



Part One – GENERAL PURCHASE ORDER PROVISIONS

1. **Acceptance-** A confirmation of sale from Seller shall be regarded as acceptance of these conditions, irrespective of any condition that might be laid down by Seller in conflict with these conditions, even when reference is made to Seller's condition of sale in the confirmation of sale or acknowledgement of this order, or in any of the documents relating to Buyer's order, unless said conditions are expressly accepted in writing by Buyer.
2. **Specifications-** All articles ordered to Government or Buyer's specifications must comply with such specifications current as of the date of this order, unless otherwise specified by Buyer. Seller shall not incorporate any changes in design, material or processes without written approval by Buyer. Buyer's approval in no way relieves Seller from responsibility for meeting all requirements of the drawing and specifications governing this purchase order.
3. **Non-conforming Product-** Seller agrees to notify the buyer of nonconforming product discovered during fulfillment of this purchase order and to obtain buyer approval for nonconforming product disposition.
4. **Product/Process Changes-** Seller agrees to notify the buyer of changes in the supplied product and/or changes in the seller's process, changes their suppliers, changes of manufacturing facility location and, where required, obtain buyer approval for same.
5. **Flow-down Requirements-** Buyer agrees to flow down any and all quality requirements expected by the buyer to the seller's source(s) of supply including key characteristics, when identified.
6. **Record Retention Requirements-** The seller will maintain and retain records including but not limited to inspection check sheets, purchasing and supplier details, material traceability, non-conforming product and corrective actions as they relate to the material or service provided. The seller further agrees to maintain a document control system that controls how the records are dispersed, where each copy is filed, and how long the records are retained. In the case of electronic records, the system must limit access to authorized personnel, specify how changes are documented, and how these records are protected and backed up. Records must be retained for at least two years from the date of shipment to the buyer.
7.
 - a. **Deliveries-** Timely delivery is critical to Buyer's production schedule. The schedules are based upon the agreement that materials will be delivered to Buyer by the date specified on the face of the purchase order. If deliveries are not made by the time agreed upon, Buyer reserves the right to cancel or to purchase elsewhere, and hold Seller accountable for the additional costs thereof.
 - b. **Payment-** Invoices shall be mailed to Buyer's Accounting Department when items are shipped. The time for payment of Seller's invoices shall commence with date of actual receipt if items are in complete accordance with the requirements of this order. Any adjustments in Seller's invoices due to shortage, late delivery, rejection or other failures to comply with the requirements of this order may be made by Buyer before payment.
 - c. **Shipping-** Seller will deliver the material and equipment described herein in good condition with a Certificate of Conformance and properly packaged at the F.O.B. point stated on the face of this order at no additional cost to Buyer, unless otherwise stated herein. If this order specifies delivery of material or equipment F.O.B. destination, Seller shall bear all risk of loss and damage thereof until arrival and acceptance at destination, and such risk of loss or damage shall continue notwithstanding any prepayment by the Buyer of any part of the purchase price thereof. Buyer's count will be accepted as final and conclusive on all shipments not accompanied by packing slips. Buyer's order number and Seller's packing slip number, description and count must appear on all invoices, packages, and bills of lading.

- d. **Inspection and Rejection-** Final inspection shall be made on Buyer's premises unless otherwise agreed in writing. Materials rejected, as not conforming to this order shall be returned at Seller's expense, including transportation and handling costs. Buyer reserves the right to rework or repair nonconforming items at the Seller's expense.
- e. **Quantities-** Shipments must equal exact amount ordered unless otherwise agreed in writing by Buyer.
- f. **Prices-** Seller warrants that each price for articles sold to Buyer under this order is no less favorable than that extended during the term of this order to any other customer for the same or like articles in equal or lesser quantities on similar terms, conditions and deliveries. In any event, no unallowable costs in accordance with the applicable Government regulations are to be included in the prices. The Seller shall refund the excess to the Buyer and hold Buyer harmless from any defective pricing practices.
- g. **Taxes-** Any sales taxes of any nature which are billed to Buyer shall be stated separately in Seller's invoices. Any and all tax exemption certificates will be accepted by Seller. All other taxes of any nature shall be Seller's responsibility.
- h. **Overtime-** Seller shall not perform or charge for overtime work in connection with this order unless prior written approval is obtained from Buyer. In the absence of such approval, premium compensation payments shall not be recognized by Buyer for any purpose.
- i. **Certificate of Conformance-** When specified on the face of the purchase order a signed and dated statement must accompany each shipment stating that material furnished against the purchase order meets all purchase order, drawing, and specification requirements; and that other verifiable objective evidence of quality, such as test reports, data sheets and inspection records are on file and available for review by the Buyer or their customers.
8. a. **Changes-** Buyer reserves the right at any time to make changes in drawings and specifications as to any material and/or work including delivery covered by this order. Any difference in price, time or performance resulting from such changes shall be equitably adjusted and the contract shall be modified in writing accordingly.
- b. Seller must notify Buyer, in writing, and obtain Buyer's authorization for any, and all, changes or anticipated changes, to the product or process definition specified by Buyer's purchase order.
9. a. **Termination-** Buyer may terminate this order in whole or in part at any time by written or emailed notice stating the extent and effective date of such termination. In such event the rights of the parties shall be governed by the provisions of the Government regulations as in effect on the date of this order. Buyer shall have the right to audit all elements of any termination claim and Seller shall make available to Buyer or Buyer's representative on request all books, records and papers relating thereto.

b. Buyer reserves the right to terminate this order in whole or from time to time in part for Seller's default (i) if Seller fails or refuses to perform in accordance with any of the requirements of this order or to make progress so as to endanger performance hereunder or (ii) if Seller becomes insolvent or suspends any of its operations or if any petition is filed or proceeding commenced by or against Seller under any Provincial or Federal law relating to bankruptcy, arrangement, reorganization, receivership or assignment for the benefit of creditors. Any such termination will be without liability to Buyer except for completed articles delivered and accepted by Buyer, payment for which can be set off against any damages to Buyer. Buyer may require Seller to transfer title and deliver to Buyer any or all property produced or procured by Seller for performance of the work terminated and Seller shall be credited with the reasonable value thereof not to exceed Seller's cost or the contract price, whichever is less. Seller will be liable for damages caused by or resulting from its default including but not limited to excess costs of reprocurement. If it is determined that Seller was not in default, the termination shall be considered to have been made pursuant to subparagraph (a) of this clause. Buyer shall have the right to audit all elements of any termination claim and Seller shall make available to Buyer or Buyer's representative on request all books, records and papers relating thereto.

c. To the extent this order is not terminated pursuant to subparagraphs (a) or (b) of this clause, Seller shall continue performance.

10. **Tools & Materials-** No designs, tools, patterns, jigs, dies or drawings supplied by Buyer to Seller for use in the manufacture of goods contracted for herein shall be used in the production, manufacture, or design of any other goods for any other purchaser or for the manufacture or production of larger quantities than those specified except with the express consent in writing of Buyer. At the termination of this contract any such designs, tools, patterns, jigs, dies, drawings and materials supplied by Buyer shall be segregated by Seller in Seller's plant and clearly marked so as to be easily identified as Buyer's property. Where materials are furnished by Buyer, title to such material in all stages of construction shall be and remain to Buyer. Seller's use of Buyer's tools and inspection equipment does not relieve Seller of meeting all specifications.
11. **Warranty-** In addition to any warranties, which may be prescribed by law, Seller warrants to Buyer, its successors and customers that all articles furnished will be free from defects in material and workmanship for a period of 12 months. Seller's standard warranty for similar articles offered at the time of this order, apply. Seller warrants that the articles will conform to applicable drawings, specifications, specified performance requirements, samples and other descriptions furnished or specified by Buyer, will be merchantable, suitable for the intended purposes and free from all other defects, including defects in design, to the extent such articles are not of a detailed design furnished by Buyer.
12. **Patent, Trademarks and Copyright indemnity-** To the extent that the articles or materials covered by this order are not manufactured to designs furnished by Buyer, Seller agrees to save Buyer and/or its customers from any loss, damage, expense or liability which may be incurred on account of infringement or alleged infringement of any patents by reason of the manufacture, use of sale of such articles of materials, and that it will, at its own expense defend any action, suit, or claim in which such infringement is alleged, provided Seller is duly notified as to such action, suits or claims against Buyer or its customers. Buyer assumes and will hold Seller harmless against patent liability arising from design furnished by Buyer to Seller and manufactured by Seller from this purchase order.

13. **Assignment**- Seller may not assign this purchase order, or any portion thereof, or any claims for monies due, or to become due hereunder, without the prior written approval of the Buyer.
14. a. **Audit**- Seller agrees that its facility, books and records shall at all reasonable times be subject to audit by any authorized representative of the United States Government.
b. **Notice of Delays** – Whenever Seller has knowledge of any actual or potential delaying or threatened delay to the timely performance of this order, Seller shall immediately give notice thereof including all relevant information with respect thereto, to Buyer.
c. **Laws**- Seller agrees that all items will be manufactured or furnished in compliance with all applicable provisions of the Federal, Provincial, Municipal and local laws, executive orders, rates, statues and regulations as heretofore or here after amended, relative thereto and all applicable regulations, rulings and interpretations there under.
d. **Non-Discrimination**- In connection with the performance of the order, Seller shall not discriminate against any employee or applicant for employment because of sex, race, creed, color or national origin, age, handicap and Seller certifies that they are in full compliance with the rules and regulations of equal opportunity legislation.
e. **Secrecy**- Seller agrees to keep all proprietary information of Buyer confidential and comply with all applicable laws concerning the safeguarding of secret, confidential, or restricted matters, which may be disclosed or developed in connection with the work under this order, and furthermore the Seller shall not make any release of information concerning this order without written permission from the Buyer. Seller shall require a similar compliance of all subcontractors, suppliers or agents of the Seller to whom any work or duty relating to such work may be allotted.
f. **Disputes**- Except as otherwise specifically provided in this order, any dispute concerning a question of fact and/or law arising under this order is not disposed of by agreement of the parties shall be decided by a court of competent jurisdiction. Pending settlement of final decision of any such dispute, Seller shall proceed diligently with the performance of this order in accordance with the directions of the Buyer.
15. **Seller's Conditions**- The provisions of this order shall be deemed to control, irrespective of any conditions specified by Seller in conflict therewith unless accepted in writing by the Buyer.
16. **Vendor Quality Assurance Requirements**- Requirements of specific quality clauses identified on the purchase order and as specified in part two of this document is made a part of this purchase order.
17. **Right of Access** – Seller shall grant right of access to Seller's facilities and applicable records, and Seller's sub-tier supplier's facilities and applicable records, for the purposes of reviewing product and processes for Buyer's purchase orders, to Buyer, Buyer's customers, and regulatory authorities after receiving reasonable notice of such visitations,
18. **Delegation of Verification** – Where Seller, or its sub-tier supplier performs or subcontracts processes that cannot be verified through non-destructive inspections techniques at Buyer, Seller shall be, or utilize only, approved NADCAP processors unless specifically waived by TSA.

19. **Conflict Minerals** – Buyer is committed to sourcing minerals from other than conflict-affected and high-risk areas in accordance with Buyer’s corporate policies, legal obligations and existing international standards, and Seller agrees to provide Buyer with supply chain data as and when Buyer reasonably requests to enable Buyer and its customers to fulfill their legal obligations under the Dodd-Frank Wall Street Reform and Consumer Protection Act. Specifically, on an on-going basis, Buyer will request data from Seller concerning the so-called “conflict minerals” used in Seller’s products, the origin of such minerals in Seller’s supply chains, and whether trade in these minerals may support conflict in the Democratic Republic of the Congo (DRC) and its adjoining countries. Buyer expects Seller to pass these data requests up Seller’s supply chain in order to determine the source of such minerals. Buyer may be required, and may require Seller, to perform due diligence on the chain of custody of conflict minerals in the supply chain. In addition, Seller may be required to make certifications to Buyer with respect to the use of conflict minerals. Buyer will evaluate and may terminate the ongoing business relationship with Seller if Seller’s supply chain is determined to include the purchase of minerals that support conflict in this region, or if Seller fails to timely provide relevant data or certifications upon Buyer’s requests.
20. **Ethics Policy** – Toronto Sky Aviation and its affiliated entities worldwide (Aircraft Armature Inc) are committed to the highest standards of product quality and business integrity in their dealings with customers and suppliers. Compliance with legal and ethical standards is the responsibility of everyone in the supply chain at every level. All Toronto Sky Aviation Suppliers and Toronto Sky Aviation employees are expected to conduct themselves with the highest standards of honesty, fairness, and personal integrity, with adherence to all applicable laws and avoidance of even the perception or appearance of impropriety or conflict of interest. This Policy applies globally to all Toronto Sky Aviation suppliers. “Supplier” means any business, company, corporation, person, or other entity that sells, or seeks to sell, whether directly or indirectly, any kind of goods or services to Toronto Sky Aviation, and it includes the Supplier’s employees, agents, and other representatives.
21. **Counterfeit Parts** – Toronto Sky Aviation provides critical power systems components that our customers depend on and the safety of our products is the cornerstone of all we do. With an increasingly complex global supply chain, we must be diligent in tracking, inspecting and managing parts, material and equipment throughout the supply chain to ensure their authenticity is not compromised. Toronto Sky Aviation understands the growing impact that counterfeit, fraudulent and suspect items may pose on safety, performance and reliability. As such, we are committed to establishing relationships, processes and procedures to reduce the risk of using counterfeit parts in our products. To this end, our objectives are and our expectations from suppliers like you are to: 1) Govern the detection, prevention, removal or mitigation of counterfeit, fraudulent or suspect parts from the supply chain; 2) Ensure counterfeit material is appropriately reported to governments and other stakeholders, as required or prudent; 3) Monitor and, where appropriate, take action related to industry alerts, government rulemaking efforts or other guidance on suspect parts, as well as participate in industry committees striving to reduce the use of counterfeit parts throughout our industry; 4) Develop a strategic plan to manage long-term availability of authentic parts and part sources; 5) Continually improve purchasing processes aimed at reducing the risk of procuring counterfeit parts; 6) Ensure that all persons are aware of their contribution to product or service conformity, their contribution to product safety, and the importance of ethical behaviour and 7) Constantly challenge our external supply chain to meet the same standard as our internal supply chain.

Part Two – QUALITY CLAUSES – applicable when specified on purchase order

QC-001 – Certificate of Conformance/Certificate of Compliance required with each shipment.

The seller will provide a document certified by an authorized representative committing, or promising, that the supplied good or service it covers, meets the agreed-upon or required specifications. The certification document must reference the specific TSA purchase order, part numbers and applicable revision and be accompanied by material or mill test reports. Any and all deviations shall be fully disclosed and documented including supporting justification and prior approval.

QC-002 – TSA approved source inspection endorsement required on C-of-C.

Buyer accepted inspection by an individual authorized in the buyer's Quality System of purchased products and process records at the seller's premises to verify compliance with requirements before shipment.

QC-003 – Receiving inspection in accordance with QP-001.

On-site product inspection by the buyer in accordance with QP-001.

QC-004 – Current MSDS required.

Seller shall provide a current Safety Data Sheet (SDS) for each hazardous product supplied, in accordance with current applicable WHMIS legislation. The SDS shall be provided in English and shall accompany the first shipment of each product or be provided electronically prior to or at time of delivery. Seller shall provide updated SDSs upon revision.

QC-005 – Material must be marked with DATE OF MANUFACTURE (D.O.M.).

For shelf-life or life-limited materials, Seller shall identify date of manufacture, cure date, and/or expiration date, as applicable, on the packaging and/or accompanying certification. If physical marking is impractical, the information shall be stated on a certificate included with the shipment. If shelf life is dependent on storage conditions, required storage conditions shall be clearly stated on packaging and documentation.

QC-006 – 75% remaining shelf life required.

Materials shall have a minimum of seventy-five percent (75%) of the manufacturer's published shelf life remaining at time of receipt, based on the stated manufacture/cure date, unless otherwise approved in writing by Buyer. Materials not meeting this requirement will be rejected.

QC-007 – Manufacture in accordance with drawings and specifications supplied by TSA.

Seller shall manufacture and supply items strictly in accordance with all applicable drawings, specifications, revisions, and other requirements identified on the purchase order, including any Buyer-approved changes documented in writing.



QC-008 – Vendor to supply raw material in accordance with drawings and specifications supplied by TSA.

When Seller furnishes raw material, Seller shall supply material certified to the applicable specification and revision and conforming to all purchase order drawing/specification requirements. Any substitutions or deviations require Buyer's prior written approval.

QC-009 – Manufacture using accompanying raw material supplied by TSA.

The buyer will be responsible for furnishing the material identified for use in connection with the performance of the order. Upon receipt and visual inspection of such material, the seller shall notify the buyer promptly if any material is damaged or otherwise unacceptable as a result of shipping or handling. The seller will notify buyer promptly of all shipping discrepancies. The buyer shall retain title to all such supplied material furnished to the seller. The seller shall label, maintain, dispose of or otherwise control such materials, including scrap, according to the buyer's direction, and the seller shall be responsible for any and all loss or damage to such materials.

QC-010 – Vendor to provide and certify service in accordance with drawings and specifications supplied by TSA.

Seller will provide a document certified by an authorized representative committing, or promising, that the supplied service it covers meets the agreed-upon or required specifications. For all special processes required by Purchase Order and performed by Seller or by Seller's sub-tier supplier, Seller shall furnish the certification/test report issued by the supplier actually performing the process. The certification/test report shall include a complete description of the process performed (name, applicable specification, revision in effect at the time of order, type, class, grade, etc., the quantity, part number/name).

QC-011 – Civilian aviation certification or traceability to original manufacturer required with shipment.

When required by the purchase order, Seller shall provide applicable civilian aviation release documentation (EASA Form 1, TCCA Form One, FAA 8130-3, or OEM authorized release certificate), fully executed by an authorized signatory. Seller shall maintain and provide traceability documentation sufficient to establish an unbroken chain to the source of the release documentation, as applicable.

QC-012 – Calibrate and certify to standards traceable to NIST/NRC or other equivalent national standard.

Inspection and test equipment used to verify conformity shall be calibrated and certified using standards traceable to NIST, NRC, or an equivalent national metrology institute. Calibration shall be performed in accordance with ISO/IEC 17025 or other buyer-approved equivalent standard. Seller shall retain calibration records and provide copies upon request.

QC-013 – Include test record and adjustments necessary to return instrument to OEM specifications.

Documentation must include a record of tests performed and the results. Records should also include a statement of the cumulative uncertainties in the data obtained in the calibration, details of any maintenance (servicing, adjustment, repairs) or modifications, malfunctions, or damage that could have affected the calibration status and any resulting limitations in use.

QC-014 – State that component not involved in an incident or subjected to heat or stress.

Declare in a statement that the supplied part has not been damaged during, or identified as the root cause of, a reportable incident or accident or incident as defined by Annex 13 to the Chicago Convention, or subjected to severe stress or heat or submersed in salt water unless its airworthiness status was re-established by an approved maintenance organisation in accordance with the instructions of the type certificate holder and/or OEM of the part, and supported by an authorized airworthiness release certificate. No part has been obtained from a military source or was previously fitted to a state aircraft as deemed by Article 3 of the Chicago Convention. For example, an acceptable statement is, “We certify that, to the best of our knowledge, this unit was not involved in an accident or reportable incident and was not subjected to excessive heat or stress.”.

QC-015 – Vendor to provide first article report IAW AS9102 prior to initial shipment.

Seller to provide First Article documents prepared and formatted in accordance with SAE AS9102 or similar. Seller shall not commence manufacturing production run until the first completed article has been approved in writing by Quality Assurance. Alternatively, the Seller may submit the completed first article with shipment of the production run providing the Seller acknowledges responsibility for the non-conforming lot in the event of rejection of the first article. Documents must show data representing results of Seller’s first article test/inspection, including actual dimensions or values for each specified characteristic. The first article part(s) shall be clearly identified by tagging, serial number or other positive method as not to interfere with the part(s) form, fit or function.

QC-016 – Vendor to supply final inspection records and test data for all identified critical features.

Inspection and test reports shall accompany each shipment of part(s), showing data representing results of Seller’s test/inspection, including actual dimensions or values for each specified characteristic. As applicable, the part(s) shall be clearly identified by tagging, serial number or other positive method as not to interfere with the part(s) form, fit or function.

QC-017 – All special processes (surface & heat treatments) performed by a NADCAP approved facility.

All special processes either supplied directly or through a sub-tier source must be NADCAP approved. A supplier may submit a deviation request if they or their source is not NADCAP certified. TSA QA will evaluate requests to determine if the specific product(s) provided can be exempt from this requirement.