X			X	X	X	X	X
PRODUCT PROVIDER														
Production Related Products		X	X	X	X	X	X	X	X	X		X	X	X
Non-Production Related Products		X	X	X	X	X	X			X		X	X	X
SERVICE PROVIDER	4.16.5	4.16.6	4.16.7	4.17.1	4.17.2	4.18.1	4.18.2	4.18.3	4.19	4.20	4.21	4.22	4.23	4.24.1
Production Related Services	X	X	X	X	X	X	X	X		X	X	X	X	X
Non-Production Related Services	X	X				X	X	X		X	X	X	X	X
PRODUCT PROVIDER														
Production Related Products	X	X							X	X	X	X	X	X
Non-Production Related Products	X	X							X	X	X	X	X	X
SERVICE PROVIDER	4.24.2	4.25.1	4.25.2	4.25.3	4.25.4	4.26.1	4.26.2	4.26.3	4.26.4	4.26.5	4.26.6	4.26.7	4.27	4.28
Production Related Services	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Non-Production Related Services	X	X	X	X	X	X	X	X	X	X	X	X	X	
PRODUCT PROVIDER														
Production Related Products	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Non-Production Related Products	X	X	X	X	X	X	X	X	X	X	X	X	X	
SERVICE PROVIDER	4.28.1	4.29												
Production Related Services	X	X												
Non-Production Related Services		X												
PRODUCT PROVIDER														
Production Related Products		X												
Non-Production Related Products		X												

4.1 Applicable Terms and Conditions

The Supply Contract represents the entire agreement between the Purchaser and the Vendor regarding the Goods/Services to be supplied thereunder. The Supply Contract supersedes all previous oral or written communications between the parties regarding the subject, and it may not be modified or waived except in writing and signed by an officer or other authorized representative of each party. If any provision of the Supply Contract is held invalid, all other provisions shall remain valid, unless such invalidity would frustrate the purpose of the Supply Contract. The Supply Contract is made only upon and subject to the terms and conditions set out below and in any Order or Agreement relative hereto and shall be accepted by the Vendor. These terms and conditions and any special conditions of purchase prescribed in writing by the Purchaser as being applicable to the Supply Contract shall prevail over any terms and conditions of the Vendor whether contained in a quotation, catalogue, price list, order acknowledgement, invoice, or any other document.

4.2 Acceptance

In the absence of any agreement to the contrary, the performance of the Supply Contract in whole or in part shall constitute acceptance by the Vendor of all the terms and conditions contained therein. The Purchaser accepts no liability for any Goods/Services delivered or provided otherwise than in accordance with the Supply Contract signed by a Director of the Purchaser or Authorized Signatory (a list of Authorized Signatories is available on request).

4.3 Delivery and Ownership of the Goods/Services

4.3.1 Delivery

The Purchaser reserves the right to extend the date of delivery. The Vendor must give the Purchaser advance notification of any site visits required to carry out the Services or deliver the Goods (as the case may be). Failure to do so may result in the Vendor not being given access. In such an event any costs incurred are the responsibility of the Vendor. Delivery of Goods/Services shall be deemed to take place at the Purchaser's premises but, as regards Goods, title in the Goods shall not be deemed to pass until the Purchaser has had a reasonable opportunity to inspect the Goods. Title in the Goods shall pass to the Purchaser following upon the Purchaser's inspection and acceptance of the Goods.

4.3.2 Delivery Fees

Delivery of Goods by Vendor to VIHA will be based on FCA Vendor's Facility (Free Carrier Vendor's Facility per Incoterms 2010).

4.3.3 Loss / Damage

Unless the contract specifically provides otherwise, risk of loss of or damage to supplies shall remain with the Vendor until, and shall pass to VIHA upon delivery to VIHA Risk of loss and title will transfer on delivery.

4.3.4 Liability

Where carriage of the Goods is the responsibility of or arranged by the Vendor, any loss, damage, or breakage in transit must be made good by the Vendor without any loss to the Purchaser. Where transport of the Goods is provided by VIHA, the Vendor shall be liable to make good any loss or damage in transit where this is the result of inadequate or faulty packing or packaging by the Vendor.

4.3.5 Hazardous Materials

For the purchase of Goods subject to various hazardous materials legislation (TDG, WHMIS, HMIS, etc.), an appropriate Safety Data Sheet (SDS) shall accompany each item.

4.3.6 Missed Delivery Dates

In the event that the Goods/Services are not delivered per the date specified on the Purchase Order, the Purchaser reserves the right to cancel the Supply Contract or part thereof pursuant to Clause 4.11 and to obtain purchased Goods/Services in substitution for the Goods/Services (or any part thereof) from a third party and without prejudice to any rights or remedies available to the Purchaser.

4.3.7 Early Acceptance

The Purchaser shall be under no obligation to accept delivery of the Goods/Services before the date(s) specified in the Supply Contract.

4.3.8 Shipping Location

The supply of the Goods/Services shall be made to the supply address as shown in the Supply Contract unless the Vendor is subsequently advised in writing by the Purchaser of a change of supply address. In the event that the Vendor delivers the Services to the wrong address, the Purchaser reserves the right (at its discretion) to refuse to accept delivery at that address or to charge the Vendor for the cost of subsequent transfer or utilize Vendor's courier account number to return product.

4.3.9 Return of Materials

The purchaser reserves the right to return any materials received in unused condition within 30 days without penalty. The Vendor agrees to provide full credit or refund.

4.4 Rejection and Rescission

4.4.1 Breach of Contract

If the Goods/Services do not comply with the Supply Contract or any of the terms and conditions of the Supply Contract are breached or not complied with by the Vendor or it is the Purchaser's opinion that the Vendor will be unable to perform its obligations or any of them under the Supply Contract, the Purchaser shall at its discretion be entitled (but not obliged) to treat the Supply Contract as repudiated or reject the Goods/Services and/or rescind the Supply Contract (notwithstanding that property in the Goods may have passed) by giving written notice to the Vendor and the following conditions shall apply:

- 1) The Vendor shall repay to the Purchaser any monies paid by the Purchaser in respect of rejected Goods/Services;
- 2) The Vendor shall be fully accountable to the Purchaser for any direct or indirect loss the Purchaser may have suffered arising from or out of such repudiation, rejection and/or rescission including (but not limited to) the reasonable costs incurred by the Purchaser in obtaining replacement Goods/Services from a third party; and
- 3) Any such repudiation, rejection, and/or rescission shall be without prejudice to the accrued rights of either party.

4.5 Quality and Regulatory Compliance

4.5.1 QMS Requirements

Table 1 in Clause 2 establishes the minimum QMS requirements of the Purchaser. The Vendor must remain in compliance with these standards at all times. At the request of the Purchaser, the Vendor shall provide proof of regulatory approval (Civil Aviation Authority) and/or the applicable quality system accreditation to the applicable standards.

4.5.2 Subcontracting

Vendors shall not subcontract any portion of the manufacture of parts without VIH Aerospace's written consent. Where the Purchaser has authorized subcontracting, the Vendor must flow down all applicable Supply Contract requirements of the Purchaser to the subcontracted party.

4.5.3 Changes to Goods

Vendor shall not make any changes to Goods, including, without limitation, in form, fit, function, or classification, or to any component or software (collectively, "Engineering Changes") without: authorization from VIH Aerospace Inc. no later than thirty (30) days prior to the Delivery Date.

4.5.4 Training and Competence

Vendor's employees performing any part of the fulfilment of the contract shall be trained and suitably qualified to perform the function undertaken. Where a process specification has been made in the Supply Contract to which specific personnel qualification / training / licensing requirements apply (examples include AWS D17.1, ASTM E1417/E1417M, ASTM E1444/E1444M), personnel performing and certifying work completed must hold the appropriate qualification / training / licenses. The Vendor shall have determined through whichever means necessary that the employee is competent to undertake the task.

4.5.5 Classification of Goods

Purchaser shall have absolute discretion in determining the classification of the Goods, and may reject any changed Goods which fail to comply with the applicable purchase order or technical specifications.

4.5.6 Performance of Work

Work shall be performed in accordance with VIH Aerospace purchase order requirements. Purchase orders will specify the work to be completed and any pertinent data used to perform the work. Where Purchaser's drawing is referenced on the purchase order, the drawing(s) will be supplied with the purchase order. Purchaser's drawings received with a purchase order are only valid with that purchase order. Purchaser's drawings received with a purchase order will identify the purchase order to which they relate. Drawings should not be retained for future production runs and once the job is complete, should be used as a historical record only. Unless otherwise noted on the purchase order, the Vendor shall only use the latest revision of applicable technical data.

4.5.7 First Article

The Supply Contract may require a supplier to produce a single unit of the product prior to the remainder of the Supply Contract being filled; this is referred to as the "first article". Production of the first article may be observed by the Purchaser at the Vendor's facility, where deemed necessary. The Vendor must complete all applicable documents related to the First Article Inspection required by the Purchaser.

4.5.8 Quality of Goods

The Goods will comply with the particulars of the Supply Contract and any statement or undertakings made by the Vendor, or his agents, prior to the issuance of the Supply Contract. The Vendor undertakes that all Goods shall be of first class quality, be equal in all respects to the samples, patterns or specifications provided or given by either party, be capable of any standard or performance specified either in writing or on the Supply Contract and the Goods shall be fit for the purpose for which they are intended. All items supplied are to be in the condition specified on the face of the Supply Contract.

4.5.9 Vendor Provided Materials

Purchaser may request a vendor to supply materials for incorporation into product constructed by the Vendor. In such cases, the request will appear on the PO. Vendors providing material to fulfil the contract must ensure that all materials supplied meet the specifications of the PO, is traceable to the VIH Aerospace job it was used on and is traceable, along with material certifications, back to its source of manufacture. Vendors who cannot meet these requirements will not be permitted to supply material to VIH Aerospace.

4.5.10 Counterfeit Material

Where a Vendor supplies materials to fulfil the Supply Contract, the Vendor shall have in place means to identify and segregate any material that is suspect of being counterfeit or confirmed to be counterfeit so as to not be used to fulfil the Supply Contract. Upon delivery to the Purchaser, any material confirmed to be counterfeit will be held in quarantine by the Purchaser and will not be returned to the Vendor to prevent re-release into the global supply chain. Payment for the counterfeit materials will not be made to the Vendor in such cases. Should payment have already been made by the Purchaser, the Vendor will refund the Purchaser in full.

4.5.11 Supersedure

No superseded part number for Goods is acceptable without documented evidence for the direct interchangeability. Such documentation will be supplied with the delivery.

4.5.12 Construction of Work Apparatus

Where the Supply Contract provides for installation, erection or work of any nature to be carried out by the Vendor in connection with the Goods being supplied, the Vendor shall take all precautions necessary to ensure that such work is carried out safely and without risk to persons or property, and shall provide and bear the cost of all insurances necessary to indemnify the Purchaser in respect of any negligence or act or omission of the part of the Vendor, its employees, sub-contractors or agents.

4.5.13 Major Infrastructure / Process / Product Changes

Where a Vendor makes substantial changes to processes or products supplied to the Purchaser, the location of the manufacture of goods received by the Purchaser, or changes in external providers that the Purchaser has authorized the use of for the provision of services, the Purchaser must be notified prior to the acceptance of a Supply Contract.

4.6 Documentation

4.6.1 Identification

All deliveries must be accompanied by documentation which clearly quotes the Supply Contract number.

4.6.2 Aeronautical Product Certification

All Aeronautical Products shall be inspected and released by the Vendor subject to all applicable regulations effective to the Vendor and as required by The Purchaser. Release certification shall be duly signed by an inspector approved and qualified within the Vendors production control system. Certification must be provided with ALL Aeronautical Products (Components, Parts and Materials) in accordance with Transport Canada and/or FAA regulations as specified in TC Advisory Circular AC 571-024 and FAA Advisory Circular 20-62. Purchaser reserves the right to reject any Aeronautical Products not conforming to these regulations. All parts/material which have undergone repair, restoration, overhaul, inspection/test or modification must include a teardown report from the Vendor and/or any Sub-contractor(s) detailing these actions upon return to the Purchaser.

4.6.3 Commercial / Standard Part Certification

Commercial / Standard Parts purchased from a Vendor will be validated by a Certificate of Conformance (C of C) or equivalent certificate / vendor release note.

4.6.4 Services From Non TCCA / FAA / EASA Certified Vendors

Where a service is performed by a Vendor and that Vendor is not approved by Transport Canada, FAA or EASA to provide the service, the work performed will be validated by a Certificate of Conformance (C of C) or equivalent certificate / vendor release note.

4.6.5 Foreign Vendors

Packages must be marked for export, one copy invoice or priced packing list plus one packing list and material certification must be packed in the case with the goods: five copies of the invoice or the priced packing list must be affixed to the outside of the case or package in a waterproof envelope.

4.6.6 Hazardous Materials

For the purchase of Goods subject to various hazardous materials legislation (TDG, WHMIS, HMIS, etc.), an appropriate Safety Data Sheet (SDS) shall accompany each item. The SDS shall be included in an accessible location both inside the packaging and on the outside of the shipment.

4.7 Nonconformity and Production Overrun

4.7.1 Vendor Corrective Action Request (VCAR)

In the event that the Purchaser identifies a non-conforming product the Purchaser may issue a VCAR to the Vendor. In this event, the Vendor shall provide immediate remediation and provide response to the VCAR with root cause and corrective action within the timeline specified by The Purchaser. Escalation may result if response(s) is not timely. Findings resulting from audits from The Purchaser, their agents or customers will also be subject to issuance of VCARs that require response within agreed timelines. Purchaser reserves the right to impose penalty if responses to nonconformity are not within Purchaser's timelines

4.7.2 Notification

The Vendor is responsible to notify the Purchaser of non-conformities, over and above those already identified by the Purchaser, and request disposition of the parts/material affected from the Purchaser, prior to taking action.

4.7.3 Notification of Non-Conforming Products and Services

Where the Vendor identifies non-conforming product or services applicable to a Supply Contract, the Vendor must notify the Purchaser of the non-conformance. Vendors may not re-manufacture non-conforming product using substitute materials on hand for material supplied by the Purchaser without written consent to do so. In the case of non-conforming products where not enough Purchaser supplied material is present to meet Supply Contract requirements, the purchaser must be contacted to supply additional material. Vendors must obtain the written authorization of the Purchaser where a repair scheme may be proposed or to ship the non-conforming product to the purchaser in its current state.

4.7.4 Return of Materials

VIH Aerospace supplied materials leftover from a production run and production over run items, must be returned to VIH Aerospace. Vendors must not retain VIH Aerospace product or materials without express written consent.

4.8 Warranty

4.8.1 Goods

The Vendor warrants that the Goods will be free from defects in material and workmanship for a period of one (1) year from the date of acceptance by the Purchaser. The Vendor will pay all charges for shipping and handling for Goods under warranty claim. Where the parties agree to a warranty period in excess of twelve months, this paragraph shall be deemed to be amended to provide for such longer period.

4.8.2 Services

The Vendor warrants that the Services will be performed in a professional manner, on time and exercising the highest standards of care and diligence in so doing.

4.8.3 Goods/Services and Compliance with Statutory and Other Requirements

Without prejudice to any other rights and remedies of the Purchaser, the Vendor warrants that the design, material, supply, use and quality of any Goods/Services to be supplied by it under the Supply Contract comply in all respects with any statute, statutory rule, order, directive or statutory license, consent or permits which may be in force at any time. Where applicable and unless otherwise agreed in writing by the Purchaser the Vendor warrants that the Goods/Services have any necessary licenses and comply with all relevant government regulations. The Vendor shall indemnify, defend and hold harmless the Purchaser against all claims, proceedings, damages, losses, expenses or liabilities that the Purchaser may suffer or incur by reason of any breach or alleged breach of the warranties contained in this Clause.

4.8.4 Warranty Period and Refunds

If within twelve (12) months from the date of the Goods/Services having been supplied any defect in Goods or shortcoming in Services shall be discovered or arise the Vendor shall without prejudice to any other rights or remedies of the Purchaser promptly remedy same to the Purchaser's satisfaction or, in respect of Goods, replace same without charge to the Purchaser. If the defect cannot be so remedied or replaced, the Vendor agrees to promptly refund to the Purchaser all compensation paid to it in respect of such Goods/Services.

4.8.5 Vendor Claims

The Vendor shall not be entitled to reject any claim made in respect of any defect arising within the guarantee period specified in Clause 4.8.4 on the basis that the Purchaser failed to make the complaint during such period. The provisions of this Clause shall apply to replacement Goods/Services effective from the date of supply of such replacement Goods/Services, but shall not prejudice any of the Purchaser's rights resulting from any defects in the Goods/Services.

4.8.6 Extended Warranty Period

Where the parties agree a guarantee period in excess of twelve months, the terms of Clause 4.8 shall be deemed to be amended to provide for such longer periods.

4.9 Indemnity

The Vendor shall indemnify, defend and hold harmless the Purchaser against the following:

- 1) Loss, damage or injury (including death) whatsoever, whosoever and whenever arising, due to the negligent act or omission or willful misconduct of the Vendor or its employees, servants, agents, or sub-contractors or arising from any breach of any terms and conditions of the Supply Contract or any alleged fault or defect (howsoever arising) in the materials, workmanship or quality and in the provision of the Goods/Services supplied by the Vendor or its servants, agents, or sub-contract and against all claims, demands, proceedings, damages, costs, charges and expenses whatsoever in respect thereof or in relation thereto; and loss or damage to property of the Purchaser or third parties and all claims in respect of personal injury (including death) howsoever caused by the Vendor or any of the employees, servants, agents or sub-contractors of the Vendor while on the Purchaser's premises in performance of the Supply Contract.
- 2) Vendor agrees to fully cooperate with Purchaser in the investigation and settlement of any indemnity claim under this Clause 3.8.

4.10 Infringement of Intellectual Property Rights

Without prejudice to the other rights and remedies, the Vendor shall fully indemnify, defend and hold harmless the Purchaser against any and all actions, claims, demands, proceedings, damages, costs, charges and expenses (including without limitation legal fees and costs and consequential loss and damage resulting directly or indirectly at any time from the purchase, exploitation, marketing, supply or other use of the Goods) in respect of any alleged or actual infringement of any patent, registered design, copyright or other intellectual property right ("IP Rights"). If at any time allegation of infringement of any IP Rights is made in respect of any Goods/Services or in the Purchaser's reasonable opinion is likely to be made, then the Vendor shall at its own cost either:

- 1) Take all steps necessary to ensure the Goods/Services do not infringe any IP Rights and, generally, to procure for the Purchaser the right to continue to use the Goods/Services without infringing any IP Rights in any or all ways and in and for any or all purposes for which it dealt with or was dealing or intended to deal with the Goods/Services prior to the allegation of its likelihood arising; or
- 2) replace the Goods/Services with goods/services which do not infringe any IP Rights, so long as such replacement goods/services shall be entirely compatible with and of no lesser functionality than the allegedly infringing Goods/Services and shall comply in all material respects with the Purchaser's specifications; and provided that any such procurement or replacement as aforesaid shall not affect any other right or remedy of the Purchaser arising under the Supply Contract in respect of the loss or damage it has suffered; or refund the purchase price to the Purchaser.

4.11 Termination and Default

4.11.1 Termination at Will

Without prejudice to its other rights and remedies the Purchaser reserves the right to terminate the Supply Contract for any reason and at any time upon giving the Vendor notice thereof in writing. Save in the event of any breach of contract by the Vendor a reasonable price will be paid by the Purchaser for all work in progress at the date of termination which is subsequently accepted by the Purchaser. The Purchaser shall not be liable for any other direct or indirect cost or loss to the Vendor including (but not limited to) indirect loss, consequential loss or loss of business, profits or opportunity.

4.11.2 Termination for Breach/Default

Failure by the Vendor to perform any of the obligations or to meet any of the requirements of the Supply Contract shall entitle the Purchaser, at its option, to either retain or reject the Goods/Services and (if desired) terminate the Supply Contract without prejudice to such other rights as it may have for compensation and damages (whether for breach of contract, breach of duty, or otherwise).

4.11.3 Termination on Bankruptcy/Insolvency

Without prejudice to its other rights the Purchaser will have the right forthwith to terminate the Supply Contract by notice in writing to the Vendor in the event that an interim order is applied for or made, or a voluntary arrangement approved, or if a petition for a bankruptcy order is presented or a bankruptcy order is made against the Vendor or if a receiver or trustee in bankruptcy is appointed of the Vendor's estate or (the Vendor being a company) a voluntary arrangement is proposed or approved or an administration order is made or a receiver or administrative receiver is appointed of any of the Vendor's assets or undertaking or a winding up resolution or petition is passed or presented (otherwise than for the purposes of reconstruction or amalgamation), or if any circumstances arise which entitle the court or a creditor to appoint a receiver, administrative receiver or administrator or to present a winding up petition or make a winding up order or if the Vendor takes or so offers any similar or analogous action on account of debt.

4.11.4 Damages Due to Termination of Contract

Except as expressly stated in the Supply Contract, neither party will be liable to the other for any damages or compensation due to the termination of the Supply Contract.

4.11.5 Provisions Surviving Termination

In the event of termination, those provisions contained herein intended to survive termination shall remain in full force and effect. Such provisions shall include without limitation: Insurance, Indemnity, Confidentiality, and Infringement of Intellectual Property Rights.

4.12 Health and Safety at Work

The Vendor undertakes with the Purchaser as follows:

- 1) All personnel working for or on the behalf of the Vendor must strictly adhere to applicable statutory requirements related to safe work practices at all times;
- 2) That the Vendor has carried out all testing and examination and other work necessary to minimize and so far as is reasonably practical eliminate, any risk to health or safety resulting from use of the Goods/Services for any purpose for which they are designed;
- 3) That where conditions exist under which there will or may be any risk to health or safety, the Vendor shall immediately bring such conditions to the attention of the Purchaser in writing and shall provide free of cost adequate information about such conditions and the safeguards which should be observed to ensure that the Goods/Services can be transported, stored, processed and/or used safely and without risk to health; and
- 4) That where Goods/Services comprise rotating or moving parts or where there is any risk from explosion or flying parts then the Vendor shall provide, fit and bear the cost of suitable guards and/or protective devices to minimize or where reasonably practicable eliminate any risk to health or safety resulting from the use of the Goods/Services for any purpose for which they are designed.

4.13 Right of Access

The Purchaser reserves the right to visit the Vendor's premises upon reasonable notice. The duly authorized representative(s) of the Purchaser (and/or relevant authorities / Purchaser's customer) shall be given access at reasonable times to the Vendor's premises and shall be permitted to audit the Vendor's QMS, assess the Vendor's ability to supply products or services, to resolve quality issues or inspect approval documents and certifications related to the approval of goods supplied under the Supply Contract that are not pertaining to Vendor proprietary information.

4.14 Confidentiality and Intellectual Property Rights

The Vendor will not without the prior written consent of the Purchaser disclose or make use of any information contained in the Supply Contract, drawings or specifications (whether patentable or not) for purposes other than the execution and performance of the Supply Contract. All documents and drawings containing such information and copies thereof shall, on completion of the Supply Contract or its termination for any reason, be returned to the Purchaser. This Supply Contract does not grant to the Vendor any license under any patents or other industrial or intellectual property rights that the Purchaser may own, control or be licensed to use, except (if applicable) the nonexclusive right to manufacture the Goods for the sole use of the Purchaser.

4.15 Force Majeure

The Purchaser reserves the right to require the Vendor to suspend performance of the Supply Contract in the event of any act or occurrence outside the control of the Purchaser which prevents or hinders the use of the Goods/Services including, but not limited to, strike, riot, lockout, fire, lightning, war, Acts of God, pandemic, natural disaster, accident or stoppage of or material adverse change in the Purchaser's business or work, and payment shall be postponed until such time as the Purchaser's use of the Goods/Services can be resumed.

4.16 Prices and Payment

4.16.1 Contract Pricing

Prices shall remain as stated in the Supply Contract and shall not be subject to any variation without the prior written consent of the Purchaser (which consent may be freely withheld).

4.16.2 Invoicing

The Vendor shall send to the Purchaser as soon as reasonably practicable after supply of the relevant Goods/Services, a Value Added Tax or Goods and Services Tax invoice or other sales tax or similar invoice as may be required by law. All invoices and statements must show the Value Added Tax or Goods and Services Tax amount charged, the Value Added Tax or Goods and Services Tax rate, the Vendor's Value Added Tax or Goods and Services Tax number, Harmonized System Classification Code (aka "HS / HTS code"), country of origin, Original Equipment Manufacturer and, where applicable, the Export Control status in the form of an Export Control Classification Number proper to the Export Control Listing published by your government.

4.16.3 VAT / GST

Value Added Tax or Goods and Services Tax at the appropriate rate where chargeable shall only be paid by the Purchaser on receipt of a valid Value Added or Goods and Services Tax invoice.

4.16.4 Purchasers Payment Terms

Payment shall be made with Net 45 Terms, unless otherwise stated.

4.16.5 Period for Payment

The period for payment shall begin to run from the date of acceptance of the Goods/Services by the Purchaser or receipt of the correct and fully detailed invoice whichever is the later.

4.16.6 Debt of Vendor to Purchaser

The Purchaser reserves the right to deduct from any monies due or becoming due to the Vendor any monies due from the Vendor to the Purchaser or any of its affiliates whether under the Supply Contract or otherwise in respect of goods/services supplied by the Purchaser or any of its affiliates to the Vendor or any other sums due to the Purchaser or any of its affiliates from the Vendor.

4.16.7 Sale / Disposal of Tooling

The Vendor further undertakes not to sell or otherwise dispose of (or agree to sell or otherwise dispose of) any Purchaser's Tools or Vendor's Tools or create or allow to be created any lien, charge or other encumbrances over all or any part thereof.

4.17 Purchaser's Property

4.17.1 Identification of Purchaser's Property

For as long as any of the Purchaser's property shall be in the Vendor's possession such Purchaser's property shall be clearly marked by the Vendor as the property of the Purchaser and shall be held at the risk of the Vendor. The Vendor shall be fully responsible for all obligations and liabilities in respect of such Purchaser's property or of their operation as though the Vendor were the owner thereof.

4.17.2 Inspection of Purchaser's Property

The Purchaser shall have the right at any time on giving reasonable notice to enter upon the premises of the Vendor to inspect or make tests upon any Purchaser's property and at his discretion to take possession of and remove from the premises of the Vendor any Purchaser's property.

4.18 Insurance

4.18.1 Coverage

The Vendor shall maintain at all times adequate insurance with a reputable insurer acceptable to the Purchaser for and in respect of its obligations hereunder including but not limited to:

- 1) If required, Professional Liability insurance with a limit of no less than \$2,000,000 USD per occurrence;
- 2) Commercial or Comprehensive General Liability insurance, including contractual liability, with a combined single limit of no less than \$2,000,000 USD per occurrence or Comprehensive Aviation Liability Insurance including contractual liability in an amount not less than \$25,000,000 USD per occurrence; and Products Liability.
- 3) Comprehensive Crime Insurance or Commercial blanket bond insurance with a limit of no less than \$1,000,000 USD million per occurrence;
- 4) Umbrella liability insurance with a limit of no less than \$5,000,000 USD per occurrence;
- 5) Worker's compensation coverage in appropriate amounts not less than required by law, or Employer's Liability insurance with a limit of no less than \$2,000,000 USD per occurrence;
- 6) Commercial automobile liability insurance not less than \$2,000,000 USD combined single limit on vehicles owned, non- owned leased or rented by the Vendor.

4.18.2 Exclusions

The Vendor shall ensure and provide a Certificate or Certificates of Insurance which evidence the above requirements and which confirm that none of the above insurance policies contain any exclusion relating to aviation, premises at an airport or for the purposes of an airport.

4.18.3 Inspection of Policy

The Vendor shall, on or before the date of accepting the Supply Contract and thereafter at the Purchaser's request, produce for inspection any such policy or policies or such documentary evidence of the same and/or evidence of payment of premium as the Purchaser may require such as a certificate of insurance. Such insurances shall name the Purchaser as additional insured including a cross liability/severability on interest and shall be endorsed to provide waivers of underwriter's rights of subrogation against the Purchaser including thirty (30) days' notice of cancellation and /or material change in the policy(ies).

4.19 Restricted Articles

All Goods which come under the classification of restricted articles in accordance with the IATA restricted article regulations must be identified, packaged, labelled, and marked for carriage by air in accordance with the IATA regulations. In addition, the consignment must be accompanied by a shipper's certification for restricted articles.

4.20 Packaging

Packaging of all Goods (including aircraft parts) must be suitable to give adequate protection from transit damage. The Purchaser will not accept liability for Goods delivered in any faulty or inadequate containers or packing cases.

4.21 Carriage

Where carriage of the Goods is the responsibility of or arranged by the Vendor, any loss, damage, or breakage in transit must be made good by the Vendor without any loss to the Purchaser. Where transport of the Goods is provided by the Purchaser, the Vendor shall be liable to make good any loss or damage in transit where this is the result of inadequate or faulty packing or packaging by the Vendor. Delivery of Goods by Vendor to Purchaser shall be based on FCA Vendor's Facility (Free Carriage per Incoterms 2010).

4.22 Relationship of the Parties

The relationship of the Vendor to the Purchaser will be that of an independent contractor, and the Vendor will have no authority to bind the Purchaser, or to assume or create any obligation or responsibility on their behalf, except as expressly provided by the Supply Contract.

4.23 No Waiver

Failure by the Purchaser to insist on or otherwise seek to enforce the Vendor's compliance with any of its obligations under the Supply Contract shall not be construed as a waiver thereof (in whole or in part) or a relinquishment of the Purchaser's right to insist upon strict compliance with such obligations at any other time.

4.24 Governing Law & Jurisdiction

4.24.1 Jurisdiction

The Supply Contract and all aspects thereof (contractual or non-contractual) shall be governed and construed in accordance with the laws of British Columbia, Canada and the parties hereby submit to the exclusive jurisdiction of the British Columbia, Canada courts.

4.24.2 Resolution

The parties will attempt to settle any claim or controversy arising out of this Supply Contract through consultation and negotiation in good faith and a spirit of mutual cooperation. If those attempts fail and the parties do not resolve the dispute within thirty (30) days, then the dispute may then be submitted to the courts of British Columbia for resolution. However, nothing in this Clause 4.24 shall prevent either party from raising proceedings in court immediately and at any time where necessary to protect that party's rights.

4.25 Compliance

4.25.1 Anti-Corruption

Vendor acknowledges that it is familiar with, is in compliance with, and will continue to comply strictly with the Code and all applicable anti-corruption laws, which may include the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and the anti-corruption laws of all countries in which Vendor has or will provide good or services for or on behalf of the Purchaser (collectively, "ABC Laws"). Vendor agrees to comply in all respects with all applicable ABC Laws, and agrees it will not engage in or support any occurrence of bribery or other corrupt practices. Vendor certifies and agrees that neither it nor any agent, affiliate, employee, or other person acting on Vendor's behalf has or will authorize, promise, offer, or give anything of value, nor authorize, promise, offer, or make any bribe, rebate, payoff, influence payment, kickback, or other unlawful payment, directly or indirectly, to any person or entity—including but not limited to any Government Official (defined below)—for the purpose of obtaining or retaining an improper business advantage, or improperly directing business to any person or entity, on Purchaser's behalf. The offer, promise, or provision of anything of value, or any bribe, rebate, payoff, influence, payment, kickback, or other unlawful payment proscribed by this paragraph is a "Prohibited Payment."

4.25.2 Government Official

The term "Government Official" includes any official, employee, or representative of any government (or agency, instrumentality, or entity owned or controlled by any government) or public international organization, any political party or employee thereof, or any candidate for political office.

4.25.3 Prohibited Payment

If Vendor receives a request for a Prohibited Payment in connection with the Goods and/or Services, Vendor shall notify Purchaser immediately. Vendor may not make any payment, however nominal, to a Government Official in order to expedite or secure performance of a routine, non-discretionary governmental action. Such a payment, referred to as a "Facilitating Payment," is prohibited. Vendor understands that these prohibitions apply to the Goods and/or Services provided/undertaken by Vendor on behalf of Purchaser whether the Goods and/or Services are provided/undertaken by Vendor, or rather indirectly by a third party engaged by Vendor to support the provision of Goods and/or Services. Vendor represents to Purchaser that compliance therewith is an integral part of Vendor's undertaking on behalf of Purchaser when providing/performing the Goods and/or Services.

4.25.4 Conflict of Interest

Vendor certifies and agrees that it has fully disclosed to Purchaser any existing financial or familial relationships between any of its owners, directors, officers, employees, agents, contractors, sub-contractors, or any other persons working on Vendor's behalf, or the family members of the foregoing (spouse, parent, child, sibling, or sibling's spouse), and any Government Officials.

4.26 Trade Compliance

4.26.1 Applicable Laws

Vendor acknowledges that it is familiar with, is in compliance with, and will continue to comply with all applicable international and domestic laws and regulations relating to trade compliance, including without limitation the U.S. Export Administration Regulations, the U.S. Anti-Boycott regulations, the U.S. International Traffic In Arms Regulations, the U.S. Foreign Trade Regulations, various economic sanctions programs, including those administered by the U.S. Treasury Office of Foreign Assets Control and the U.S. Commerce Department, and antitrust/anti-competition laws that protect consumers from unlawful business practices by ensuring fair competition in an open-market economy (collectively, "Trade Compliance Laws").

4.26.2 Importance of Ethical Behavior

Vendor agrees to comply in all respects with all applicable Trade Compliance Laws and understands that these prohibitions apply to the Goods and/or Services provided/undertaken by Vendor on behalf of Purchaser. Vendor represents to Purchaser that compliance therewith is an integral part of Vendor's undertaking on behalf of Purchaser when performing/providing the Goods and/or Services.

4.26.3 Export Controls

Vendor will identify at own cost whether any or all of the Goods, including technical documentation and/or services to be provided to the Purchaser under a Purchase Order are subject to any type of export control regulation.

4.26.4 Export License

If Goods and/or Services are identified by the Vendor as being subject to any type of export control regulation, the Vendor will at own cost secure an export permit, license or authorization, from the applicable export control authorities prior to the export of the Goods / supply of the Services to the Purchaser.

4.26.5 End User Statement

If the Goods and/or Services are identified by the Vendor as being subject to any type of export control regulation then the Purchaser will provide the Vendor with an End Use Statement for the purposes of securing the export permit, license, or authorization.

4.26.6 Issuance of Export License

Should the export and/or re-export of the Goods and/or Services purchased from the Vendor require an export license or authorization from any government authorities, the coming into force of the Supply Contract shall be conditional upon the effective issuance of such export license or authorization. The Vendor shall forthwith inform the Purchaser of such issuance and shall provide a duplicate of such license or authorization to the Purchaser.

4.26.7 Revocation of Export License

In the event that the export permit, license or authorization is withdrawn, revoked, not renewed or no longer valid and such circumstances would be attributable to the Vendor; the Purchaser shall be entitled to terminate, in whole or in part, all Purchase Orders, without prejudice to any rights or remedies of the Purchaser hereunder or by law. The Vendor shall indemnify the Purchaser and its Customers against all consequences of any claims of the applicable export control authorities against the Purchaser and its Customers in connection with the use or operation of the Goods and/or Services purchased from the Vendor. The Vendor shall defend and hold harmless the Purchaser and its Customers from all consequences, including without limitation any costs, outlays, losses and damages that they may suffer or incur there.

4.27 Remedy

Upon its discovery of a breach of any of the obligation set forth above, Vendor shall immediately report such breach to Purchaser. Vendor and Purchaser each acknowledge that Purchaser may suspend or terminate its business relationship with Vendor upon written notice to Vendor (a) if Vendor or its agents and/or representatives fail to comply with any of the obligations set forth above, or (b) if Purchaser has a good faith belief that Vendor and/or its representatives have violated, intend to violate, or have caused a violation of the ABC Laws and/or Trade Compliance Laws.

4.28 Record Keeping

Vendor recognizes that Purchaser, from time to time, may perform its own internal audits with respect to Purchaser's verification of its own compliance with the ABC Laws and/or Trade Compliance Laws. To this end, Vendor represents that it will maintain complete and accurate records (including amount, purpose and recipient) pertaining to this certification and the Goods and/or Services in accordance with applicable record keeping laws and policies. Vendor shall, at Purchaser's request made upon reasonable notice (such notice to be presumed reasonable if made at least 7 days in advance), provide Purchaser, or its designated representative, with full and unrestricted access to all business records relating to this certification and the Goods and/or Services, including but not limited to inspection of its available shipment and/or brokerage files (such files generally include all records maintained by Vendor that pertain to the Goods and/or Services provided by Vendor to Purchaser on a shipment-level or brokerage-file basis), at Vendor's principal place of business or at such other location mutually agreed upon by the parties, and shall fully cooperate in allowing Purchaser, or its designated representative, to inspect such records as requested.

4.28.1 Record Retention

Vendors supplying services to the Purchaser must ensure that records pertaining to services rendered be retained for a minimum of 3 calendar years from the date that the service was completed or as otherwise specified in the Supply contract. Once the minimum retention period has been met, records pertaining to the Supply Contract may be disposed of. Disposal will include any method that permanently mars or disfigures the records (example shredding or incineration).

4.29 Compliance with Laws and the Code

Vendor will fully observe and comply with all laws, decrees, ordinances, rules, and regulations which are applicable to the performance of its duties and obligations under the Supply Contract. While acting as a representative under the Supply Contract, Vendor, its employees, agents and subcontractors shall be subject to the Code and shall fully observe and be governed by the terms of the Code, as they are developed and adopted from time to time by Purchaser for its employees, contractors and representatives.