

PURCHASING - GENERAL TERMS & CONDITIONS

- Purchase Orders:** These Terms and Conditions shall be part of and apply to each Purchase Order (“PO”) that CAE Inc. or its affiliated companies (“Buyer”) may issue by an authorized procurement or global strategic sourcing representative (“Representative”) to the addressee (“Seller”), and the PO and these Terms and Conditions shall be a binding contract (“Contract”) between the Parties. Each PO shall contain a description of any services which are required under the PO (the “Services”) or delivery of goods, materials or items ordered under the PO (individually and collectively, the “Goods”), or development of any intellectual property whatsoever (“Work”) and identify as applicable the specifications, drawings, quantities, prices, delivery schedule and place of delivery or performance.
- Acceptance of Contract:** Seller’s consent and acceptance of this Contract shall occur upon the earlier of (i) a written acceptance via e-mail or otherwise of the PO; or (ii) the commencement of the performance by Seller of any Services or Work or delivery of Goods. No change or modification to the PO (including any additional or different terms in Seller’s acceptance) shall be binding on Buyer.
- Changes:** The PO may only be altered, modified or amended by a written acknowledgment of such change by both Parties (via e-mail or otherwise) which will be incorporated in the PO as a Change Order. Notwithstanding the above, Buyer through its authorized Representative, as indicated on the PO may, at any time by written notice, make changes that are within the general scope of the PO and specifically relate to: Specifications (as that term is defined herein); method of shipment or packing; place of inspection; acceptance or delivery point; delivery schedule and quantities of Goods, Work and Services, amount of Buyer furnished materials. Should any such change cause an increase or decrease in the cost of performance, or the time required for performance of the PO, an equitable adjustment to the PO shall be agreed between the Parties followed by a Change Order. Seller shall be deemed to have waived any claim for adjustment unless asserted in writing accompanied by a firm quotation including the cost or the additional time required for performance of the change within ten (10) days from receipt by Seller of notification of the change. However, nothing in this clause will excuse the Seller from proceeding with the PO as changed. Notwithstanding the foregoing, Buyer may, at its discretion, automatically change the PO delivery schedule with no cost impact if the change does not impact a delivery schedule date due within the next four week time period ii) Seller will use its best efforts to change delivery dates that are due within the next four weeks, and Buyer will not hold Seller liable if the Goods are not delivered per the best effort delivery commitments.
- Price and Payment:** Buyer shall be invoiced at the price(s) stated on the PO. Payment shall be made within sixty (60) days from the (i) Buyer’s acceptance of the Goods, Work and/or Services; and (ii) Buyer’s receipt of an accurate and acceptable invoice. If Seller is Canadian, the invoice shall itemize separately the Good & Services Tax, Quebec Sales Tax or Harmonized Sales Tax and, when applicable, other provincial sales tax. If Seller is from outside Canada, the price shall include all taxes, duties, and other like charges, imposed by any taxing authority or any other body having jurisdiction outside of Canada under any present or future law. Buyer shall have the right to set off any amounts owing to Seller against any payments due under any other PO or contract between the Parties. Buyer may withhold from payment to Seller any invoiced amount that is subject to a good faith dispute, and/or an amount sufficient to reimburse Buyer for any loss, damage, expense, cost or liability relating to Seller’s failure to comply with any requirement of the Contract. Unless otherwise expressly agreed between the Parties, in no event shall Seller issue an invoice more than six (6) months after the date upon which Seller provided the Goods, Work or Services to Buyer.
- Delivery:** Time is of the essence for Seller’s performance of its obligations hereunder, and Seller acknowledges that its Goods may be used in a “just-in-time” environment. The Goods, Work and/or Services shall be delivered complete on the delivery date(s) and place(s) specified on the PO unless otherwise requested by Buyer. Seller shall not ship in advance or make partial shipment unless otherwise agreed in writing by Buyer. Buyer reserves the right to retain any early delivery and/or excess quantity of Goods delivered and make payment as if delivery was made per schedule, or return the early or excess Goods at Seller’s expense. Risk of loss and shipping charges for any excess quantity shall be borne by Seller. Unless the delay is excusable as defined in Clause 16 Excusable Delay, Seller is liable for any damages resulting therefrom.

6. **Packing and Shipping:** The Goods shall be, packaged and shipped as specified on the PO as well as in accordance with all laws, corporate and industry standards respecting the safe and proper handling, packing, transportation, delivery, use or mode of employment of such Goods and, in the event of any conflict amongst any of them, the most stringent provisions shall apply. Supplier will ship the goods FCA (INCOTERMS 2000) Seller's facilities (unless otherwise specified on the PO) as per the routing instructions (copy available upon request). Separate invoices indicating PO number, line item number(s), quantity, unit price and extended value are required for each PO. Separate packing lists, Certificates of Compliance and any necessary export, import or other permits or licenses if applicable are required for each PO and must accompany each shipment. The location of the packing slip must be clearly marked on the container. The complete PO number shall appear on all documents.
7. **Barcode:** Seller shall provide with each shipment a bar-coded label as per CAE standard bar-coding policy.
8. **Product Origin and Export:** Seller shall provide (i) a NAFTA Certificate of Origin, when Goods provided under the PO originate in North America or a statement specifying the country of origin when Goods originate outside North America; (ii) the appropriate U.S. Schedule B or HTS tariff classification, and (iii) NAFTA Preference Criteria if applicable. In order to facilitate Buyer's ongoing ability to support its customers with the Goods provided by Seller, Seller shall, in a method acceptable to both Parties (electronic or written), provide Buyer with U.S. Export Administration and U.S. Bureau of Census information, or any other document required in any other jurisdiction, which will be adequate in form and content for Buyer to determine the appropriateness of its imports/exports. Additionally, Seller agrees to resubmit this information upon any changes, including changes to Goods that impact the applicable information. Seller shall be responsible for obtaining and complying with all applicable import and export laws including government approvals, licenses, permits, or any other required documents, as well as any applicable industry guidelines and standards that might be necessary to import, use or return the Goods or Works or to perform the Services in Buyer's country, or the country of its customer as indicated in the PO, and shall assist Buyer in complying with all such requirements. Should any Goods, Works and Services include any item subject to export restrictions within the International Traffic in Arms Regulations ("ITAR") and/or the Export Administration Regulations ("EAR") or any other applicable restrictions, Seller agrees to disclose this to Buyer. Seller shall immediately notify Buyer if it is or becomes listed on any Excluded or Denied Party List of an agency of the U.S. Government or its export privileges are denied, suspended or revoked. Seller shall indemnify Buyer for all liabilities, penalties, losses, damages, costs or expenses (including legal fees and expenses) that may be imposed on or incurred by Buyer in connection with any violations of such laws and regulations by Seller.
9. **Specifications:** Seller agrees to design, manufacture and supply the Goods and perform the Work or Services under the PO in accordance with any applicable drawings, designs, patterns, computer software, programs, modules, flow charts, models, data, specifications, samples or other description or instructions furnished or agreed to by Buyer (the "Specifications"). Any special dies, tools, software or equipment ("Tools") required for the manufacture or maintenance of the Goods shall be furnished by Seller at no cost to Buyer. Any Tools supplied to Seller by the Buyer shall remain the property of Buyer and shall be maintained in good condition. Seller shall replace lost or damaged Tools at no cost to Buyer. Seller acknowledges that the Specifications furnished by Buyer are Buyer proprietary and/or confidential information, whether or not any portion thereof is copyrighted, patented or trademarked or whether or not it bears any proprietary notices or markings, and in which case they shall never be removed. More specifically, Seller agrees to use the Specifications only for the purpose specified in the PO and not to copy, modify, reverse engineer, disassemble, network, distribute, take out of Seller's premises, disclose, permit access to third parties to the Specifications, or any part thereof, if any, or otherwise use them in whole or in part, for any product or service that Seller would make available to a third party, on a commercial basis or otherwise. Seller agrees to return to Buyer such Specifications after completion of its obligations under the PO. Only Specifications in effect on the date of the PO apply to the Goods, Work or Services ordered under that PO.
10. **Technical Direction and Authorization:** While Buyer's engineering and technical personnel may from time to time render assistance to Seller concerning the Goods, Work and Services to be furnished by Seller, Buyer's authorized Representative as indicated on the PO is the only individual authorized to direct/redirect Seller's effort, and Seller shall coordinate all such activities through Buyer's Representative.

11. **Quality Assurance, Inspection and Acceptance:** The Seller shall comply with the Buyer's Supplier Quality Manual (SQM) or a recognized international Quality Management System (QMS) acceptable to the Buyer's Quality Assurance Department, as applicable. At the Buyer's request, the Seller shall provide any specific quality documentation including a Quality Manual, which describes the Seller's quality system, or a Quality Plan, which details the application of the quality system for the specific procurement. The Seller Quality Manual/Plan shall be approved by the Buyer prior to commencement of the Goods, Work or Services. The Seller agrees to abide by the quality standard provisions indicated on the PO and / or in the Seller Quality Manual / Plan. All deliveries shall be subject to final inspection (at either Buyer's or Seller's premises, or any other location indicated in the PO) and acceptance by the Buyer. Any initial inspection performed by the Buyer on receipt of the Goods, Work or Services is a conditional acceptance only and shall not constitute a waiver of the Buyer's right to reject such Goods, Work or Services during final inspection, installation or testing. No inspection of, payment for, or receipt of the Goods, Work or Services shall constitute their acceptance by the Buyer, or of their conformity with the PO. The Seller shall be responsible for ensuring that the Goods, Work or Services supplied meet all Specification requirements. A Certificate of Conformance shall be issued, duly signed by the Seller's Quality Assurance, indicating compliance to Buyer's requirements and Specifications, as applicable. Any non-conforming Goods will, at Buyer's discretion, either be returned to Seller to be repaired at no cost to Buyer, FCA (INCOTERMS 2000): freight collect, or repaired by Buyer, at Seller's sole cost and expense, and Buyer shall debit Seller's account accordingly. Seller shall provide Buyer with new, replacement Goods, FCA (INCOTERMS 2000), within ten (10) days of receipt of the non-conforming Goods. Should the Services be non-compliant, at Buyer's option, Seller shall reperform the Services, or refund to Buyer the portion of the price under the PO for the Services not meeting the conformity. The Seller shall respond to any Buyer request for corrective action within fifteen (15) working days, and implement respective corrective action within a mutually acceptable time frame. The Buyer reserves the right to audit the Seller's Quality Manual/Plan or any specific process, and to witness acceptance testing of the equipment/product at the Seller's facility. Quality records shall be retained by Seller for a period of seven (7) years. Prior to destroying the records, the Buyer shall be notified.
12. **Conflict Minerals:** Seller shall support Buyer in its obligation to conform to Section 1502 (the Conflict Minerals Statutory Provision) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). Seller shall not use Conflict Minerals originating from the Democratic Republic of Congo (DRC) or Covered Countries in, or to produce Goods delivered to Buyer, or in performing Services or Works in favor of Buyer. "Conflict Minerals" and "Covered Countries" have the meaning ascribed to such terms in the Act. In those limited circumstances where Buyer's product documentation or Specifications specifically call for the use of a Conflict Mineral or the PO is for the supply of solder containing tin, the following shall apply: (i) Seller whose Goods or Works contain Conflict Minerals that are necessary to the functionality or production of the Goods or Works manufactured or contracted to be manufactured shall adopt policies and establish systems to procure these minerals from sources that have been verified as "DRC conflict free", (ii) Seller of such Goods or Works shall provide supporting data on its supply chains for Conflict Minerals to Buyer on the EICC (Electronic Industry Citizen Coalition) Conflict Minerals Reporting Template. This report must be approved by Buyer. Traceability data shall be maintained for 5 years minimum, (iii) Seller shall perform "Reasonable Country of Origin Inquiries" (RCOI) to ensure it has traceability throughout its supply chain to establish the origin of Conflict Minerals to designate one of the following sources or exemption: (a) the smelter (tin, tantalum, tungsten), or refiner (gold); Seller shall ensure that purchased metals originate from smelters validated by Seller as "DRC Conflict Free", (b) scrap or recycled, or (c) the rule exempts any Conflict Minerals that are "outside the supply chain". Conflict Minerals are outside the supply chain if, by January 31, 2013, they have been fully smelted or refined; they are located outside the Covered Countries, and (iv) if, based on its RCOI, the Seller determines that its Conflict Minerals did originate from a Covered Country or has reason to believe that such minerals may have originated in a Covered Country and are not from recycled or scrap sources, it is required to develop and report to Buyer what measures it will take to minimize the risk of purchasing "Not DRC Conflict Free" conflict minerals in the future. This report must be approved by Buyer.
13. **Counterfeit Deliverables:** Seller agrees and shall ensure that Counterfeit Parts or supporting counterfeit documentation is not delivered to Buyer. "Counterfeit Part" means a suspect part identified as a copy or substitute without the legal right or authority to do so or a part whose material, performance, or characteristics are knowingly misrepresented by a supplier in the supply chain. The intentional or unintentional use, incorporation, or delivery of Counterfeit Parts or counterfeit work is strictly prohibited. This includes it being provided either as an end item

deliverable or as a component or subcomponent of an end item deliverable pursuant to these Terms and Conditions or under a PO. Seller shall maintain a documented system (policy, procedure, or other documented approach) that ensures traceability of all components, and shall provide copies of such documentation for its system to Buyer upon request. If Seller furnishes Buyer with any Counterfeit Part, Buyer shall have the right to impound such items, and Seller shall promptly replace such items with items acceptable to Buyer. In such case, Seller shall be liable to Buyer for all costs relating to impoundment, removal, replacement and proof of physical destruction. Buyer may withhold payment for any Counterfeit Part and may turn such items over to governmental authorities for investigation. This "Counterfeit Deliverables" clause applies whether Seller is a distributor that purchases parts with the intention to sell and redistribute them back into the market or not and whether the parts are obtained from original equipment manufacturers (OEM's) or contract manufacturers (typically from excess inventories), from other independent distributors or otherwise.

14. **Hazardous Material:** Seller represents and warrants that it is in compliance with all applicable laws, including but not limited to the Canadian Hazardous Products Act or the U.S. Occupational Safety and Health Act (OSHA), as applicable. Seller also represents and warrants that the Goods or Work are compliant with rules and regulations of the European Union on the Limitation of Dangerous Substances, the Restriction of Hazardous Substances (2002/95/EC, 27 January 2003 (RoHS) and Waste of Electrical and Electronic Equipment (2002/96/EC, 27 January 2003 WEEE), as they may have been amended, as well as any national regulations and procedures enacted on the basis thereof, as applicable. Seller shall indemnify Buyer of any claims, damages, costs, expenses, fines and penalties of whatsoever nature that Buyer may incur related to any breach of the foregoing representations and warranties. Furthermore, if the Goods purchased herein are considered toxic or hazardous as defined in any laws or regulations, Seller shall provide a copy of the Material Safety Data Sheet (MSDS) with each shipment or as otherwise specified in the PO.
15. **Stop Work:** When directed by written notice from Buyer, Seller shall immediately stop all or part of its performance under this Contract to the extent specified in the notice for a period of up to one hundred and eighty (180) calendar days or longer if extended by mutual agreement ("Stop Work Notice"). If a Stop Work Notice is cancelled or the period of the Stop Work Notice expires, Seller shall resume work and the Parties will agree upon a reasonable adjustment in the delivery schedule. In no event shall such adjustment exceed the period of time during which the Stop Work Notice was in effect. Except as otherwise provided herein, no adjustment in the total PO price will be incurred by issuance of a Stop Work Notice.
16. **Termination for Convenience:** Notwithstanding any other provisions of the PO, Buyer may terminate the Contract or PO for convenience in whole or in part for any reason, at any time, by written notice to Seller. Should the PO be so terminated by Buyer, Seller shall immediately cease all work, including but not limited to the manufacture and procurement of materials for the fulfilment of the terminated portion of the PO. The Parties will agree upon an equitable adjustment of the PO price provided that: (i) Seller shall be entitled solely to reimbursement of the reasonable demonstrated cost Seller has incurred in the performance of the PO prior to the effective date of termination, but in no event shall such reimbursement exceed the price(s) indicated on the PO for the part so terminated; (ii) Seller's written intent to file a claim for adjustment is received within fifteen (15) calendar days from the effective date of termination; (iii) Seller's final claim is received within sixty (60) calendar days from the date that intent to claim is filed. Seller shall waive all claims and have no remedies after such sixty (60) day period, and shall continue to perform its obligations under the PO for any portion thereof that is not terminated. In the case of a partial termination of a PO, no adjustment will be made on the portion that is not being terminated. Failure to act in accordance with this clause will constitute a dispute under clause 33 (Disputes and Jurisdiction). Save as provided above, the Seller shall have no claim for damages, compensation, loss of profit, allowance or otherwise by reason of, or directly or indirectly arising out of, any action taken or termination notice given by the Buyer under this clause.
17. **Termination for Default:** If Seller ceases, omits, refuses to perform or is in default in carrying out any of its obligations under the Contract and Buyer believes that such breach can be cured, the Buyer shall, prior to termination of the whole or part of this Contract or PO, give Seller notice of such default. The Seller shall have ten (10) calendar days (or more if authorized by Buyer) from the date of receipt of such notice in which to cure the default or satisfy Buyer that such default shall be cured within a period acceptable to Buyer. Upon failure to cure the default, Buyer may

give Seller written notice of termination for default without prejudice to any of its other rights and recourses. Where (i) Seller becomes or is about to become bankrupt or insolvent, makes an assignment for the benefit of creditors or takes the benefit of any statute relating to bankrupt or insolvent debtors; (ii) a receiver is appointed under a debt instrument; (iii) a receiving order is made against Seller; (iv) an order is made or a resolution passed for the winding up of the Seller; or (v) Seller breaches any of its obligations hereunder, Buyer may, upon giving notice to the Seller, immediately terminate the whole or any part of this Contract without prejudice to any of its other rights and recourses. Upon the termination of the Contract for default, or part thereof, the Seller shall have no claim for further payment, but shall be liable to Buyer for any amounts paid by Buyer and for all direct losses and damages which may be suffered by Buyer by reason of the default or occurrence upon which the notice was based, including any increase in the cost incurred by Buyer in procuring the Product, or any part thereof, from another source.

18. **Excusable Delay:** A delay in the performance by either Party of any obligation under the Contract which is caused by an event which: (i) is an act of God, war, severe weather, or any other event which constitutes a superior force and is beyond the reasonable control of that Party, and without any fault on the part of the Party invoking it; and (ii) interferes with the performance of such Party's obligations; and (iii) the effects of which could not reasonably have been avoided by that Party shall, subject to the provisions of this clause, constitute an Excusable Delay. Except as otherwise provided herein, the following shall not be considered as events beyond the reasonable control of the Party attempting to claim Excusable Delay: (i) lack of financial resources of a Party; or (ii) any labour disturbances including strikes/lock-outs experienced by a Party. To claim an Excusable Delay, a Party shall notify the other Party in writing upon the occurrence of an event that has resulted or is likely to result in an Excusable Delay and provide the other Party with an acceptable "work-around" plan within ten (10) calendar days of such facts coming to the attention of that Party. The other Party shall accept or reject such "work-around" plan in writing and, if accepted, the Party proposing the plan shall promptly implement such "work-around" plan at their sole expense. In the event of an Excusable Delay, any affected delivery date shall be postponed for such period as is reasonably necessary to offset the effects of the Excusable Delay. However, in no event shall the delivery date be extended by a time period longer than the time period in which the Excusable Delay was in effect. No adjustment will be made to the PO price; adjustment to the delivery schedule is the exclusive remedy of a Party in the case of an Excusable Delay. Notwithstanding the above, after an Excusable Delay has continued for a period of thirty (30) calendar days in the aggregate the other Party may terminate this Contract, PO or any part thereof. In the event of such termination, the rights and obligations of the Parties shall be determined in accordance with clause 14 (Termination for Convenience).
19. **Confidential Information:** Under this Contract, "Confidential Information" shall mean information of a technical, scientific, strategic, corporate or commercial nature, including, without limitation, all Specifications, data, documents, computer software, programs, technology, concepts, processes, methodologies, samples, business plans, forecasts, products and accounting records, whether or not acquired through visits or discussions and whether or not covered by intellectual property rights, which is in the possession of or belonging to Buyer whether written or oral and whether or not explicitly designated as confidential. Seller agrees to keep the Confidential Information obtained hereunder in strict confidence and to use it only for the purpose of Seller's performance of its obligations, and otherwise not to disclose directly or indirectly to any third party, nor to use, copy, summarise, evaluate or incorporate within or outside of its business. Seller agrees that the Confidential Information should be accessed and disclosed only to its employees having a need to know who have been properly advised of the confidential nature of the Confidential Information, and who are under binding obligations of confidentiality, use and non-disclosure complying with the requirements hereunder. The obligations of confidentiality, use and non-disclosure referred to in this clause shall not apply to information which: (i) is or becomes publicly available through no fault of Seller; (ii) is independently developed by Seller without recourse to the Confidential Information provided hereunder; (iii) is obtained by Seller in good faith and on a non-confidential basis and without a use restriction from a third party who lawfully obtained and disclosed such information; or (iv) is required to be disclosed by law following advance notice to Buyer to allow for protection of its rights.
20. **Title:** Each Party shall retain ownership of its intellectual property rights existing prior to entering into this Contract. Unless otherwise agreed between the Parties, title and ownership to any Work shall vest in Buyer upon its delivery to Buyer. Buyer shall have all right to use, modify, further develop and create derivative works or otherwise alter, sell, distribute or otherwise transfer the Work as part of products sold or services rendered by Buyer on a commercial

basis. Title to and full ownership of any Goods will pass to Buyer upon delivery and acceptance of the Goods FCA (INCOTERMS 2000) at Seller's location or as specified in the PO. Seller shall execute any documentation required by Buyer to give effect to the foregoing.

21. **Warranty:** Seller warrants that it has the right to enter into the Contract and that all Goods or Work supplied hereunder are free of any liens, encumbrances or claims and that Seller has full right and authority to sell such Goods or Work. Seller also warrants that it is the owner of the intellectual property in the Goods or Work or has the right to license for further resale of the Goods or Work; and the rights granted herein do not infringe the intellectual property rights of any third party. Seller warrants that all Goods or Work delivered under the PO shall be free from defects in design, material and workmanship and will conform to applicable descriptions, Specifications and drawings and are suitable for the purpose intended. The warranty period shall be valid for thirty-six (36) months from delivery to Buyer.. Seller further warrants that, for a period of thirty-six (36) months following the completion of any Services provided by Seller under the PO, that such Services shall: (i) conform to the Specifications; and (ii) be performed in a professional manner conforming to industry standards for the performance of such Services. The warranties described herein shall be assignable to Buyer's customers. Any defective Goods will, at Buyer's discretion, either be returned to Seller to be repaired or replaced at no cost to Buyer, FCA (INCOTERMS 2000): freight collect, or repaired by Buyer, at Seller's sole cost and expense, and Buyer shall debit Seller's account accordingly. For valid warranty claims, Buyer shall debit Seller's account for actual freight charges incurred both from and to the Buyer. Should the Services not meet said warranty, at Buyer's option, Seller shall re-perform the Services, or refund to Buyer the portion of the price under the PO for the Services not meeting the said warranty.
22. **Liability:** Seller agrees to indemnify, defend and hold harmless Buyer, a) Buyer's agents, directors, officers, employees, affiliates, b) its affiliates' agents, directors, officers, employers, and c) Buyer's successors and assigns, sub-contractors and customers ("Indemnified Parties") from and against any and all losses, injuries (including death), damages, liabilities, costs and expenses of any kind whatsoever (including reasonable attorneys' fees and other costs of defending any action) which such parties may sustain or incur in connection with its enforcement of the Contract or as a result of any claim based upon contract, negligence, breach of warranty, strict liability, or any proprietary or intellectual property right, except to the extent caused by the sole gross negligence or willful misconduct of the Indemnified Parties.
23. **Third Party Infringement:** Seller shall, at Seller's own expense, indemnify, defend and hold harmless the Indemnified Parties (as defined in Clause 20), against any action, claim or other proceeding brought against Buyer to the extent that it is based on a claim that the use of Goods or Work infringes any copyright, trademark, or patent or other intellectual property right, or that Goods or Work incorporate any misappropriated trade secret. Seller will pay all costs, damages, and expenses (including but not limited to reasonable attorneys' fees and other costs of defending any action) awarded against Buyer or paid in settlement by Buyer in any such action, claim or proceeding attributable to any such claim or otherwise incurred by Buyer. In addition, should Buyer be enjoined or directed to stop using the Goods or Work as a consequence of a claim of third party infringement, Buyer shall have the right to require that Seller either (i) procure the right to use the infringing element of the Goods or Work in accordance with this Contract; (ii) modify the affected Goods or Work or parts thereof without detracting from its overall performance in order to cease the infringement; or (iii) replace the affected Goods or Work or parts thereof with alternative good that performs the substantially the same functions of the affected Goods or Work.
24. **Sales Limitation:** Without the prior written consent of Buyer, Goods carrying Buyer's part numbers or produced wholly or in part from Buyer's proprietary Specifications may not be sold by Seller to third parties.
25. **Insurance:** Seller shall be responsible for maintaining, at Seller's expense, at all times during the term of this Contract, all insurance that a reasonable and prudent seller would carry for the provision of Goods, Work, or performance of the Services hereunder, and shall provide Buyer with proof of such insurance upon request.
26. **Notices:** Any notice, consent or other communication hereunder shall be given in writing hand delivered, by recognized courier or fax. Notice shall be deemed to have been received by the addressee: (i) on the day when same shall have been so delivered if delivered by hand; (ii) on the day it was signed as received if sent by courier; (iii) on the date indicated on the electronic acknowledgement if same is faxed. No notice or communication pertaining

to this Contract shall be deemed to have been duly given by Seller to Buyer unless addressed as follows: CAE Inc., 8585 Côte-de-Liesse Road, Saint Laurent, Quebec, H4T 1G6, CANADA, Attention: Vice President Global Strategic Sourcing, with copy to any other individual as specified in the PO or other address as used in the alternate by the CAE buying entity.

27. **Assignment:** This Contract shall not be assigned, subcontracted or otherwise disposed of, in whole or in part, by the Seller without the prior written consent of Buyer and any such assignment or disposition without Buyer's written consent shall be considered null and void. Buyer may assign this agreement in whole or in part at its sole discretion.
28. **Advertising:** Seller shall not use or disclose any information relating to this Contract, the name of Buyer or any of its affiliated companies, Buyer's trademarks, photographs, logos or any other identifying information in any advertisement or publicity in any medium, including without limitation any print, broadcast, sales promotion materials, press releases, or any internet web site maintained by or for Seller, without prior written consent of Buyer.
29. **Business Conduct:** Seller (or any agent or representative of Seller) shall not offer or provide gratuities to any employee of Buyer except as considered normal ethical business practices authorized by the Buyer's Code of Business Conduct which Seller acknowledges having been given access to and Seller agrees to comply with Buyer's Code of Business Conduct. Failure of Seller to comply with this clause may, at Buyer's option, result in immediate termination for default hereunder, without provision for cure. Should Seller access Buyer's premises in performance hereunder, Seller agrees to comply with and to not violate any code of conduct, and policies adopted by Buyer including those related to security, health and safety.
30. **Independent Contractors:** The Parties hereto are independent contractors engaged in the operations of their respective businesses. Neither Party is, or is to be considered, as the agent or employee of the other for any purpose whatsoever. Neither Party has the authority to enter into contracts or assume any obligations for the other Party or make any warranties or representations on behalf of the other Party. Nothing in the PO shall be construed to establish a relationship of copartners or joint venture between the Parties.
31. **Severability:** If any term or provision of this Contract is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Contract shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify the PO so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner, in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible. Headings are included for convenience only and shall not affect the interpretation of this Master Agreement.
32. **Survival:**
All Specifications, Tools and Confidential Information must be returned to Buyer immediately upon termination of the Contract for any reason whatsoever. The obligations of Seller under Clauses 9 (Specifications), 17 (Confidential Information), 18 (Title), 19 (Warranty), 20 (Liability), 21 (Third Party Infringement), 26 (Advertising), 31 below (Waiver), 32 below (Governing Law), 33 below (Disputes and Jurisdiction) of the PO, as well as any other obligations which by their nature and context are intended to survive, shall survive the termination or expiration of the Contract for any reason.
33. **Waiver:** The failure of Buyer to enforce at any time any of the provisions of this Contract, or to require at any time the performance by Seller of any of the provisions hereof, shall in no way be construed to be a waiver of such provisions, nor in any way affect the validity of this Contract or any part thereof, or the right of Buyer thereafter to enforce such provision.
34. **Governing Laws:** These terms and conditions shall be governed and interpreted in accordance with the laws of the State of Florida, without reference to its conflict of law rules. The Parties also agree to specifically exclude the application of the United Nations Convention on Contracts for the International Sale of Goods, 1980, as may be amended.

35. **Disputes and Jurisdiction:** The Parties shall attempt to resolve any disagreements, disputes, controversies or claims arising out of, or relating to this Contract, or the breach, termination, invalidity or interpretation of any part hereof, by escalating the matter through their respective management structures. The Parties will use all efforts in good faith to resolve the dispute before instituting any legal action.
36. **Entire Agreement:** This Contract, with all documents referred to herein, constitutes the entire agreement between the Parties and supersedes and replaces all prior discussions, representations, understandings or agreements whether verbal or written, between the Parties hereto or their agents, with respect to or in connection with the subject matter hereof, save and except for the provisions of any confidentiality agreements whether verbal or written, between the Parties hereto or their agents, which, by their nature or wording, are intended to remain in full force and effect.
37. **FAR and DFARS:** Provisions Incorporated by Reference- If a U.S. Government contract is referenced on the face of the Purchase Order, (when applicable) the following clauses are incorporated with the same effect as if contained in full text. Where necessary to make such clauses applicable and operable, the term “Contractor” will mean “Seller”, the term “contract” will mean “PO” and the term “Contracting Officer” will mean “Buyer”. The clause dates in effect as of the date of the Order will prevail. [FAR 52.301](#) provides guidance for the applicability of these clauses.

FAR 52.202-1 Definitions – Alternate I

FAR 52.203-3 Gratuities

FAR 52.203-5 Covenant Against Contingent Fees

FAR 52.203-6 Restriction on Subcontractor Sales to the Government – Alternate I

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FAR 52.209-5 Certification Regarding Debarment, Suspension, Proposed Debarment, and Other Responsibility Matters

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DFARS 252.204-7000 Disclosure of Information
DFARS 252.209-7000 Acquisition from Subcontractors Subject to On-Site Inspection Under the Intermediate-Range Nuclear Forces (INF) Treaty
DFARS 252.209-7004 Subcontracting with Firms That Are Owned or Controlled by the Government of a Terrorist Country
DFARS 252.211-7003 Item Identification and Valuation
DFARS 252.219-7003 Small, Small Disadvantaged and Women-owned Small Business Subcontracting Plan (DoD Contracts)
DFARS 252.225-7004 Reporting of Contract Performance Outside the United States
DFARS 252.225-7012 Preference for Certain Domestic Commodities
DFARS 252.225-7013 Duty Free Entry
DFARS 252.227-7013 Rights in Technical Data-Non Commercial Items
DFARS 252.227-7014 Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation
DFARS 252.227-7016 Rights in Bid or Proposal Information
DFARS 252.227-7019 Validation of Asserted Restrictions--Computer Software
DFARS 252.227-7028 Technical Data or Computer Software Previously Delivered to the Government
DFARS 252.227-7036 Buy American Act--Free Trade Agreements--Balance Of Payments Program
DFARS 252.227-7037 Validation of Restrictive Markings on Technical Data
DFARS 252.247-7023 Transportation of Supplies by Sea
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