

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 1 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

**FARSOUND AVIATION INC'S TERMS
AND CONDITIONS OF PURCHASE**

The Supplier's particular attention is drawn to clauses 2.4, 2.6, 4.7, 7.1, 10, 13, 15.2, 16,
Schedule 1, paragraph 9.1.

1. **INTERPRETATION**

1.1 **Definitions:**

Quality System	means any of the following; AS9100, AS9120, FAR21, EASA Part 21 and ASA-100 has the meaning set out in clause 4.4.2.
Authorisation	The term Authorisation shall be construed accordingly.
Authorised Release Certificate	means 8130-3, EASA Form 1 certificate or UK CAA Form 1
Business Hours	means 8am – 4:30pm on a Business Day.
Business Day	a day other than a Saturday, Sunday or Statutory holiday in Ontario, Canada.
Buyer	means the Customer's customer, to whom the Customer is supplying the Goods.
Completion of Delivery Conditions	has the meaning set out in clause 5.5. the terms and conditions set out in this document as amended from time to time in accordance with clause 21.5.

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 2 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

Consumer Protection Legislation

refers to the provincial and territorial consumer protection legislation, specifically the *Consumer Protection Act*, RSA 2000, c C-26.3 in Alberta, the *Business Practices and Consumer Protection Act*, SBC 2004, c. 2 in B.C., the *Consumer Protection Act*, RSM 1987, c C200 in Manitoba, the *Consumer Product Warranty and Liability Act*, SNB 1978, c C-18.1 in New Brunswick, the *Consumer Protection and Business Practices Act*, SNL 2009, c C-31.1 in Newfoundland, the *Consumer Protection Act*, RSNS 1989, c 92 in Nova Scotia, the *Consumer Protection Act*, RSNWT (Nu) 1988, c C-17 in Nunavut, the *Consumer Protection Act*, RSNWT 1988, c C-17 in the Northwest Territories, the *Consumer Protection Act*, 2002, S.O. 2002, c. 30, Sched. A in Ontario, the *Consumer Protection Act*, RSPEI 1988, c C-18 in Prince Edward Island, the *Consumer Protection Act*, CQLR c P-40.1 in Quebec, the *Consumer Protection and Business Practices Act*, SS 2013, c C-30.2 in Saskatchewan, and the *Consumer Protection Act*, RSY 2002, c 40 in Yukon.

Contract

the contract between the Customer and the Supplier for the sale and purchase of the Goods in accordance with these Conditions.

COHS Regulations

means the *Canada Occupational Health and Safety Regulations* (SOR/86-304).

Customer

Farsound Aviation Inc (registered in Ontario, Canada with company number 1998754.)

Customer Materials

has the meaning set out in clause 11.

Delivery Date

the date specified in the Order, or, if none is specified, within the delivery time period specified or agreed by the Customer in writing in relation to the Goods (**Delivery Lead Time**).

Delivery Lead Time

see definition of Delivery Date.

Delivery Location

the address for delivery of the Goods as set out in the Order, at the specific point in such location that is specified by the Customer.

Dispute

means a dispute or claim that arises out of or in connection with this Contract, including in relation to its existence, performance, validity, termination or enforceability.

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 3 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

Environmental Management System

means ISO 14001.

Federal and Provincial Privacy Legislation

refers to the legislation that gives businesses a framework to manage and control the destruction of confidential documents, specifically the federal *Personal Information Protection and Electronic Documents Act* (PIPEDA), the *Personal Information Protection Act* (PIPA) in Alberta and British Columbia, and *An Act respecting the protection of personal information in the private sector* (Québec Privacy Act) in Québec.

Force Majeure Event

means an event or circumstances outside of a party's reasonable control, including:

- (a) acts of God, flood, drought, earthquake or other natural disaster;
- (b) epidemic or pandemic;
- (c) terrorist attack, civil war, civil commotion or riots, war, threat of or preparation for war, armed conflict, imposition of sanctions, embargo, or breaking off of diplomatic relations;
- (d) nuclear, chemical or biological contamination or sonic boom;
- (e) subject to clause 17.2, any law or any action taken by a government or public authority, including without limitation imposing an export or import restriction, quota or prohibition; or
- (f) collapse of buildings, fire, explosion or accident.

Goods

the goods (or any part of them) set out in the Order.

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 4 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

Hazardous Products Act and regulations

means the *Hazardous Products Act*, RSC 1985, c H-3, *Hazardous Products Regulations*, SOR/2015-17, and *Hazardous Products Information Regulation*, CQLR c S-2.1, r 8.1.

Mandatory Policies

the Customer's business policies listed in Schedule 2 as amended by notification to the Supplier from time to time.

Material Safety Data Sheet (referred to as MSDS)

means a technical document which provides detailed information on a controlled product, related to specific characteristics, namely:

- (a) health effects of exposure to the product;
- (b) hazard evaluation related to the product's handling, storage or use;
- (c) measure to protect workers at risk of exposure; and emergency procedures.

The data sheet may be written, printed or otherwise expressed and must meet the availability, design and content requirements of WHMIS legislation.

OECD

means the Organisation for Economic Co-operation and Development.

Order

the Customer's order for the Goods (whether electronic or in hard copy), as set out in the Customer's purchase order form.

PQE Quality Management System

means professional qualifying examination.

means ISO 9001

EU REACH

refers to European Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 5 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

Sale of Goods Legislation

refers to the provincial and territorial Sale of Goods legislation, specifically the *Sale of Goods Act*, RSA 2000, c S-2 in Alberta, the *Sale of Goods Act*, RSBC 1996, c 410 in B.C., the *Sale of Goods Act*, CCSM c S10 in Manitoba, the *Sale of Goods Act*, RSNB 2016 c 110 in New Brunswick, the *Sale of Goods Act*, RSNL 1990 c S-6 in Newfoundland, the *Sale of Goods Act*, RSNWT 1988, c S-2 in the Northwest Territories, the *Sale of Goods Act*, RSNS 1989, c 408 in Nova Scotia, the *Sale of Goods Act*, RSNWT (Nu) 1988, c S-2 in Nunavut, the *Sale of Goods Act*, RSO 1990, c S1 in Ontario, the *Sale of Goods Act*, RSPEI 1988, c S-1 in Prince Edward Island, the *Sale of Goods Act*, S-1 in Saskatchewan, and the *Sale of Goods Act*, RSY 2002, c 198 in the Yukon.

Specification(s)

any specification for the Goods (including the packaging and labelling), which includes any related plans and drawings, that is agreed in writing by the Customer and the Supplier, which, for the avoidance of doubt, shall include any technical or performance requirements.

Supplier

The person or firm whom the Customer purchases the Goods.

UNCITRAL Rules

Means the United Nations Commission on International Trade Law Arbitration Rules.

WHMIS Legislation

Refers to Canadas national hazards communication standard. The key elements of the system are:

- i. hazard classification
- ii. cautionary labelling of containers
- iii. the provision of material safety data sheets (MSDS) and
- iv. worker education & training programs.

WHMIS 2015 is revised piece of legislation that incorporates the Globally Harmonized System of Classification and Labelling for Chemicals (GHS)

DFARS Definition

DFARS 252.225-7009 Restriction on Acquisition of Certain Articles Containing Specialty Metals, as defined here:

<https://www.acquisition.gov/dfars/252.225-7009-restriction-acquisition-certain-articles-containing-specialty-metals>

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 6 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

1.2 Interpretation:

- 1.2.1 A **person** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- 1.2.2 A reference to a party includes its personal representatives, successors and permitted assigns.
- 1.2.3 A reference to legislation or a legislative provision is a reference to it as amended or re-enacted. A reference to legislation or a legislative provision includes all subordinate legislation made under that legislation or legislative provision.
- 1.2.4 Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.2.5 A reference to **writing** or **written** includes emails.

2. BASIS OF CONTRACT

- 2.1 These Conditions apply to the Contract to the exclusion of any other terms that the Supplier seeks to impose or incorporate, or which are implied by law, trade custom, practice or course of dealing.
- 2.2 The Order constitutes an offer by the Customer to purchase the Goods in accordance with these Conditions.
- 2.3 The Order shall be accepted when the Supplier issues a written acceptance of the Order. Unless otherwise agreed by the Customer in writing, the Supplier shall accept each Order within 2 Business Days of the Order being submitted to it. When an Order is accepted in accordance with this clause, the Contract shall come into existence. For the avoidance of doubt:
- 2.3.1 the Customer shall not be bound by any Order unless it is accepted by the Supplier in accordance with clause 2.3; and
- 2.3.2 the Customer may withdraw any Order that has not been

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 7 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

accepted by the Supplier in accordance with clause 2.3, without any liability to the Customer.

2.4 Subject to clause 2.3:

2.4.1 the Customer may at any time prior to dispatch of the Goods cancel an Order by written notice to the Supplier. If the Customer cancels an Order, its liability to the Supplier shall be limited to payment to the Supplier of all costs reasonably incurred by the Supplier in fulfilling the Order up until the date of receipt of the notice of cancellation. Upon request, the supplier shall provide the Customer with any documentation reasonably requested by the Customer to verify the costs reasonably incurred by the Supplier before the Order was cancelled under this clause. For the avoidance of doubt, the parties agree that costs under this clause shall not exceed the price of the Order had it not been cancelled; or

2.4.2 the Customer may, at any time prior to dispatch of the Goods, request in writing to the Supplier that an Order is amended (**Requested Change**). The Requested Change shall set out the changes the Customer would like to make to an Order. If the Customer makes a Requested Change the Supplier shall inform the Customer in writing about any changes to the price of the Goods, the timing of supply and any other consequences of the Requested Change, and ask the Customer whether it wishes to go ahead with the Requested Change (**Change Consequences**). If the Customer agrees to the Change Consequences in writing, the Order shall be varied accordingly. For the avoidance of doubt, the Supplier shall act reasonably when calculating any revisions to the price, the timing of supply and any other Change Consequences.

The Customer shall have no liability to the Supplier under clause 2.4.1 or 2.4.2 where the amendment or cancellation results from the Supplier's failure to comply with its obligations under the Contract.

2.5 The Supplier waives any right it might otherwise have to rely on any term endorsed upon, delivered with or contained in any documents of the Supplier

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 8 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

that is inconsistent with these Conditions.

2.6 The Supplier shall keep records relating to each Order for a minimum of 10 years or as specified on the Order, or as otherwise agreed in writing between the parties. These records will be made available to the Customer promptly on request.

2.6.1 Quality records pertaining to non-conformances will be retained and available for the life of the relevant aircraft program unless otherwise specified.

2.6.2 If the Supplier wishes to destroy non-Quality related records after 10 years, they must do so via a recognized confidential waste disposal provider, preferably in accordance with Federal and Provincial Privacy Legislation.

3. **CONFLICT**

3.1 If there is any conflict or ambiguity between the documents listed below, a term contained in a document higher in the list shall have priority over one contained in a document lower in the list:

3.1.1 a long-term supply agreement or other formal written contract entered into between the parties, which applies to the supply of the Goods;

3.1.2 the Order; and

3.1.3 these Conditions.

3.2 The Supplier will ensure that its employees, workers, consultants and any sub- contractors appointed in accordance with the Contract, who are connected with the supply of the Goods, are aware of and comply with the Supplier's obligations under these Conditions.

4. **THE GOODS**

4.1 The Supplier shall ensure that the Goods shall:

4.1.1 correspond with their description, any applicable Specification(s) and all requirements stated on the Order or as otherwise agreed

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 9 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

between the parties in writing;

- 4.1.2 correspond with any sample of the Goods;
- 4.1.3 where applicable, meet the implied warranty or conditions as to quality or fitness for a particular purpose (as set out in the various provincial and territorial Sale of Goods Legislation),

and in this respect the Customer relies on the Supplier's skill and judgement;
- 4.1.4 be free from defects in design, material and workmanship and remain so for 24 months after delivery (unless a shorter time period has been agreed in writing by the parties);
- 4.1.5 not have been subjected to conditions of extreme stress, heat or general environmental or climatic conditions;
- 4.1.6 be provided with, but not limited to, either a certificate of conformity or authorised release certificate. Other applicable certification might include evidence of material, production, special processes and subcontracted processes.
- 4.1.7 have not been previously installed on any airframe, engine or related sub system or component;
- 4.1.8 comply with all applicable statutory and regulatory requirements relating to the manufacture, labelling, packaging, storage, handling and delivery of the Goods in force at the time of delivery of the Goods; and
- 4.1.9 where Goods are subject to COHS Regulations, the Supplier must provide a MSDS to the Customer's Quality Manager 5 working days prior to delivery so a COSHH risk assessment can be conducted
- 4.1.10 have at least 80% of their shelf life remaining at the time of delivery, unless otherwise agreed in advance of delivery and in

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 10 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

writing by the Customer; and

- 4.1.11 Goods are produced in accordance with DFARS 252.225.7009 requirements
- 4.1.12 the Supplier has the right to transfer title to the Goods to the Customer; and
- 4.1.13 the Goods are not subject to any encumbrance, charge or a lien.
- 4.2 It is the Suppliers responsibility to notify the Customer if product, processes and/or services is later found to be non-conforming. Should this happen, the Supplier must communicate details of the occurrence in writing as soon as practicable. It is also the Suppliers responsibility to seek written authorisation from the Customer regarding the disposal of any inventory related to the Order.
- 4.3 The Supplier shall ensure that the Goods' labelling;
 - 4.3.1 conforms to the Specification(s) or as otherwise agreed in writing between the parties;
 - 4.3.2 and any quality release documentation clearly states the Goods' cure date, cure group, date of manufacture and time expired, shelf-life or use by date;
 - 4.3.3 complies with the COHS Regulations; and
 - 4.3.4 complies with the Hazardous Products Act and regulations.
- 4.4 The Supplier shall:
 - 4.4.1 comply with Schedule 1;
 - 4.4.2 ensure that at all times it has and maintains:
 - 4.4.2.1 a Quality System (unless otherwise agreed in writing by the Customer, such as AS9100/ISO9001); and
 - 4.4.2.2 all the licences, regulatory approvals,

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 11 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

permissions, accreditations, authorisations, consents and permits that it needs to carry out its obligations under the Contract (**Authorisations**); and

4.4.2.3 only customer specified or regulatory approved subcontractors or special processors are used in the production of the Goods; and

4.4.3 notify the Customer immediately if during the term of the Contract:

4.4.3.1 if a Contract Authorisation is no longer in effect; and/or

4.4.3.2 if the Supplier no longer has a Quality System in place.

4.5 The Supplier acknowledges and accepts that if the Supplier does not have all Authorisations or, subject to clause 4.4.2.1, a Quality System, in place for the duration of the Contract, the Customer may terminate the Contract under clause 7.1.1 without incurring any liability to the Supplier.

4.6 In accordance with standard industry practice, the Supplier will notify the Customer of any changes to either the product or proposed process definition relating to this

order. The Supplier must obtain the Customer’s written approval (which may be given or withheld at the Customers discretion) where applicable. Changes might include, but are not limited to, manufacturing process, services, sub-contractors or location.

4.7 The Supplier may not reassign or subcontract any part of the Goods without the Customer’s prior consent, except where it can demonstrate the authority to do so. The Supplier shall use Customer-designated sources when detailed. Where work is

sub-contacted the Supplier shall ensure that Customer requirements and

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 12 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

conditions of the Order, especially regulatory and quality compliance and inspection are flowed-down to any other sub-contractors. Any such consent of the Customer will not relieve the Supplier of its contractual obligations under this Order.

- 4.8 If Goods are Toxic and/or Hazardous Materials, the Supplier will;
- 4.8.1 agree to comply with all applicable environmental and health and safety legislation and regulations (as amended over time);
 - 4.8.2 warrant that the packaging and shipment of toxic and/or hazardous will be made in accordance of all applicable laws;
 - 4.8.3 the Supplier will submit a copy of the MSDS to the Customer's Quality Manager five working days prior to delivery of any such material
 - 4.8.4 the Supplier will provide any product related information requested by the Customer to ensure the Customer's compliance either with applicable laws including but not limited to European Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals as amended from time to time, known as 'EU REACH'.
- 4.9 The Supplier will not:
- 4.9.1 provide suspect unapproved/unapproved or counterfeit goods, whether individually identifiable items or components of Goods that:
 - 4.9.1.1 are an unauthorised copy or substitute of a parts issued by design authority or OEM
 - 4.9.1.2 are not traceable to a design authority or OEM sufficient to validate authentic design and manufacture
 - 4.9.1.3 do not contain the specified materials or components or have been subject to the designated

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 13 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

manufacturing processes in accordance with the design authority or OEM specification

4.9.1.4 have been reworked, repaired or relabelled or in any other way modified from the design authority or OEM specification but not disclosed as such

4.9.1.5 or have not passed the relevant QA test requirements as set out by the design authority or OEM

4.9.1.6 the seller shall apply appropriate internal processes to ensure that Goods sold to the Buyer are not Counterfeit. The strategy should include, but not be limited to ensuring Goods or materials are procured through authorised suppliers and ensure approved testing or inspection to determine authenticity of items occurs.

4.9.2 If Goods have been supplied to the Customer and are subject to any of the clauses detailed in 4.9, Goods shall be deemed suspect unapproved/unapproved or counterfeit and non-conforming to the Order.

4.9.3 The Supplier will ensure it carries out due diligence when sourcing all minerals for the Goods in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains (as amended) (**OECD Guidance**);

4.9.4 subject to clause 4.10, no part of the Goods contain any conflict minerals (which includes any minerals obtained illegally or from any conflict affected-areas or high-risk areas, as further described in the OECD Guidance); and

4.9.5 that all parts of the Goods are procured directly from the original component manufacturer (**OCM**), original equipment manufacturer (**OEM**) or from an OCM or OEM authorised distributor.

4.10 If the Supplier wishes to use any conflict materials in the Goods, the Supplier shall:

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 14 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

4.10.1 inform the Customer as soon as possible and shall promptly provide the Customer with any information it requires in relation to such conflict materials; and

4.10.2 not use any conflict materials in the Goods, unless agreed in advance and in writing by the Customer.

4.11 If the Supplier becomes aware that any of the Goods contain any conflict materials during or after the termination or expiry of this Contract it shall inform the Customer without undue delay (which means on the same Business Day or the following Business Day if the first Business Day was not reasonably practical). The Supplier shall promptly provide the Customer with any information it requires in relation to such conflict materials. This provision shall survive termination or expiry of the Contract.

4.12 The Supplier shall, at the Customer's election, allow the Customer and any auditors or other advisors to the Customer, or any regulatory authority, have right of entry the Supplier's premises, systems and records as may be reasonably required by the Customer or regulatory authority to check the Supplier's compliance with clause 4.4 and clause 4.9, or it shall provide the information reasonably requested by the Customer or regulatory authority to check the Supplier's compliance with clause 4.4 and clause 4.9. The Supplier shall permit the Customer or regulatory authority to take copies of the Supplier's records that are reviewed by the Customer or regulatory authority under this clause.

4.13 The Supplier shall inform the Customer as soon as it becomes aware of any reason why the Goods do not or will not comply with clauses 4.1 through 4.9 (inclusive). Unless otherwise requested by the Customer in writing, the Supplier shall promptly take such remedial action as is necessary to ensure compliance.

4.14 Regardless as to whether clause 4.13 applies, the Supplier acknowledges and accepts that the Customer, any Buyer or regulatory authority has right of entry and may inspect and/or test the Goods at any time before delivery if requested by the Customer and/or the relevant regulatory authority in writing. If required under this clause, the Supplier shall:

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 15 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

4.14.1 send a sample of the Goods to the Customer, Buyer or regulatory authority at the Supplier's risk and expense so that the Customer, Buyer or regulatory authority can inspect and/or test the Goods; or

4.14.2 grant access to its premises to the Customer, Buyer or regulatory authority so that they can inspect and/or test the Goods. Such inspection, if taking place at the Supplier's premises, shall take place during Business Hours.

The Supplier shall remain fully responsible for the Goods despite any such inspection or testing and any such inspection or testing shall not reduce or otherwise affect the Supplier's obligations under the Contract.

4.15 If following such inspection or testing the Customer considers that the Goods do not conform or are unlikely to comply with clauses 4.1 through 4.9 (inclusive), the Customer shall inform the Supplier and the Supplier shall immediately take such remedial action as is necessary to ensure compliance.

4.16 The Customer may conduct further inspections and tests after the Supplier has carried out its remedial actions.

4.17 In order to meet its Customer requirements, Farsound may have to accept conditions or requirements which must be flowed down through the Supply Chain. Where applicable, the Supplier and its subcontractors will comply with these mandatory flow- down clauses.

5. DELIVERY

5.1 The Supplier shall ensure that:

5.1.1 the Goods are properly packed and secured in such manner as to enable them to reach their ultimate destination undamaged;

5.1.2 Goods packaged together in a carton shall not exceed a total weight of 40 Lbs, unless the Customer otherwise agrees in advance and in writing;

5.1.3 ensure that the Goods packaging conforms to the

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 16 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

Specification(s), unless the Customer otherwise agrees in advance and in writing;

- 5.1.4 each delivery of the Goods is accompanied by a delivery note which shows the date of the Order, the Order number (if any), the part number and quantity of the Goods (including the code number of the Goods, where applicable), special storage instructions (if any), whether the COHS Regulations and Hazardous Products Act and regulations apply to the Goods, and, if the Goods are being delivered by instalments, the outstanding balance of Goods remaining to be delivered;
- 5.1.5 all quality release documents and advice notes relating to the Goods shall accompany the Goods and shall contain the Order number and comply with clause 4.3 (**Goods Documents**). One copy of the Goods Documents shall be secured to the outside of the container carrying the Goods, and a duplicate copy shall be placed inside the container with the Goods;
- 5.1.6 where the substance, material or preparation of the Goods is controlled under the COHS Regulations, Hazardous Products Act and regulations, and EU REACH, a Material Safety Data Sheet must accompany each delivery of the relevant Goods; and
- 5.1.7 if the Supplier requires the Customer to return any packaging material to the Supplier, that fact is clearly stated on the delivery note. Any such packaging material shall be returned to the Supplier at the cost and risk of the Supplier;
- 5.1.8 and in exceptional circumstances, the Customer may request the Supplier to delivery the Goods directly to the Customer's Customer (known as a 'drop shipment'). This request will be made in writing by the Customer. A copy of all paperwork must be sent to the Customer prior to the drop shipment being made.
- 5.2 The Supplier acknowledges and accepts that time is of the essence for delivery of the Goods.
- 5.3 Subject to clause 5.4 and 5.8, the Supplier shall deliver the Goods in full:

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 17 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

- 5.3.1 on the Delivery Date or before the expiry of the Delivery Lead Time (being the end of Business Hours on the last Business Day of the Delivery Lead Time) if no Delivery Date is specified on the Order;
- 5.3.2 at the Delivery Location; and
- 5.3.3 during Business Hours, or as instructed by the Customer in writing.
- 5.4 If:
- 5.4.1 due to act or omission of the Customer the Supplier is not able to comply with clauses 5.3.1 and 5.3.3, the Supplier shall let the Customer know as soon as possible. Acting reasonably, the Supplier shall inform the Customer in writing about any changes to the timing of supply and ask the Customer whether it agrees. If the Customer agrees to the change in writing, the meaning of Delivery Date or Delivery Lead Time shall be varied accordingly; and
- 5.4.2 the Customer does not agree, the parties, acting reasonably, shall discuss and agree an alternative Delivery Date and Delivery Lead Time, which once agreed, shall vary the definitions accordingly.
- 5.5 Delivery of the Goods shall be completed on the completion of unloading the Goods at the Delivery Location (**Completion of Delivery**).
- 5.6 Subject to clause 6, if the Supplier fails to comply with:
- 5.6.1 clause 5.1.2 the Supplier acknowledges and accepts that:
- 5.6.1.1 the Customer may reject such Goods; or
- 5.6.1.2 the Customer may unpack the Goods and re-pack them to a maximum 10kg weight limit. If the Customer exercises its right under this clause, the Supplier shall pay the Customer £50 per repacked carton of Goods as liquidated

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 18 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

damages. The Supplier agrees that these liquidated damages are reasonable to protect the Customer's legitimate business interest in recovering sums for rectifying the Supplier's failure to comply with clause 5.1.2.

5.7 If the Supplier:

5.7.1 delivers less than 100% of the quantity of Goods ordered, the Customer may reject the Goods; or

5.7.2 delivers more than 110% of the quantity of Goods ordered, the Customer may at its discretion reject the Goods or the excess Goods and any rejected Goods shall be returnable at the Supplier's risk and expense.

If the Supplier delivers more or less than the quantity of Goods ordered, and the Customer accepts the delivery, a pro rata adjustment shall be made to the invoice for the Goods.

5.8 The Supplier shall not deliver the Goods in instalments without the Customer's prior written consent. Where it is agreed that the Goods are to be delivered by instalments, they may be invoiced and paid for separately. Without prejudice to any other rights and remedies of the Customer, the failure by the Supplier to deliver any one instalment on time or at all, or any defect in an instalment, shall entitle the Customer to the rights and remedies set out in clause 7.

6. INTERNATIONAL DELIVERY

6.1 Subject to clause 6.2, unless otherwise agreed in writing between the parties, all Goods with a Delivery Location outside of EWS shall be delivered Ex Works to the Delivery Location in accordance with the Incoterms of the International Chamber of Commerce (ICC) as in force at the date of this Contract (**EXW Incoterm**).

6.2 If clause 6.1 applies:

6.2.1 and there is a conflict between these Conditions and the EXW Incoterm in force as at the date of this Contract, these Conditions

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 19 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

shall prevail; and

6.2.2 the Customer shall be responsible for arranging carriage of the Goods from the Delivery Location to the destination determined by the Customer.

6.3 The Supplier warrants that the Goods will be fit for export out of the country of origin.

6.4 When requested by the Customer, the Supplier shall promptly provide any information requested by the Supplier in relation to the export of the Goods.

7. CUSTOMER REMEDIES

7.1 If the Goods are not delivered in accordance with clause 5.3, or the Goods or Supplier (as applicable) do not comply with the undertakings set out in clause 4.1 - 4.6 (inclusive), 8, 4.9, 4.10.2, clauses 5.1.1 - 5.1.7 (inclusive), or clauses 4.7 or 15.2 applies, then, without limiting any of its other rights or remedies, and whether or not it has accepted the Goods, the Customer may exercise any one or more of the following rights and remedies:

7.1.1 to terminate the Contract;

7.1.2 to reject the Goods (in whole or in part) and return them to the Supplier at the Supplier's own risk and expense;

7.1.3 to require the Supplier to repair or replace the rejected Goods, or to provide a full refund of the price of the rejected Goods (if paid); and

7.1.4 to refuse to accept any delivery of the Goods which the Supplier attempts to make.

7.2 These Conditions shall apply to any repaired or replacement Goods supplied by the Supplier.

7.3 The Supplier will ensure that persons under their control are aware of:

7.3.1 their contribution to product or service conformity,

7.3.2 their contribution to product safety,

7.3.3 and the importance of ethical behaviour.

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 20 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

This awareness will be promoted with the Supplier's organisation and flowed down through the supply chain.

- 7.4 The Customer's rights and remedies under these Conditions are in addition to its rights and remedies implied by statute and common law.

8. TITLE AND RISK

- 8.1 Title and risk in the Goods shall pass to the Customer on Completion of Delivery.

9. PRICE AND PAYMENT

- 9.1 The price of the Goods shall be the price set out in the Order, or, if no price is quoted, the price set out in the Supplier's published price list in force as at the date the of the Order.

- 9.2 The price of the Goods:

9.2.1 includes the costs of packaging, insurance and carriage of the Goods.

- 9.3 No extra charges shall be effective unless agreed in writing with the Customer.

- 9.4 The Supplier may invoice the Customer for the price of the Goods plus VAT at the prevailing rate (if applicable) on or at any time after the Completion of Delivery. The Supplier shall ensure that the invoice includes the date of the Order, the invoice number, the Customer's order number, the Supplier's VAT registration number and any supporting documents that the Customer may reasonably require.

- 9.5 The Customer shall pay correctly rendered invoices within 60 days of the end of the month in which Completion of Delivery occurred for the relevant Goods. Payment shall be made to the bank account nominated in writing by the Supplier.

- 9.6 If a party fails to make any payment due to the other party under the Contract by the due date for payment, then the defaulting party shall pay interest on the overdue sum from the due date until payment of the overdue sum, whether before or after judgment. Interest under this clause will accrue each

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 21 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

date at 4% a year above the Bank of England's base rate from time to time, but at 4% a year for any period when the base rate is below 0%. Where a payment is disputed in good faith, interest is only payable after the Dispute is resolved, on sums found or agreed to be due, from 5 days after the Dispute is resolved until payment.

- 9.7 The Customer may at any time, without prior notice to the Supplier, set off any liability of the Supplier to the Customer against any liability of the Customer to the Supplier, whether either liability is present or future, liquidated or unliquidated, and whether or not either liability arises under the Contract. If the liabilities to be set off are expressed in different currencies, the Customer may convert either liability at a market rate of exchange for the purpose of set-off. Any exercise by the Customer of its rights under this clause shall not limit or affect any other rights or remedies available to it under the Contract or otherwise.

10. INDEMNITY

- 10.1 The Supplier shall indemnify the Customer against all liabilities, costs, expenses, damages and losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other reasonable professional costs and expenses) suffered or incurred by the Customer as a result of or in connection with:

10.1.1 any claim or alleged claim (whether the subject of legal proceedings or otherwise):

10.1.1.1 made against the Customer for actual or alleged infringement of a third party's intellectual property rights arising out of or in connection with the manufacture, supply or use of the Goods;

10.1.1.2 made against the Customer by a third party for death, personal injury or damage to property arising out of or in connection with defects in the Goods; and

10.1.1.3 made against the Customer by a third party arising out of or in connection with the supply of the Goods,

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 22 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

to the extent that such claim arises out of the breach, negligent performance or failure or delay in performance of any part of the Contract by the Supplier, its employees, agents or subcontractors; and

10.1.2 procuring and implementing replacements for, or alternatives to, Goods not provided in accordance with this Contract;

10.1.3 any conflict materials being included in the Goods, that the Customer did not consent to under clause 4.10.2;

10.1.4 the Customer terminating this Contract under clause 7.1.1; and

10.1.5 any failure by the Supplier to comply with Schedule 1 (which shall include but not be limited to, any such losses suffered or incurred by the Customer, as a result of the Customer terminating this Contract under paragraph 9.1 Schedule 1).

10.2 The indemnities in clause 10 shall not apply to any losses suffered or incurred by the Customer, to the extent that such losses are attributable to the acts or omissions of the Customer.

10.3 This clause 10 shall survive termination or expiry of the Contract.

11. CUSTOMER MATERIALS

11.1 The Supplier acknowledges that all tools supplied by the Customer to the Supplier (**Customer Materials**) and all rights in the Customer Materials are and shall remain the exclusive property of the Customer or its licensors. The Supplier shall keep the Customer Materials in safe custody at its own risk, maintain them in good condition until returned to the Customer and shall not dispose or use them other than in accordance with the Customer's written instructions or authorisation.

12. INSURANCE

12.1 During the term of the Contract and for a period of 3 years thereafter, the Supplier shall maintain in force, with a reputable insurance company: (i) professional indemnity insurance; (ii) product liability insurance; and (iii)

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 23 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

public liability insurance, to cover the liabilities that may arise under or in connection with the Contract, and shall, at the Customer's request, produce both the insurance certificate giving details of cover and the receipt for the current year's premium in respect of each insurance.

13. LIMITATION OF LIABILITY

13.1 The restrictions on liability in this clause 13 apply to every liability arising under or in connection with the Contract including liability in contract, tort (including negligence), misrepresentation, restitution or otherwise.

13.2 Nothing in the Contract limits any liability which cannot legally be limited, including liability for:

13.2.1 death or personal injury caused by negligence;

13.2.2 fraud or fraudulent misrepresentation;

13.2.3 breach of the terms implied by the various sections relating to effects of the sales contract and passage of title in the applicable provincial and/or territorial Sale of Goods Legislation; or

13.2.4 defective products under the applicable provincial and/or territorial Consumer Protection Legislation.

13.3 Subject to clause 13.2:

13.3.1 the Supplier's total liability to the Customer shall not exceed \$250,000.00 (two hundred and fifty thousand dollars).

13.3.2 the Customer's total liability to the Supplier shall not exceed \$250,000.00 (two hundred and fifty thousand dollars).

13.4 Subject to clause 13.2 and clause 13.5, the following types of loss are wholly excluded:

13.4.1 loss of profits;

13.4.2 loss of sales or business;

13.4.3 loss of agreements or contracts;

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 24 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

- 13.4.4 loss of anticipated savings;
- 13.4.5 loss of use or corruption of software, data or information;
- 13.4.6 loss of or damage to goodwill; and
- 13.4.7 indirect or consequential loss.

13.5 The types of loss and specific losses not excluded are:

- 13.5.1 sums suffered or incurred by the Customer under clause 10; and
- 13.5.2 sums paid by the Customer to the Supplier pursuant to the Contract, in respect of any Goods not provided in accordance with the Contract.

13.6 This clause 13 shall survive termination or expiry of the Contract.

14. **CONFIDENTIALITY**

14.1 Each party undertakes that it shall not at any time during the Contract and for a period of two years after termination or expiry of the Contract, disclose to any person any confidential information concerning the terms of the Contract and clients of the other party (**Confidential Information**), except as permitted by clause 14.2.

14.2 Each party may disclose the other party's Confidential Information:

- 14.2.1 to its employees, officers, representatives, contractors, subcontractors or advisers who need to know such information for the purposes of exercising the party's rights or carrying out its obligations under the Contract. Each party shall ensure that its employees, officers, representatives, contractors, subcontractors or advisers to whom it discloses the other party's Confidential Information comply with this clause 14;
- 14.2.2 as may be required by law, a court of competent jurisdiction or any governmental or regulatory authority; and
- 14.2.3 in accordance with clause 21.1.1.

14.3 Neither party shall use the other party's Confidential Information for any

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 25 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

purpose other than to exercise its rights and perform its obligations under or in connection with the Contract.

15. **COMPLIANCE WITH RELEVANT LAWS AND POLICIES**

15.1 In performing its obligations under the Contract, the Supplier shall:

15.1.1 comply with all applicable laws, statutes, regulations and codes from time to time in force; and

15.1.2 comply with the Mandatory Policies.

15.2 The Customer may immediately terminate the Contract for any breach of clause 15 under clause 7.1.1.

16. **TERMINATION**

16.1 Excluding where:

16.1.1 clause 16.2 applies; or

16.1.2 the Customer terminates the Contract under:

16.1.2.1 clause 7.1.1; or

16.1.2.2 paragraph 9.1 Schedule 1,

and without limiting its rights or remedies, the Customer may terminate the Contract in whole or in part at any time before delivery of the Goods with immediate effect by giving the Supplier written notice, whereupon the Supplier shall discontinue all work on the Contract. The Customer shall pay the Supplier fair and reasonable compensation for any work in progress on the Goods at the time of termination, but such compensation shall not include loss of anticipated profits or any consequential loss.

16.2 Without limiting its other rights or remedies, the Customer may terminate the Contract with immediate effect by giving written notice to the Supplier if:

16.2.1 the Supplier commits a material breach of any term of the Contract and (if such a breach is remediable) fails to remedy that breach within 14 days of the Supplier being notified in writing to

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 26 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

do so;

- 16.2.2 the Supplier takes any step or action in connection with its entering administration, provisional liquidation or any composition or arrangement with its creditors (other than in relation to a solvent restructuring), obtaining a moratorium, being wound up (whether voluntarily or by order of the court, unless for the purpose of a solvent restructuring), having a receiver appointed to any of its assets or ceasing to carry on business or, if the step or action is taken in another jurisdiction, in connection with any analogous procedure in the relevant jurisdiction;
- 16.2.3 the Supplier takes any step or action in connection with the Supplier being made bankrupt, entering any composition or arrangement with its creditors, having a receiver appointed to any of its assets, or ceasing to carry on business or if the step or action is taken in another jurisdiction, in connection with any analogous procedure in the relevant jurisdiction;
- 16.2.4 the Supplier suspends, or threatens to suspend, or ceases or threatens to cease to carry on all or a substantial part of its business; or
- 16.2.5 the Supplier's financial position deteriorates so far as to reasonably justify the opinion that its ability to give effect to the terms of the Contract is in jeopardy.
- 16.3 On termination or expiry of the Contract (howsoever caused), the Supplier shall:
- 16.3.1 at the Customer's option:
- 16.3.1.1 continue to supply all Orders that are due to be delivered after termination or expiry; or
- 16.3.1.2 subject to clause 16.1, refund the Customer for any Goods it has paid for but not received;
- 16.3.2 raise an invoice for any Goods that have been delivered and not rejected, that the Customer has not yet paid for and for which no invoice has been raised; and

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 27 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

16.3.3 immediately return all Customer Materials. If the Supplier fails to do so, then the Customer may enter the Supplier's premises and take possession of them. Until they have been returned or delivered, the Supplier shall be solely responsible for their safe keeping and will not use them for any purpose not connected with the Contract.

16.4 Termination or expiry of the Contract, however arising, shall not affect any of the parties' rights and remedies that have accrued as at termination or expiry, including

the right to claim damages in respect of any breach of the Contract which existed at or before the date of termination or expiry.

16.5 Any provision of the Contract that expressly or by implication is intended to come into or continue in force on or after termination or expiry of the Contract shall remain in full force and effect.

17. **FORCE MAJEURE**

17.1 Neither party shall be in breach of the Contract nor liable for delay in performing, or failure to perform, any of its obligations under the Contract if such delay or failure results from a Force Majeure Event. In such circumstances the time for performance shall be extended by a period equivalent to the period during which performance of the obligation has been delayed or failed to be performed by the Force Majeure Event. If the period of delay or non-performance continues for 4 weeks, the non-defaulting party may terminate the Contract by giving 14 days' written notice to the affected party.

17.2 For the avoidance of doubt, a Force Majeure Event shall not include any of the following:

17.2.1 any labour or trade disputes, strikes, industrial action or lock outs;

17.2.2 non-performance of the Supplier's sub-contractors;

17.2.3 the failure of a government or regulatory authority to grant a necessary Authorisation; or

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 28 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

17.2.4 if the Supplier, or any member of its supply chain, lose a relevant Authorisation during the term of the Contract.

18. **DISPUTE RESOLUTION**
18.1 If:

18.1.1 the Supplier is incorporated outside of Canada; or

18.1.2 the Supplier's operations in relation to the supply of Goods under this Contract are wholly or mainly based outside of Canada, and

18.1.3 clause 18.2 does not apply,

and a Dispute arises, then the parties shall follow the procedure set out in clause

18.3. If the Dispute is not resolved under clause 18.3, then the parties shall resolve the Dispute in accordance with clause 19.

18.2 If:

18.2.1 the Supplier is incorporated inside of Canada; or

18.2.2 the Supplier's operations in relation to the supply of Goods under this Contract are wholly or mainly based inside of Canada,

and a Dispute arises, then the parties shall follow the procedure set out in clause

18.3. If the Dispute is not resolved under clause 18.3, then either party may elect to resolve the Dispute under clause 21.11.

18.3 **Procedure:**

18.3.1 Either party shall give to the other written notice of the Dispute, setting out its nature and full particulars (**Dispute Notice**), together with relevant supporting documents. On receipt by the other party of the Dispute Notice (**Receipt**), the Procurement Director of the Customer (**Customer's Representative**) and a Director of the Supplier (**Supplier's Representative**) shall attempt in good faith to resolve the Dispute;

18.3.2 If the Customer's Representative and Supplier's Representative

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 29 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

are for any reason unable to resolve the Dispute within 30 days of Receipt, the Dispute shall be referred to the Chairman of the Customer (**Customer's Senior Representative**) and Chairman (or equivalent) of the Supplier (**Supplier's Senior Representative**) who shall attempt in good faith to resolve it; and

18.3.3 If the Customer's Senior Representative and Supplier's Senior Representative are for any reason unable to resolve the Dispute within 30 days of it being referred to them, then resolution of the Dispute shall be progressed in accordance with clause 18.1 or 18.2.

18.4 No party may commence any court or arbitration proceedings (as applicable) in relation to the whole or part of the Dispute until the time period specified in clause 18.3.3 has expired.

19. **ARBITRATION**

19.1 If clause 18.1 applies, the Dispute shall be finally resolved by arbitration under the UNCITRAL Rules in force at the date of this Contract. It is agreed that:

19.1.1 subject to clause 19.1.2.3, the tribunal shall consist of one arbitrator;

19.1.2 if the Dispute relates to:

19.1.2.1 a technical issue, the arbitrator shall have at least MSc in Aeronautical Engineering with at least 10 years experience handling technical aviation issues.

19.1.2.2 a legal issue, the arbitrator shall be a qualified solicitor or barrister with at least 10 years PQE (**Legal Arbitrator**); or

19.1.2.3 both a technical issue and a legal issue, or if the parties cannot agree on whether the Dispute relates to a technical issue or a legal issue, the number of arbitrators shall be three, with one being a Technical

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 30 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

Arbitrator and one being a Legal Arbitrator.

- 19.1.3 in default of the parties' agreement as to the arbitrator(s), the appointing authority shall be the International Chamber of Commerce, ICC Rules 2012;
- 19.1.4 the seat of the arbitration shall be Ontario, Canada;
- 19.1.5 the law governing shall be as set out in clause 21.10; and
- 19.1.6 the language of the arbitration, including the hearing, documentation, and award, shall be English.

20. ENVIRONMENTAL POLICY

- 20.1.1 The Customer is managing its business in way that is environmentally responsible. The Customer is committed to protecting the current and future interests of the community within which it operates and is actively working towards achieving ISO14001 accreditation.
- 20.1.2 The Supplier will maintain compliance with all domestic environmental laws and regulations;
- 20.1.3 The Supplier is encouraged to establish and/or maintain a certified environmental management system based on the requirements of ISO14001.
- 20.1.4 The implementation of ISO14001 notwithstanding, the Supplier shall commit to use all necessary resources required to fulfil the Contract efficiently and reduce environmental impact (such as waste material, wastewater, air pollution and noise). This also applies to transportation and logistics.
- 20.1.5 The Supplier will flow down these requirements to its supply chain.

21. GENERAL

21.1 Announcement

- 21.1.1 No party shall make, or permit any person to make, any public announcement concerning the existence, subject matter or

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 31 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

terms of the Contract, the wider transactions contemplated by it, or the relationship between the parties, without the prior written consent of the other party, except as required by law, any governmental or regulatory authority (including, without limitation, any relevant securities exchange), any court or other authority of competent jurisdiction.

21.2 Assignment and other dealings

21.2.1 The Customer may at any time assign, transfer, mortgage, charge, subcontract, delegate, declare a trust over or deal in any other manner with any or all of its rights or obligations under the Contract.

21.2.2 Subject to clause 21.3, the Supplier may not assign, transfer, mortgage, charge, delegate, declare a trust over or deal in any other manner with any or all of its rights or obligations under the Contract without the prior written consent of the Customer.

21.3 Subcontracting. The Supplier may subcontract any of its obligations under the Contract provided that if the Supplier does so, the Supplier shall:

21.3.1 ensure that its subcontractors are subject to terms equivalent to those set out in the Contract; and

21.3.2 remain responsible for all the acts and omissions of its subcontractors as if they were its own.

21.4 Entire agreement. The documents specified in clause 3.1 constitute the entire agreement between the parties and supersede and extinguish all previous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to their subject matter.

21.5 Variation. Except as set out in these Conditions, no variation of the Contract, including the introduction of any additional terms and conditions, shall be effective unless it is agreed in writing and signed by the Customer.

21.6 Waiver. Except as set out in clause 2.5, no failure or delay by a party to exercise any right or remedy provided under the Contract or by law shall

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 32 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict the further exercise of that

or any other right or remedy. No single or partial exercise of such right or remedy shall prevent or restrict the further exercise of that or any other right or remedy.

21.7 **Severance.** If any provision or part-provision of the Contract is or becomes invalid, illegal or unenforceable, it shall be deemed deleted, but that shall not affect the validity and enforceability of the rest of the Contract. If any provision of the Contract is deemed deleted under this clause 21.7 the parties shall negotiate in good faith to agree a replacement provision that, to the greatest extent possible, achieves the intended commercial result of the original provision.

21.8 **Notices.**

21.8.1 Any notice given to a party under or in connection with the Contract shall be in writing and shall be:

21.8.1.1 delivered by hand or by pre-paid first-class post or other next working day delivery service at its registered office (if a company) or its principal place of business (in any other case); or

21.8.1.2 sent by email to the email address for the relevant party specified on the Order.

21.8.2 Any notice shall be deemed to have been received:

21.8.2.1 if delivered by hand, at the time the notice is left at the proper address;

21.8.2.2 if sent by pre-paid first-class post or other next working day delivery service, at 9.00 am on the second Business Day after posting;

21.8.2.3 if sent by pre-paid airmail at 9.00am on the fifth Business Day after posting; or

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 33 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

21.8.2.4 if sent by email (provided no bounce-back signaling non- delivery or the like is received), at the time of transmission to the correct email address, or, if this time falls outside business hours in the place of receipt, when business hours resume. In this clause 20.8.2.4, business hours means 9.00am to 4:30pm Monday to Friday on a day that is not a public holiday in the place of receipt.

21.8.3 A party may change its details given in clause 21.8.1 by giving notice written notice in accordance with this clause 20. Such change shall take effect for the party notified of the change at 9.00 am on the later of:

21.8.3.1 the date, if any, specified in the notice as the effective date for the change; or

21.8.3.2 the date two Business Days after deemed receipt of the notice.

21.8.4 This clause does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

21.9 **Third party rights.**

21.9.1 Unless it expressly states otherwise, the Contract does not give rise to any rights under the sections addressing circumstances where the goods are in possession of a third party in the applicable Sale of Goods Legislation to enforce any term of the Contract.

21.9.2 The rights of the parties to rescind or vary the Contract are not subject to the consent of any other person.

21.10 **Governing law.** The Contract, and any Dispute (including non-contractual Disputes) arising out of or in connection with it or its subject matter or formation, shall be governed by and construed in accordance with the law of Ontario, Canada

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 34 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

22. JURISDICTION. SUBJECT TO CLAUSE 18.1 AND 19, EACH PARTY IRREVOCABLY AGREES THAT THE COURTS OF ONTARIO, CANADA SHALL HAVE EXCLUSIVE JURISDICTION TO SETTLE ANY DISPUTE (INCLUDING NON-CONTRACTUAL DISPUTES) ARISING OUT OF OR IN CONNECTION WITH THE CONTRACT OR ITS SUBJECT MATTER OR FORMATION. EXPORT CONTROL AND SANCTIONS

22.1 The part or parts or component of the part may be subject to export and/or sanctions laws and regulations, which may include, without limitation, U.S export and/or sanctions laws and regulations and Canada export and/or sanctions laws and regulations, and the Parties acknowledge that diversion contrary to such laws and regulations is prohibited.

22.2 The Supplier shall identify any element of the Part or Parts that are subject to such laws and regulations prior to the issue of this Contract. Subsequently;

22.2.1 in case of a change in such laws and regulations with respect only of parts to be supplied after such change, the Supplier shall provide the Customer with all information concerning as applicable to such laws and regulations as well as with any assistance it may request in implementing the applicable laws and regulations.

22.3 Whenever all or an element of a Part is subject to such laws and regulations, and without prejudice to its obligations under this Article, the Supplier shall;

22.3.1 be responsible for obtaining, at no cost to the Customer, all relevant official approvals, licenses and authorizations required for the export and delivery of the Part to the Customer and to all other parties, including without limitation end- user(s), allowable under the applicable laws and regulations;

22.3.2 where all or part of an Item is subject to export licensing procedures, the Supplier shall use their best endeavours to ensure that an export licence or similar documentation is issued by the relevant authorities in time to allow delivery and use of the Item by the Customer and all other parties allowable under the applicable such laws and regulations.

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 35 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

22.3.3 The Customer shall provide the Supplier with such assistance as is reasonably requested by the Supplier in order to facilitate the Supplier in doing this; and shall state on all Delivery Notices and invoices the export control number according to the applicable laws and regulations.

SCHEDULE 1 ANTI-SLAVERY AND HUMAN TRAFFICKING

1. DEFINITIONS

1.1 In addition to the definitions and rules of interpretation stated in the Conditions, the following word(s) are defined as follows:

Anti-slavery Policy	the Customer's anti-slavery policy available via https://www.farsound.com/assets/files/HandbookFactsheet24-ManagingtheRiskofSlaveryintheWorkplace.pdf , as amended by notification to the Supplier from time to time.
Modern Slavery Statement	The Customers Modern Slavery Statement is available via https://farsoundaviation.com/assets/files/Modern%20Slavery%20Statement%20Jan%202022%20Signed%20KS.pdf
Due Diligence Procedures	means the steps taken to investigate the relevant subcontractors and suppliers, and the markets in which they operate, in order to ascertain the risk of modern slavery and human trafficking in that market, as well as the subcontractor's or supplier's reputation and history in relation to modern slavery and human trafficking.

2. COMPLIANCE WITH ANTI-SLAVERY AND HUMAN TRAFFICKING LAWS AND POLICIES

2.1 In performing its obligations under this Contract, the Supplier shall:

- 2.1.1 comply with all applicable anti-slavery and human trafficking laws, statutes, regulations and codes from time to time in force including but not limited to the Modern Slavery Act 2015;
- 2.1.2 comply with the Anti-slavery Policy, and have and maintain throughout the term of this Contract its own policies and procedures to ensure its compliance;
- 2.1.3 not engage in any activity, practice or conduct that would constitute an offence under sections 1, 2 or 4, of the Modern

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 36 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

Slavery Act 2015 if such activity, practice or conduct were carried out in Ontario, Canada; and

2.1.4 require that each of its direct subcontractors and suppliers shall comply with the Anti-slavery Policy and with all applicable anti-slavery and human trafficking laws, statutes, regulations and codes from time to time in force, including but not limited to, the Modern Slavery Act 2015 (**Relevant Terms**), and shall require that such direct subcontractors and

suppliers include the Relevant Terms in their contracts with any subcontractors or supplies engaged by them.

3. DUE DILIGENCE

3.1 The Supplier represents and warrants that at the date of this agreement:

3.1.1 its responses to the Customer's queries relating to slavery and human trafficking are complete and accurate; and

3.1.2 that neither the Supplier nor any of its officers, employees or direct subcontractors or suppliers:

3.1.2.1 has been convicted of any offence involving slavery and human trafficking; and

3.1.2.2 so far as it is aware, has been or is the subject of any investigation, inquiry or enforcement proceedings by any governmental, administrative or regulatory body regarding any offence or alleged offence of or in connection with slavery and human trafficking.

3.2 The Supplier shall implement Due Diligence Procedures for its direct subcontractors, and suppliers and other participants in its supply chains, and shall provide the Due Diligence Procedure and results of such due diligence to the Customer promptly upon request.

4. EXCLUDED COUNTRY

4.1 The Supplier undertakes not to purchase any Goods or part of the Goods

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 37 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

(including minerals) that have been sourced from the Democratic Republic of the Congo.

5. **REPORTS**

5.1 The Supplier shall notify the Customer as soon as it becomes aware of:

5.1.1 any breach, or potential breach, of this Schedule 1 (including the Anti- slavery Policy); or

5.1.2 any actual or suspected slavery or human trafficking in a supply chain which has a connection with this Contract.

6. **RECORD KEEPING**

6.1 The Supplier shall maintain a complete set of records to trace the supply chain of all Goods provided to the Customer in connection with this Contract in accordance with clause 2.6 of the Conditions.

7. **TRAINING**

7.1 The Supplier shall implement a system of training for its employees to ensure compliance with this Schedule 1 (including the Anti-slavery Policy).

7.2 The Supplier shall keep a record of all training offered and completed by its employees to ensure compliance with this Schedule 1 (including the Anti-slavery Policy) and shall make a copy of the record available to the Customer on request.

8. **WARRANTIES**

8.1 The Supplier represents, warrants and undertakes that it conducts its business in a manner that is consistent with this Schedule (including the Anti-slavery Policy).

9. **TERMINATION**

9.1 The Customer may terminate this Contract with immediate effect by giving written notice to the Supplier if the Supplier commits a breach of this Schedule (including the Anti-slavery Policy).

FARSOUND	FARSOUND TERMS & CONDITIONS	Doc No: TC-002
		Page 38 of 38
Title: STANDARD TERMS & CONDITIONS OF PURCHASE		ISSUE: 4

**SCHEDULE 2
CUSTOMER'S MANDATORY
POLICIES**

The Mandatory Policies are:

- Anti-slavery Policy
<https://www.farsound.com/assets/files/HandbookFactsheet24-ManagingtheRiskofSlaveryintheWorkplace.pdf> ; and
- Modern Slavery Statement
<https://farsoundaviation.com/assets/files/Modern%20Slavery%20Statement%20Jan%202022%20Signed%20KS.pdf>
- Ethics Policy
<https://www.farsound.com/assets/files/HandbookFactsheet24-ManagingtheRiskofSlaveryintheWorkplace.pdf>
- Corporate Social Responsibility Report
https://farsoundaviation.com/assets/files/FS_Report_%20Jan_2022.pdf