

CAE PURCHASING - GENERAL TERMS & CONDITIONS

- Purchase Orders:** These General Terms and Conditions (“GTC”) form part of and apply to each Purchase Order (“PO”) referring thereto that an authorized procurement or global strategic sourcing representative (“Representative”) of CAE Inc. or the entity affiliated to CAE Inc. identified in the PO (“CAE”) may issue to the addressee (“Supplier” and together with CAE, the “Parties” and individually as a “Party”). The PO, including these GTC and any documents incorporated by reference therein, constitutes a binding contract (“Contract”) between CAE and Supplier. Each PO shall contain a description of any required services (“Services”), goods, materials or items (“Goods”). The PO will also (i) refer to any applicable technical requirements and/or statement of work and (ii) contain the quantities, prices, payment terms, delivery schedule, place of delivery or performances, shipping terms, identification of CAE’s Representative, and indicate any additional terms applicable to the Services or Goods requested by CAE.
- Order of Precedence:** In the event of any conflict or inconsistencies between the provisions of the Contract, the following order of precedence shall apply: 1) the PO, 2) these GTC, 3) the statement of work and/or the technical requirements (including Specifications as described in Clause 4 (Specifications and Tools)), and 4) other documents and/or instructions incorporated into the Contract by reference, if any.
- Acceptance of Contract:** Supplier’s written acknowledgement, acceptance of payment or commencement of performance of any Services or delivery of Goods identified on the PO shall constitute Supplier’s unqualified acceptance of the Contract. Unless expressly accepted in writing by CAE’s Representative, additional or differing terms or conditions proposed by Supplier or included in Supplier’s acknowledgment, invoice or any other document are objected to by CAE and have no effect. CAE may withdraw the PO at any time before it is accepted by Supplier.
- Specifications and Tools:** Supplier agrees to design, manufacture, and supply Goods and perform Services listed in 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 CAE (“Specifications”). Supplier acknowledges that the Specifications furnished by CAE are CAE 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, Supplier agrees to use the Specifications only for the purpose specified on the PO and CAE’s Supplier Quality Manual (“SQM”) available on CAE’s suppliers website <https://www.cae.com/suppliers/>, and not to copy, modify, reverse engineer, disassemble, network, distribute, take them out of Supplier’s premises where CAE authorizes they can be used, nor disclose or permit access to third parties to the Specifications, or any part thereof, or otherwise use them in whole or in part, for any product or service that Supplier would make available to a third party, on a commercial basis or otherwise. Without the prior written consent of CAE, Goods carrying CAE’s part numbers or produced wholly or in part from CAE’s proprietary Specifications may not be sold by Supplier to third parties. Any special dies, tools, software, or equipment (“Tools”) required for the manufacture or maintenance of Goods shall be furnished by Supplier at no cost to CAE, except for Furnished Property which is addressed in Clause 31 (Furnished Property). Unless otherwise agreed, only Specifications in effect on the date of the PO apply to the Goods or Services ordered under that PO. Unless specifically requested in CAE’s PO, Supplier shall ensure that all Goods or Services provided by Supplier (its suppliers, or its approved subcontractors), will be free of any control or monitoring features including, but not limited to, time-based expiration software, remote control features, or embedded software security mechanisms.
- Packing and Shipping:** Goods shall be packaged and shipped as specified on the PO and in accordance with CAE’s SQM and any additional local logistics requirements of CAE including CAE’s Logistics Guide for Supplier, which Supplier acknowledges receipt of, as well as in accordance with all 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, the whole in order to ensure that the Goods are delivered in undamaged condition. Unless otherwise requested by CAE, Supplier shall ship the Goods FCA (INCOTERMS 2020) from Supplier’s facilities to the place(s) specified on the PO, as per *CAE Routing Guide* (copy available upon request). Separate packing list, certificate of compliance, and any necessary export, import or other permit or license (if applicable), are required for each PO and must accompany each shipment. Each package will contain a complete packing list identifying the PO number, listing all delivered contents including the description and the quantity of each items and indicating the weight and dimensions of each package. Multiple packages of the same shipment will be clearly numbered, and the total number will be indicated on the packing list and on the container. The location of the packing list must be clearly marked on the container. The complete PO

number shall appear on all documents.

WITHOUT LIMITING SUPPLIER'S OBLIGATIONS UNDER CLAUSE 14 (HAZARDOUS MATERIAL), SUPPLIER AGREES THAT IT WILL NOT SHIP TO CAE, OR TO ANY OF CAE'S CUSTOMERS, ANY GOODS WHICH CONTAIN ANY HAZARDOUS SUBSTANCES INCLUDING, WITHOUT LIMITATION, ANY OZONE DEPLETING SUBSTANCES SUCH AS, BUT NOT LIMITED TO, HALONS CONTAINED IN FIRE EXTINGUISHERS.

6. **Delivery, Acceptance and Title:** Time is of the essence for Supplier's performance, and Supplier acknowledges that Goods may be used in a "just-in-time" environment. Goods and/or Services shall be delivered in the required quantity(ies), on the delivery date(s), and to the place(s) specified on the PO, unless otherwise requested by CAE. Supplier shall not ship in advance, deliver excess quantities of Goods or make partial shipment unless otherwise agreed in writing by CAE. Remedies and consequences for any delivery of excess quantities of Goods, partial shipment or Delivery Outside Requirements are set out in Clause 20 (Delivery Outside Requirements; Liquidated Damages).

For clarity, the signing of a delivery note, or its equivalent, by any CAE personnel is only an acknowledgement of delivery of Goods or Services and in no way constitutes an acceptance of the Goods or Services nor an agreement to vary the Contract or to accept alternative terms and conditions.

CAE shall accept the Goods and Services or give Supplier notice of rejection due to any defect or non-conformance within a reasonable time after the date of delivery. Title to and full ownership of any Goods will pass to CAE upon delivery and acceptance of Goods. No payment, prior test, inspection, passage of title, any failure or delay in performing any of the foregoing, or failure to discover any defect or other non-conformance shall relieve Supplier of any obligations under the Contract or impair any rights or remedies of CAE, including revocation of acceptance.

If Supplier delivers defective or non-conforming Goods or Services, CAE may, at its option, (i) require Supplier to promptly correct or replace the Goods or reperform the Services; (ii) return the Goods for credit or refund, or refund to CAE the price of the non-conforming Services; (iii) correct the Goods or Services; or (iv) obtain replacement Goods or Services from another source. Any such return under (i) and (ii) shall be FCA (INCOTERMS 2020) the place(s) specified on the PO and redelivery to such places, with Supplier liable for all freight collect charges, including expedited delivery charges, shall be as per Clause 5 (Packing and Shipping). All of the above shall be at Supplier's cost and expense. Without limiting the foregoing, CAE may charge back to Supplier, or set off against amounts otherwise payable to Supplier, all reasonable internal and external costs, expenses, damages and losses arising from or in connection with such defective or non-conforming Goods and/or Services to the extent caused by Supplier. Supplier shall not redeliver corrected or rejected Goods or Services without disclosing the former rejection or requirement for correction and the corrective action taken. All repair, replacement and other correction and redelivery shall be completed as CAE may reasonably direct within ten (10) days of receipt of the non-conforming Goods or Services. Supplier shall respond to any CAE request for root cause analysis of the defect and corrective action within fifteen (15) days and implement respective corrective action within a mutually acceptable time frame and comply with CAE's SQM.

A certificate of conformance shall be issued and included in each shipment of Goods, duly signed by Supplier's quality assurance representative, indicating compliance to CAE's requirements and Specifications, in accordance with CAE's SQM. Supplier agrees to promptly notify CAE of any Goods fabricated by Supplier that do not meet the Specifications and to seek CAE's written instructions as to how to deal with such non-conforming Goods.

7. **Changes:** CAE's Representative may, at any time, by written notice, make changes in any of the following: (i) Specifications; (ii) method of shipment or packing; (iii) place of inspection, acceptance or delivery point; (iv) delivery schedule; (v) quantities of Goods; (vi) amount of CAE-Furnished Property, if any; (vii) terms and conditions of the Contract required to meet CAE's obligations under any government prime contracts or subcontracts; and, if the Contract includes Services, (viii) description of services to be performed; (ix) time of performance (e.g., hours of the day, days of the week, etc.); and (x) place of performance. Should any such change cause an increase or decrease in the cost of, or the time required for, performance of the Contract, the parties shall negotiate an equitable adjustment to the Contract price and/or schedule and CAE will modify the Contract accordingly. Supplier must assert its right to an equitable adjustment under this clause within ten (10) days from receipt of CAE's notification of the change, by submitting a firm quotation, including the cost or the additional time required for performance of the change. CAE may examine Supplier's pertinent books and records to verify the amount of Supplier's claim. If Supplier's proposed equitable adjustment includes the cost of property made obsolete or excess by the change, CAE may direct the manner of disposition of the property. Failure to agree to any adjustment shall be resolved in accordance with Clause 41 (Disputes and Jurisdiction). However, nothing in this Clause 7 will excuse Supplier from proceeding without

delay with the Contract as changed. Notwithstanding the above, CAE may, at its discretion, change the Contract delivery schedule (bring forward or delay), with no price adjustment, if such change does not impact a delivery schedule date due within the next four (4) week time period.

8. **Invoice, Price, Taxes and Payment:** All invoices shall be addressed and sent to CAE and shall include the correct legal name and address as indicated on the PO. Each PO requires separate invoices indicating PO number, release number, line-item number(s), CAE part number, country of manufacture, currency code, quantity, unit price, total pieces and weight, and extended value.

The PO price for the Goods and/or Services is inclusive of all goods and service tax, provincial sales tax, sales and use, business, gross income, personal property, transfer, value added, turnover, excise, gross receipts, franchise, stamp, registration, corporation, export/import duties, brokerage, or other taxes, duties, levies, imposts, fees, assessments or withholdings of any nature whatsoever (or any other amount corresponding to any of the foregoing) now or hereafter in force and effect, charged, imposed, levied, collected, withheld or assessed anywhere in the world by any level of government or public authority in connection with this Contract.

If required by the applicable local laws, regulations, ordinances and any government directives and orders ("Laws"), CAE will withhold any applicable tax from the PO price paid to Supplier and remit such withheld taxes to the relevant tax authorities and will provide to Supplier the applicable documents evidencing the tax payments. Such withholding tax is to Supplier's account and will not cause the PO price to be increased in any manner.

Each Party will be responsible for its own corporate income taxes. In addition, Supplier is solely responsible for all taxes related to any of its employees, consultants, subcontractors or any of its suppliers.

The Parties will cooperate to enable each Party to determine its own tax liability more accurately and to minimize such liability to the extent legally permissible. Each Party will provide and make available to the other any resale certificates, information regarding out-of-state or out-of-country sales or services, and other exemption certificates or information reasonably requested by the other Party.

Payment shall be made within the delay stipulated on the PO calculated from the later of: (i) CAE's acceptance of the Goods and/or Services; and (ii) CAE's receipt of an accurate invoice detailing the Goods and Services performed as per the requirements of CAE stated in the PO. Each payment made shall be subject to reduction to the extent of amounts which are found by CAE or Supplier not to have been properly payable and shall also be subject to reduction for overpayments. Supplier shall promptly notify CAE of any such overpayments and remit the amount of the overpayment except as otherwise directed by CAE. CAE shall also have the right to deduct or set off Supplier's claims for money due or to become due from CAE against any claims that CAE has or may have under the Contract or any other transaction between the Parties. CAE may further withhold from payment any amount that is subject to a good faith dispute, and/or an amount sufficient to reimburse CAE for any Liabilities (as such term is defined in Clause 29 (Liability)) relating to Supplier's failure to comply with any requirement of the Contract. Unless otherwise expressly agreed between the Parties, CAE is not responsible for the payment of any invoice issued more than six (6) months after the date upon which Supplier provided the Goods or Services.

Unless otherwise expressly agreed between the Parties, at CAE's option and sole discretion, Supplier shall register on, and transact as a supplier within CAE's designated third-party purchasing application.

Optional Early Payment Program via Third-Party Payment Provider: CAE may, at its discretion, offer Supplier the opportunity to participate in an early payment program administered through CAE's designated third-party payment provider program (the "**Program**"). This Program is intended to provide Supplier with the option to receive payments on terms more favourable than those specified in the applicable PO. Participation in the Program is entirely voluntary and subject to the third-party payment provider's terms and conditions. Supplier who elects to participate will be responsible for any transaction fees incurred, which shall not be reimbursed or offset by CAE. CAE makes no representations or warranties regarding the services provided by the third-party payment provider and disclaims all liability for any failure, delay, or performance issues arising from such services. CAE further disclaims any responsibility for the third-party payment provider's compliance with applicable data protection or privacy Laws. Participation in the Program shall not create any agency, partnership, or fiduciary relationship between CAE and the third-party payment provider. By participating in the Program, Supplier consents to CAE sharing relevant invoice and remittance data with the third-party payment provider solely for the purpose of facilitating early payment. Supplier who chooses not to participate in the Program will continue to receive payment in accordance with the terms set out in the applicable PO. CAE reserves the right to modify, suspend, or terminate the Program at any time, with or without prior notice. Any such changes shall not affect payment terms already agreed upon in existing POs unless mutually agreed by the Parties. Supplier interested in learning more about the Program should contact their designated CAE Representative.

9. **Compliance with Laws, Ethics and Sustainability:** Throughout the performance of the Contract, Supplier shall comply with (and shall ensure to flow down these requirements to its suppliers) (i) best industry standards and practices, (ii) all policies and principles available on CAE's suppliers website <https://www.cae.com/suppliers/> and CAE's Sustainability website <https://www.cae.com/sustainability/> including, without limitation, CAE's Supplier Code of Conduct (alternatively Supplier may comply with its own code of ethics/ business conduct provided it contains similar commitments as CAE's Supplier Code of Conduct), (iii) all applicable Laws including, without limitation, Laws related to health and safety of employees, export and import Laws, the protection of the environment, Laws combatting bribery including the *Corruption of Foreign Public Officials Act* of Canada, the *Foreign Corrupt Practices Act* of the United States, the *Bribery Act* of the United Kingdom, and any other legislation of similar nature applicable to Supplier's performance under this Contract, laws prohibiting the use of children or forced labour, as well as any rules and regulations of CAE, CAE's customers and parties providing any sites for the performance of Services or delivery of Goods (collectively, "**Interested Parties**"), and those of applicable authorities, when Supplier needs to access Interested Parties' premises. Supplier shall ensure that its employees are aware of these obligations and that they comply with same.

Without limiting Supplier's obligations described above, Supplier (or any agent or representative of Supplier) shall not offer or provide gifts or gratuities to any employee and other contractors of CAE except as authorized by CAE's Anti-Corruption Policy and Gifts, Entertainment and Business Courtesies Policy. Supplier acknowledges that allegations of, bribery, use of children or forced labour, non-compliance with security or health and safety Laws, including as applicable any health and safety requirements of Interested Parties (as more fully described in Clause 13 (Supplier's Employees)), or any criminal activities, may cause CAE to be in breach of CAE's contract with a customer and may seriously impact CAE's reputation, therefore conviction or judgement is not a pre-requisite for CAE to immediately terminate the Contract for Default where such situation arises.

Supplier shall maintain in effect all licenses, permissions, authorizations, consents, and permits that it needs to carry out its obligations under the Contract. To verify Supplier's compliance with the Contract, CAE may: (i) request Supplier to provide its code of ethics/business conduct and other information and documentation, and (ii) audit Supplier upon written notice.

Supplier also agrees to maintain its premises in a safe and orderly manner. Supplier will advise CAE immediately in the event of an accident, near miss, damage to property or equipment (regardless of the severity thereof) in the course of performance of this Contract or in case of a visit from a regulatory authority (in advance of such visit if known).

10. **Environment:** Supplier represents and warrants that (i) its environmental policy and environmental management system contains commitments to be a leader in corporate environmental policy by continuously improving its environmental performance, minimizing any environmental impacts from its operation, prioritizing responsible energy consumption, waste reduction, and carbon footprint considerations in its business management and activities and promoting cooperation and coordination between industry, government and the community; and (ii) such commitments are implemented, prioritized and adhered to. Supplier shall inform CAE of their documented environment management system, if available, as well as any appropriate environmental certifications.
11. **Product Origin and Export:** As applicable, Supplier shall provide: (i) a CUSMA 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) CUSMA Preference Criteria. In order to facilitate CAE's ongoing ability to support its customers with the Goods provided by Supplier, Supplier shall, in a method acceptable to both Parties (electronic or written), provide CAE, if applicable, 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 CAE to determine the appropriateness of its imports/exports. Additionally, Supplier agrees to resubmit this information upon any changes, including changes to Goods that impact the applicable information.

Supplier shall be responsible for obtaining and complying with all applicable import, export and sanctions 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 to perform the Services in CAE's country, or the country of CAE's customer as indicated on the PO, and shall assist CAE in complying with all such requirements. Supplier agrees to disclose any goods, software, technology, or services ("**Items**") subject to export restrictions within the International Traffic in Arms Regulations ("**ITAR**"), the Export Administration Regulations ("**EAR**") and/or any other applicable restrictions. Supplier shall immediately notify CAE if it is or becomes listed on any Restricted or Denied Party List of an agency of the U.S. Government, or under similar list in Canada or other similar list or in CAE customer country, or its export privileges are denied, suspended,

or revoked, any such situation constituting a Default (as defined in Clause 18 (Termination for Default)).

Supplier acknowledges and understands that any Items listed on the U.S. Munitions List (“**USML-ITAR**”), the Commerce Control List (“**CCL – EAR**”) including EAR99 items, the Canadian Export Control List (“**ECL**”), including items controlled under Canada’s Controlled Goods Program (“**CGP**”) or any other controlled items list to which Supplier has access or which is disclosed, exported, reexported, or transferred to Supplier by CAE is subject to export control restrictions.

Supplier shall conduct thorough due diligence to ensure that all Items provided, whether by Supplier, its suppliers, or approved subcontractors, do not originate from, or involve entities or individuals in, countries or regions subject to sanctions or embargoes imposed by the United States, Canada, the European Union, the United Kingdom, or any other applicable jurisdiction. This includes, but is not limited to, any individuals or entities listed on sanctions lists maintained by these authorities or operating within sanctioned territories.

Failure to comply with the provisions outlined above will be deemed by CAE as a Default, which will lead to Termination for Default as specified in Clause 18 (Termination for Default).

Supplier hereby certifies that Items disclosed, exported, reexported, or transferred to Supplier by CAE will not be further disclosed, exported, reexported, transferred or re-transferred to (i) any persons listed in the United States Department of Treasury List of Specially Designated Nationals and Blocked Persons, the United States Department of Commerce Table of Denial Orders, the United States Department Denied Persons List, Entity List and Unverified List, as well as any sanctioned list anywhere in the world that may apply to disclosure, export, reexport or transfer of Items or to end users involved in chemical, nuclear, or missile weapons activity; or (ii) to any foreign national or any foreign country without first obtaining required export authorization, licenses or permit from respective government authorities.

12. **Quality Assurance and Inspection:** Supplier shall further comply with CAE’s SQM and a recognized international quality management system acceptable to CAE’s Quality Assurance Department. At CAE’s request, Supplier shall provide any specific quality process documentation including a quality manual, which describes Supplier’s quality system, or a quality plan, which details the application of the quality system for the specific procurement. Supplier’s quality manual/plan shall be approved by CAE prior to commencement of Goods or Services. Supplier agrees to abide by the quality standard provisions indicated on the PO and/or in CAE-approved Supplier quality manual/plan. CAE reserves the right to audit Supplier’s approved quality manual/plan or any specific process, and to witness acceptance testing of Goods at Supplier’s facility. Quality records shall be retained by Supplier for a period of seven (7) years after completion of its obligations under the PO or in the event of termination of the Contract, after which, CAE shall be provided reasonable notice prior to destruction. CAE shall be provided access to these quality records and Supplier shall also ensure that its suppliers keep quality records that can be accessed by CAE for the same period of time. Supplier agrees that it shall obtain CAE’s prior written approval before effecting any changes in the content of its products, manufacturing processes (including its quality system), suppliers, facilities, and in particular its manufacturing plant, or anything else that can impact the production and delivery of the Goods, as any such changes can cause serious prejudice to CAE.

At no additional cost to CAE, all Goods and Services shall be subject to inspection, surveillance and test at reasonable times and places, including Supplier’s subcontractor’s locations. CAE (and its customer), as well as any applicable regulatory or governmental authority, has the right to visit Supplier’s and Supplier’s subcontractors’ locations during operating hours to inspect, review and assess progress and performance under the Contract, including, but not limited to, production, schedule, security and quality. Any CAE representative, and any such regulatory or governmental authority, shall be allowed access to all areas used for the performance of the Contract. CAE shall perform inspections, surveillance, reviews and tests so as not to unduly delay the work. If CAE, or any applicable regulatory or governmental authority, performs an inspection, surveillance, review or test on the premises of Supplier or its subcontractors, Supplier shall furnish, and require its subcontractors to furnish, without additional charge, all information, facilities and assistance necessary for the safe and convenient performance of these duties. No such inspection shall relieve Supplier of its obligations to furnish and warrant all Goods and Services in accordance with the requirements of the Contract. CAE’s final inspection and acceptance shall be at destination.

13. **Supplier’s Employees:** Supplier shall provide competent and trained personnel for the performance of its obligations under the Contract. Any Services shall be performed in accordance with: (i) applicable Laws; (ii) the training, health and safety requirements of Interested Parties, as communicated to Supplier; and (iii) any health and safety regulations of applicable authorities. In the event of conflict, Supplier shall comply with the strictest requirements. CAE may require that any Supplier and their employees performing any type of physical or manual

work go through an annual environmental, health and safety qualification process via our third-party qualification providers. Only after qualification for enterprise and employees have been completed will Supplier be allowed to work on site. If required by any Interested Parties or applicable authorities, and in any case prior to undertaking any type of physical or manual work, Supplier will provide: (i) proof of qualification for all employees; (ii) proof of certification and inspection of any equipment that will be used during execution of the work; and (iii) a detailed method statement and risk analysis that list each step of the task with its associated risk and hazards and means of control. In addition, if required by any Interested Parties or applicable authorities, Supplier shall ensure that employees performing related work are aware of their contributions to the safety and conformity of Products and/or Services. Should CAE determine that health and safety training is required, CAE shall, at Supplier's costs, provide such training to Supplier's personnel. Any review or approval of information sent by Supplier to CAE or training provided by CAE under this Clause does not release Supplier of its obligations under the Contract.

Supplier shall ensure that it has paid its dues/fees to any government worker's compensation regime, and where such regime is not in place, it agrees to maintain insurance for its employees (worker's compensation/employer's liability) in accordance with all applicable Laws.

Supplier agrees that any information related to Supplier, or its employees, may be provided by CAE, without consent, to any other Interested Parties, applicable authorities and their respective advisors. Supplier further agrees to cooperate, and ensures that its employees cooperate, with CAE, and with other Interested Parties and applicable authorities as instructed by CAE, in relation to any inquiry made further to any accident, injury, or death occurring to anyone related to or caused by Goods or Services.

In any case when a Supplier needs to access CAE's premises or to have access to CAE's IT network to perform the work under the Contract, CAE will, or will designate a third-party to, perform, at CAE's expense, security background checks for Supplier's employees or authorized contractors that perform such work. Supplier will provide all information and documents requested by CAE for this purpose, including but are not limited to two (2) pieces of Government issued ID and a completed background screening form. To the extent permitted by Law, only Supplier's employees and authorized contractors that have cleared this background check can be used by Supplier to perform the work under the Contract at CAE's premises or over CAE's IT network.

14. **Hazardous Material:** Supplier represents and warrants that it is in compliance with all Laws, including but not limited to the Canadian *Environmental Protection Act*, Canadian *Hazardous Products Act*, *Ozone-Depleting Substances Regulations* (1998, SOR/99-7) or the U.S. *Occupational Safety and Health Act* ("**OSHA**") as may be amended from time to time. Supplier also represents and warrants that the Services or Goods are compliant with rules and regulations of the European Union on the Limitation of Dangerous Substances, the Restriction of Hazardous Substances (2011/65/EU, 21 July 2011 ("**RoHS**")) and Waste of Electrical and Electronic Equipment (2012/19/EU, 13 August 2012 ("**WEEE**")), as they may have been amended, as well as any national regulations and procedures enacted on the basis thereof, as applicable. Furthermore, if Goods purchased herein are considered toxic or hazardous as defined by any Laws, Supplier shall provide a copy of the Safety Data Sheet with each shipment or as otherwise specified on the PO.

Supplier further represents and warrants that the Services or Goods are compliant to the European Union's Registration, Evaluation, Authorization, and Restriction of Chemicals ("**REACH**") Regulation 1907/2006 or the latest version in force on the date of the purchase order. In particular, Supplier must identify any Substances of Very High Concern ("**SVHC**") present in Goods (including components, materials, parts, and products) at or above the 0.1% weight by weight (w/w) concentration. If an SVHC is present at or above 0.1% w/w, Supplier must provide a declaration to CAE meeting the requirements of Article 33 of the REACH Regulation. At the time of delivery, declaration to CAE must be dated and include the SVHC name, Chemical Abstracts Service ("**CAS**") number, safe handling instructions, and the weight of the deliverable.

15. **Offset:** The Contract has been entered into in direct support of CAE's worldwide economic benefit and offset programs. Supplier acknowledges that its commitment to support CAE's offset programs, as indicated above, is an important consideration for CAE's selection of Supplier and entering into the Contract. All such offset credits resulting from the Contract, including from any related subcontracts issued by Supplier, are the sole property of CAE to be applied to the offset program of its choice. Supplier agrees to assist CAE, at no additional cost, in generating offset value equal to the value of the Purchase Order and securing appropriate offset credits from the respective country government authorities as per the terms of its commitment in the Contract (if applicable) or commercial proposal upon which this Purchase Order is based on. Upon request, Supplier agrees to respond to CAE request for information relating to offset support. For clarity, nothing in the provisions set out in this Clause will relieve Supplier of its obligations to perform the Services in accordance with the Contract.

16. **Suspension of Work:** CAE may, by written order, suspend all or part of the work to be performed by Supplier under this Contract for a period of up to one hundred and eighty (180) days (or longer if extended by mutual agreement) (“**Suspension of Work**”). If the Suspension of Work is cancelled or the period of the Suspension of Work expires, Supplier 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 Suspension of Work was in effect. Except as otherwise provided herein, no adjustment in the total PO price will be incurred by issuance of a notice of Suspension of Work.
17. **Termination for Convenience:** Notwithstanding any other provisions of the Contract, CAE may terminate, in whole or in part, the Contract for convenience and for any reason, at any time, by written notice to Supplier. In the event of such termination, Supplier shall immediately cease all work hereunder and shall immediately cause any and all of its suppliers and subcontractors to cease work, including but not limited to the manufacture and procurement of materials for the fulfilment of the terminated portion of the Contract. The Parties will agree upon an equitable adjustment of the Contract price provided that: (i) Supplier shall solely be entitled to the reimbursement of the reasonable demonstrated direct cost Supplier has incurred in the performance of the Contract prior to the effective date of termination; (ii) Supplier’s written intent to file a claim for adjustment is received within fifteen (15) days from the effective date of termination; (iii) Supplier’s final claim is received within sixty (60) days from the date that intent to claim is filed. To the extent permitted by Law, Supplier shall be deemed to have waived all claims and shall have no remedies after such sixty (60) day period, and shall continue to perform its obligations under the Contract for any portion thereof that is not terminated. In the case of a partial termination of a Contract, 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 (as further described in Clause 41 (Disputes and Jurisdiction)). In no event shall Supplier have any claim for any other damages, compensation, unabsorbed indirect costs or overhead, lost or anticipatory profit, allowance or otherwise by reason of, or directly or indirectly arising out of, any action taken or termination notice given by the CAE under this Clause. In no event shall CAE be obligated to pay Supplier any amount in excess of the price(s) indicated on the Contract for the portion of the Contract so terminated. Supplier shall not be paid for any work performed or costs incurred which reasonably could have been avoided.
18. **Termination for Default:** CAE may, upon written notice to Supplier, terminate the Contract, in whole or in part, without prejudice to any of its other rights and recourses: (i) if Supplier fails to deliver the Goods and Services in accordance with the Contract or any agreed extension of time; (ii) if Supplier ceases, omits, refuses to perform or is in default in carrying out any of its other obligations under the Contract and/or is in breach of any of the other terms of the Contract, in whole or in part; (iii) if Supplier fails to make progress so as to endanger performance of the Contract, or (iv) in the event of Supplier’s bankruptcy, suspension of business, insolvency, appointment of a receiver for Supplier’s property or business, or any assignment, reorganization or arrangement by Supplier for the benefit of its creditors (each, a “**Default**”). Supplier shall have ten (10) days (or such longer period as CAE may authorize in writing) to cure any such failure after receipt of notice from CAE. Default involving Delivery Outside Requirements (as defined in Clause 20 (Delivery Outside Requirements; Liquidated Damages)), bankruptcy or adverse change in financial condition shall not be subject to the cure provision. Upon failure to cure the Default, or if CAE’s determination is that the Default cannot be cured, CAE may give Supplier written notice of termination of the Contract for Default, in whole or in part, with immediate effect, without prejudice to any of its other rights and recourses.

Upon the termination of the Contract, CAE may require Supplier to transfer title and deliver to CAE, as directed by CAE, any (i) completed Goods and Services; and (ii) any partially completed Goods and Services and material parts, tools, dies, jigs, fixtures, plans, drawings, information and contract rights (collectively “**Manufacturing Materials**”) that Supplier has specifically produced or acquired for the terminated portion of the Contract. Upon direction from CAE, Supplier shall also protect and preserve property in its possession in which CAE or its customer has an interest. CAE shall pay the Contract price for Goods and Services actually delivered and accepted. CAE and Supplier shall agree on the amount of payment for any Manufacturing Materials and for the protection and preservation of property. Supplier shall have no claim for further payment, but shall be liable to CAE for any amounts paid by CAE and for all Liabilities (as defined in Clause 29 (Liability)) which may be suffered by CAE or its customers by reason of the Default or occurrence upon which the notice was based, including any increase in the cost incurred by CAE in procuring the Goods or Services, or any part thereof, from another source or to protect CAE or its customer against loss because of outstanding liens or claims of former lien holders.

19. **Excusable Delay:** Time is and shall remain of the essence throughout the performance of this Contract and Supplier shall strictly adhere to the shipment or delivery schedules specified in this Contract. A delay in the performance by Supplier of any obligation under the Contract which is caused by an event which: (i) is an act of God, war, severe weather, pandemics, or any other event which constitutes a superior force and is beyond the

reasonable control of Supplier, and without any fault on the part of Supplier; (ii) interferes with the performance of Supplier's obligations; and (iii) the effects of which could not reasonably have been avoided by Supplier shall, subject to compliance with the provisions of this Clause, constitute an "**Excusable Delay**". The following shall not be considered as events beyond the reasonable control of Supplier: (i) lack of financial resources of Supplier; (ii) changes in market conditions; or (iii) any labour disturbances including strikes or lockouts experienced by Supplier. Nonetheless, whenever Supplier has knowledge that any actual or potential labor disturbance is delaying or threatens to delay the timely performance of the Contract, Supplier shall promptly notify CAE, including all relevant information.

In the event of an Excusable Delay, Supplier shall promptly notify CAE in writing and provide CAE with the reasons for the delay, the actions being taken to overcome or minimize the delay and a written recovery plan within ten (10) days of such facts coming to the attention of Supplier. CAE shall accept or reject such recovery plan in writing and, if accepted, Supplier shall promptly implement such recovery plan at its sole expense. In the event of an Excusable Delay, any affected delivery date shall be extended by a time period equivalent to 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) days in the aggregate, CAE may terminate the Contract, or any part thereof. In the event of such termination, the rights and obligations of the Parties shall be determined in accordance with Clause 17 (Termination for Convenience).

20. **Delivery Outside Requirements; Liquidated Damages:** As set out in Clause 6 (Delivery, Acceptance and Title), delivery of the Goods and Services in strict accordance with the delivery schedule and/or quantities specified in the Contract is a material obligation under the Contract. If Supplier delivers the Goods and/or Services other than in accordance with the above-mentioned requirements ("**Delivery Outside Requirements**"), and such Delivery Outside Requirements is not caused by an Excusable Delay or CAE's fault, Supplier shall automatically be in default, and CAE shall be entitled to the remedies set out below. The Parties agree that the liquidated damages set out in Clause 20 (A) and (B)(y) represent a genuine pre-estimate of CAE's anticipated damages resulting from a Delivery Outside Requirements and are not intended to operate as a penalty under common law (and constitute a valid penal clause in civil law).

(A) **Remedies for late delivery:** CAE shall be entitled to recover liquidated damages (or a penalty for delay under civil law) in an amount equal to one percent (1%) of the price of the late Goods and/or Services per day of Delivery Outside Requirements, up to an aggregate maximum of twenty percent (20%) of the price of such Goods and/or Services.

(B) **Remedies for early delivery, partial shipment, and delivery of excess quantity of Goods:** CAE may, at its sole option: (i) reject such delivery and return it to Supplier; (ii) defer acceptance until the originally scheduled delivery date; or (iii) accept such delivery but make payment in accordance with the originally scheduled delivery date. In each case, CAE shall be entitled to recover, at its sole discretion, either (y) liquidated damages equal to one percent (1%) of the price of the affected Goods and/or Services per day of Delivery Outside Requirements, up to an aggregate maximum of twenty percent (20%) of the price of such Goods and/or Services; or (z) all reasonable and documented incremental costs incurred as a result thereof, including shipping, storage, handling, and insurance costs.

The application of this Clause shall not limit or prejudice any other rights or remedies available to CAE under the Contract, or otherwise available at law (or in equity) under the applicable jurisdiction.

21. **Intellectual Property:** Intellectual Property ("**IP**") means all rights, titles, ownership and interest, in whatever form or medium, existing or to come, whether registered or not, in inventions, discoveries and improvements; know-how; technical data, drawings, specifications, formula, process information, databases, reports and documented information, and computer software (whether in source code or object code form); and IP includes all worldwide common law and statutory rights to the foregoing, including but not limited to, patents, industrial designs, trade secrets, copyrights (including any moral rights) and mask work (integrated circuit topographies).

(a) **Foreground IP.** Unless otherwise expressly agreed in writing between the Parties, all IP conceived, developed, reduced to practice or otherwise generated in the course of any work that is performed under the Contract by or on behalf of Supplier shall vest in and be the sole property of CAE ("**Foreground IP**"). For clarity, CAE shall have all right to use, reproduce, adapt, modify, further develop such Foreground IP and create derivative works based upon same and otherwise alter, sell, distribute or otherwise transfer the Foreground IP as part of products sold or services rendered by CAE on a commercial basis. Supplier will (i) promptly disclose all such Foreground IP to CAE in written detail in an agreed form and (ii) execute all papers, cooperate with CAE, and perform all acts necessary and

appropriate in connection with the perfection of title, filing, prosecution, maintenance, or assignment of related IP rights, including patents or patent applications, on behalf of CAE. Supplier shall ensure it has obtained all required assignments of rights from its employees or contractors as well as waivers of moral rights, and Supplier shall provide CAE with, upon written request, all relevant documentation to such effect.

(b) **Background IP.** Each Party shall retain ownership of IP owned or controlled by it at any time before or during the term of the Contract ("**Background IP**"). Supplier grants to CAE, and to CAE's subcontractors, suppliers, and customers, at no additional charge beyond the price for the Goods and/or Services, a fully paid-up, royalty-free, non-exclusive, irrevocable, transferrable, worldwide and perpetual license (including the right to sublicense) in Supplier's Background IP, but only to the extent that the absence thereof would otherwise interfere with CAE's rights in, use and enjoyment of the Services, Goods or Foreground IP belonging to CAE under this Contract (including to make, have made, sell, offer for sale, use, execute, reproduce, display, perform, distribute internally or externally copies of, and prepare derivative works based upon such Supplier Background IP). This license to Supplier's Background IP cannot be restricted in any way by Supplier, including the wording on any shrink-wrap or click-wrap license attached to any deliverable. Supplier represents and warrants that it is the owner of, or has all the rights to use, the Background IP for the performance of its obligations under the Contract and to license same to CAE as indicated above.

22. **Confidentiality:** Any and all information related to the Contract, whether disclosed in writing, orally, electronically or otherwise (including samples and prototypes), related to CAE's business and the business of its affiliated companies including, without limitation, any commercial, financial, operational, technical (such as Specifications, drawings, data, documents, computer software, designs programs, technology, concepts, processes, methodologies and samples) and/or marketing information, business and/or strategic plans, wage, salary information forecasts, products and accounting records, know-how, inventions, ideas, and any information relating to CAE's customers, suppliers, employees or contractors, including personal information as defined under applicable data protection Laws, 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 CAE, whether or not explicitly designated as confidential, shall be referred to as "**Confidential Information**".

Supplier agrees to protect and keep the Confidential Information obtained hereunder in strict confidence, with the same degree of care and safeguard as it uses to protect its own Confidential Information of like importance, but in any event no less than a reasonable degree of care. Supplier agrees not to disclose Confidential Information directly or indirectly to any third party except as expressly set forth herein. Supplier agrees that the Confidential Information should be accessed and disclosed only to (i) 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; (ii) its subcontractors as required to perform this Contract if Supplier includes a suitable restrictive legend on such disclosures and if each such subcontractor has agreed in writing to obligations no less restrictive than those imposed upon Supplier under this Clause. Supplier shall be liable to CAE for any breach of such obligation by such subcontractor. Supplier shall be under no obligation of confidentiality if it can prove that the Confidential Information (i) was or became publicly available through no fault of Supplier; (ii) was developed independently by Supplier without recourse to the Confidential Information; (iii) became legally known or available to Supplier from a source other than CAE; or (iv) is required by applicable Laws to be given to a governmental body or a court of competent jurisdiction, provided that Supplier provides to CAE prompt notice (except situations in which notice is expressly prohibited by Law) of any such requirement to disclose Confidential Information, to permit CAE to seek an appropriate remedy to prevent the disclosure or alternatively to agree to the terms of such disclosure. Supplier agrees that the Contract is confidential information and that it shall not be disclosed at any time without express written consent of CAE.

Supplier further agrees to use the Confidential Information exclusively for the purpose of the performance of its obligations under the Contract, and agrees not to otherwise use, copy, summarise, evaluate or incorporate the Confidential Information within or outside of its business. Supplier agrees not to reverse engineer, decompile or disassemble any product (hardware or software) received from CAE, nor remove, overprint or deface any notice of copyright, trademark logo, legend or notice of ownership from any information or material obtained from CAE.

Upon CAE's request, and in any event upon the completion, termination or cancellation of this Contract, Supplier shall return to CAE in a way that is accessible and machine-readable (if technically feasible), unless CAE specifically directs otherwise in writing, all of CAE's Confidential Information (including Specifications) and all materials derived therefrom. Where it is impossible for Supplier to remove all traces of CAE's Confidential Information because it is embedded in its electronic files and/or offsite as part of its systematic back-up and archiving procedures or otherwise, then any residual Confidential Information will continue to be subject to the confidentiality obligations set

out in this Clause. Supplier shall be entitled to retain one copy of information or data for audit purposes only and subject to the confidentiality obligations in this Clause. Supplier shall provide to CAE, within ten (10) days following completion, termination or cancellation or CAE's request, a certificate of one of its authorized senior corporate officers attesting to this return or destruction.

23. **Information Security:** If Supplier processes, stores or hosts Confidential Information during the performance of the Contract, Supplier must comply with CAE's Information Security Terms for Suppliers available on CAE's webpage for suppliers: <https://www.cae.com/suppliers/>. In the event Supplier discovers or has reason to believe that there has been a compromise of CAE's Confidential Information used in the performance of the Contract or provided by or at the direction of CAE to Supplier (an "**Information Security Breach**"), Supplier shall notify CAE thereof within 24 hours by sending an email to CAE's designated IT security contact: cybersecurity@cae.com which shall include details of the nature and circumstances of the Information Security Breach so that CAE can assess its significance and whether a real risk of substantial harm to individuals may be created by the Information Security Breach. As used in this Clause, "compromise" means that information has been exposed to or is suspected of having been exposed to, whether intentionally or inadvertently, unauthorized access, disclosure, use, loss, destruction, or alteration. Upon such discovery, Supplier will, at its cost, (a) take appropriate immediate actions to investigate, remediate and mitigate the effects of the Information Security Breach and (b) provide CAE with assurances reasonably satisfactory to it that appropriate measures have been taken to prevent such Information Security Breach from recurring or continuing). Supplier shall provide reasonable cooperation to CAE in conducting any investigation regarding the nature and scope of any Information Security Breach. Additionally, if and to the extent any Information Security Breach occurs and if CAE reasonably determines that notices or other remedial measures (including credit monitoring services, fraud insurance and the establishment of a call center to respond to customer inquiries) are necessary, Supplier will, at its cost and expense, upon CAE's request, issue such notices and put in place such additional remedial measures or otherwise indemnify CAE for the costs related to same. Subject to applicable Laws: (a) Supplier shall not make any public announcement in respect of an Information Security Breach until it has received CAE's approval to do so and the content thereof has been approved by CAE; and (b) CAE shall determine, in its sole discretion, the content and other details associated with any communications or notice to be provided to individuals or any regulatory authority. Supplier shall keep and maintain for 24 months from the date on which it determines an Information Security Breach has occurred, records of every Information Security Breach and provide CAE access to those records on reasonable request for the purposes of complying with record keeping, notice and reporting requirements as required by applicable Laws.
24. **Data protection:** Supplier is responsible for ensuring that all applicable data protection Laws are complied with during the performance of its obligations under the Contract. If at any time Supplier, during the performance of the Contract, processes personal information (as defined under applicable data protection Laws) received for or during the performances of the Contract beyond business contact data (e.g. name, email address, phone number) for communication purposes, Supplier shall comply with (and shall ensure to flow down these requirement to its suppliers) the provisions of CAE's Privacy and Data Protection Policy applicable to Suppliers and Subcontractors ("**PDPP**") available on CAE's suppliers website <https://www.cae.com/suppliers/>. However, if any personal information processed by Supplier or its subcontractors, for the purpose of the performances of the services under this Contract are in scope of any specific data protection Law, e.g. the General Data Protection Regulation (GDPR) that requires more specific agreements between the Supplier and/or its subcontractors and CAE, the PDPP will not apply and the Parties shall execute any reasonable required more specific agreement and/or apply any reasonable required additional safeguard in order to fully comply with such specific data protection Law. In order to comply with statutory obligations such as export control or security Laws, CAE processes personal data of its Supplier representatives. For information that is more detailed please refer to CAE's Privacy Statement on CAE.com.
25. **Artificial Intelligence:** Supplier shall keep CAE informed of all uses of algorithmic, analytical, cognitive, interpretative, machine learning, or other artificial intelligence processes, models or their outputs (collectively, "AI System") in connection with the delivery of Goods and/or the performance of Services. This includes informing CAE of how an AI System could be or is being used and its effects on different and new uses of CAE data. Unless otherwise expressly agreed in writing by CAE, Supplier will not store CAE data in, share it with, or otherwise contribute it into or use it to train, improve or otherwise inform any AI System. Supplier must ensure that the AI Systems used comply with all applicable Laws, including industry standards governing their use, development, and deployment. Supplier must protect any CAE data used by AI Systems, ensuring compliance with data protection Laws and confidentiality obligations, including secure data handling, storage, and processing. If Supplier uses AI Systems as part of the delivery of Goods and/or the performance of Services, and either Supplier detects or CAE determines, in its sole discretion, any issue related to the AI System that: (i) constitutes inaccurate, unfair, biased

or unrepresentative behavior; (ii) poses a risk or a liability to CAE; or (iii) causes actual or suspected harm to individuals, then the Party having detected or determined this shall notify the other Party thereof. The Parties shall then work together to establish a mutually agreed upon plan and timeline to repair, update and/or add measures to remedy such identified issues, per CAE's requirements, within thirty (30) days of receipt of notice of the identified issues. If the Parties fail to agree on a remediation plan, CAE shall have the right to suspend all or part of the delivery of Goods and/or performance of Services or immediately terminate the Contract for Default, or any part thereof, without penalty or incurring any liability whatsoever to Supplier. Supplier shall retain and maintain information in human-readable form that explains or could be used to explain the decisions made or facilitated by AI Systems, including but not limited to the data used for training, the security and validation measures implemented, the technical specifications and the training procedures. This information must be readily available and kept in a format that can be easily provided to CAE or governmental authorities upon request. CAE reserves the right to audit Supplier's compliance with this Clause, including Supplier's use, development and handling of AI Systems and processes, as well as how CAE data is used and/or processed by Supplier using AI Systems. Supplier must provide necessary assistance for this purpose upon request from CAE.

26. **Publicity:** Without CAE's prior written approval, Supplier shall not, and shall require that its subcontractors shall not, release any publicity, advertisement, news release or denial or confirmation of same regarding the Contract or its performance, including without limitation, that it is a supplier of CAE, the name of CAE or any of its affiliated companies, CAE's trademarks, photographs, logos or any other identifying information in any advertisement or publicity in any medium whatsoever including, without limitation, any print, broadcast, sales promotion materials, press releases, internet web site, social media of any type.
27. **Non-solicitation:** During the term of this Contract and for two (2) years after the last contracted assignment, Supplier shall not, without CAE's prior written consent, directly or indirectly solicit or attempt to solicit, recruit or attempt to recruit, induce or attempt to induce any CAE employee or consultant with whom Supplier had direct business interactions while performing this Contract for the purpose of engaging in a business that competes with CAE. This restriction does not apply to: (i) CAE employees or consultants who independently and without prior solicitation by Supplier submit their candidacy to Supplier; (ii) general job postings or recruitment efforts that are not intended to specifically target CAE employees or consultants; and (iii) former CAE employees or consultants who have left CAE at least six (6) months prior to any engagement or discussion with Supplier, provided that Supplier did not induce or solicit their departure from CAE.
28. **Warranty:** Supplier warrants that: (i) it has the right to enter into the Contract; (ii) all Goods and Services supplied under the Contract shall be free from liens, security interests, claims and other encumbrances of any kind; (iii) it has full right and authority to sell such Goods and to provide Services; (iv) the Goods and Services do not infringe any patent, copyright, trademark, or other proprietary right of any third party or misappropriate any trade secret of any third party; (v) the Goods to be delivered hereunder shall consist of new materials, not used, or reconditioned, remanufactured, or of such age as to impair their usefulness or safety; (vi) all Goods are suitable for the purpose for which they were designed and sold by Supplier to and comply with all Laws and terms of the Contract; (vii) the Goods shall not contain any third-party software (including software that may be considered free software or open source software) that: (a) may require any software to be published, accessed or otherwise made available without the consent of CAE; (b) may require distribution, copying or modification of any software free of charge; (c) may require disclosure, license or redistribution of source code; (d) may require the grant of rights in excess of those granted by Supplier in its standard end user license agreements; (e) may require that others have the right to modify the code; or, (f) may impose additional requirements on redistribution such as inclusion of additional license agreements for specific code modules; and (viii) Services performed shall be performed in a professional manner in compliance with best industry practices for the performance of such Services. The foregoing warranties are not limited by the warranty period indicated hereafter.

Supplier further warrants that, for a period of thirty-six (36) months from acceptance of Goods by CAE (unless otherwise indicated by CAE): all Goods delivered under the Contract shall be free from defects in design, material, and workmanship and shall conform to applicable specifications and requirements on the PO and Specifications. Supplier also warrants for a period of thirty-six (36) months following the completion of any Services provided by Supplier under the PO, that such Services shall conform to the Specifications. The warranties described in this Clause shall run to CAE and its successors, assigns and customers. These warranties are in addition to any other warranty provided by Laws.

In the event of any defect or nonconformance in the Goods, CAE will, at its discretion, (i) return to Supplier to be repaired or replace the Goods at no cost to CAE, FCA (INCOTERMS 2020) unless otherwise specified on the PO:

freight collect (including expedited delivery charges), or (ii) repair, at Supplier's sole cost and expense, and CAE shall debit Supplier's account accordingly. For valid warranty claims, CAE shall debit Supplier's account for actual freight charges incurred both from and to CAE. Should the Services not meet said warranty, at CAE's option, Supplier shall re-perform the Services, or refund to CAE the portion of the price under the PO for the Services not meeting the said warranty.

Supplier acknowledges that it is, and CAE relies upon Supplier as, an expert and competent in all phases involved in the design, production, testing, and manufacturing of the Goods and/or Services under the Contract. As such, CAE's review or approval of any deliverable at any stage of the Contract or Supplier's reliance on CAE supplied data or drawings shall in no instance reduce the level of Supplier's responsibility or obligation to CAE.

29. **Liability:** Supplier agrees to indemnify CAE, its agents, representatives, partners, directors, officers, employees, affiliates, successors and assignees, sub-contractors, and customers (collectively "**Indemnified Parties**") from and against any and all losses, injuries (including death), damages, liabilities, penalties, fines, costs and expenses of any kind whatsoever (including without limitation costs associated to any recall campaign, as well as reasonable attorneys' fees and other costs of defending any action) ("**Liabilities**") which such Indemnified Parties may sustain or incur in connection with: (i) the performance by Supplier and/or any Default by Supplier under the Contract; (ii) any action, claim or other proceeding to the extent that it is based on a claim that Goods or the performance of any Services, infringe any copyright, trademark, patent, or other intellectual property right, or incorporate any misappropriated trade secrets; and/or (iii) their enforcement of the Contract as a result of any claim whatsoever, except to the extent caused by the sole gross negligence or willful misconduct of the Indemnified Parties.

In addition, should CAE or its customers be enjoined or directed to stop using Goods or Services as a consequence of a claim of third party infringement, CAE shall have the right to require that Supplier, at Supplier's costs, either: (i) procure the right to use the infringing element of Goods or Services in accordance with the Contract; (ii) modify the affected Goods or Services, or parts thereof, without detracting from its overall performance in order to cease the infringement; or (iii) replace the affected Goods or Services, or parts thereof, with alternatives which perform substantially the same functions as the affected Goods or Services.

Notwithstanding any other provision of the Contract, to the extent possible under applicable Law, the maximum liability of CAE to Supplier for the Contract shall in no event exceed the total value paid of the Contract.

30. **Insurance:** Supplier shall be responsible for maintaining, at Supplier's expense, at all times during the performance of the Contract, all insurance that a reasonable and prudent Supplier would carry for the provision of Goods or performance of the Services hereunder. This insurance coverage shall, at a minimum, include:
- (i) workman's compensation and/or employment liability in accordance with Clause 13 (Supplier's Employees) and as required by applicable Laws;
 - (ii) liability insurance coverage including broad form property damage coverage, products liability and completed operations coverage and contractual liability coverage, with limits of not less than \$10,000,000 USD (or its equivalent in local currency of Supplier) combined single limit per occurrence, and \$5,000,000 USD annual aggregate for products/completed operations;
 - (iii) automobile liability insurance for a limit of not less than \$2,000,000 USD if vehicles are used to enter a CAE site;
 - (iv) if professional services are being rendered, Supplier shall maintain professional liability insurance in an amount of not less than \$5,000,000 USD per claim and in the annual aggregate; provided that, should any Services rendered involve access to CAE's systems, CAE's Confidential Information or access to CAE's information technology systems (including Supplier systems connecting to CAE systems in the cloud or otherwise.) Supplier shall ensure that said professional liability insurance includes technology errors and omissions and network security coverage for liabilities, damages and claims arising from errors, omissions or negligent acts in rendering or failing to render computer or information technology services (including software) for a limit of not less than \$5,000,000 USD; said policy shall also include intellectual property infringement coverage;
 - (v) cyber liability insurance covering cyber and network risks. Such insurance shall include, but not be limited to, coverage for: (a) liability arising from theft and/or use of Confidential Information stored or transmitted in electronic form including coverage for defense of any regulatory action involving a breach of privacy, failure to protect Confidential Information from disclosure and notification costs; and (b) liability arising from the introduction of a computer virus into, or otherwise causing damage to computer, computer system, network or similar computer related property and the data, software and programs stored thereon. Such insurance

will be maintained with limits of no less than \$5,000,000 USD per claim and in the annual aggregate, and may be maintained on a stand-alone basis, or as cyber insurance coverage provided as part of any professional liability insurance policy;

- (vi) any such other insurance that CAE may determine as required. Said liability insurance shall: (i) name CAE as additional insured or loss payee for the duration of the Contract; and (ii) provide that the policy not be cancelled without a thirty (30) day prior written notice to CAE.

Supplier shall, upon request, provide CAE with proof of such insurance evidencing Supplier's compliance with these requirements. Failure of Supplier to furnish certificates of insurance, or to procure and maintain the insurance required herein or failure of CAE to request such certificates, endorsements or other proof of coverage shall not constitute a waiver of Supplier's obligations hereunder. Insurance maintained pursuant to this Clause shall be considered primary as respects the interest of CAE and is not contributory with any insurance which CAE may carry.

31. **Furnished Property:** CAE may provide to Supplier property owned by either CAE or its customer ("**Furnished Property**"). **Furnished Property** shall be used only for the performance of the Contract. Title to **Furnished Property** shall remain in CAE's or CAE's customer. Supplier shall clearly mark (if not so marked) all **Furnished Property** to show its ownership. Except for reasonable wear and tear, Supplier shall be responsible for, and shall promptly notify CAE of, any loss or damage to **Furnished Property**. Supplier shall manage, maintain, and preserve **Furnished Property** in accordance with applicable Laws, the requirements of the Contract and good commercial practice. Upon request by CAE or termination of this Contract, Supplier shall return **Furnished Property** DAP (INCOTERMS 2020) to CAE's designated location.
32. **Notices:** Any notice, consent or other communication hereunder shall be given in writing. 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; or (iii) on the date indicated on the electronic acknowledgement if same is emailed, a copy of which shall be sent at caeinc-vpgss@cae.com. No notice or communication pertaining to the Contract shall be deemed to have been duly given by Supplier to CAE unless addressed to the CAE entity and representative as specified on the PO.
33. **Assignment:** Supplier shall not and shall cause its affiliates not to, directly or indirectly, whether by transfer, operation of law or otherwise, undergo a change of control (actual or legal) or otherwise assign this Contract, assign any of its rights or interest in this Contract, delegate any of its obligations under this Contract, or subcontract for all or substantially all of its performance of this Contract (each, a "**Transaction**"), without CAE's prior written consent after advance written notice by Supplier, and any such **Transaction** without CAE's written consent shall be considered null and void. Nevertheless, Supplier may assign rights to be paid amounts due, or to become due, to a financing institution if CAE is promptly furnished a signed copy of such assignment reasonably in advance of the due date for payment of any such amounts. CAE may assign the Contract, in whole or in part, at its sole discretion.
34. **Subcontracting:** In the event Supplier wishes to subcontract the performance any of its obligations under the Contract, Supplier shall provide CAE with details of such subcontracting. Should CAE consent to such subcontracting, Supplier shall engage such subcontractor under terms and conditions no less stringent than the ones in the Contract. Supplier shall be held fully responsible for the compliance by its subcontractors with all terms of the Contract. No subcontract shall relieve Supplier of any of its obligations under the Contract or prejudice any rights or claims that CAE may have against Supplier. Supplier is fully responsible for all payments of fees to its subcontractors.
35. **Third Party Beneficiary:** The Contract is for the sole benefit of the Parties hereto and nothing in the Contract, express or implied, is intended to or shall confer upon any other person or entity any rights, benefits, or remedies of any nature whatsoever under the Contract, save and except for CAE's affiliates, CAE customers mentioned on the PO and any permitted assignees as indicated in Clause 33 (Assignment).
36. **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 Contract shall be construed as establishing a relationship of co-partners or joint venture between the Parties.
37. **Severability:** If any term or provision of the Contract is or becomes invalid, illegal, void or unenforceable by any applicable Laws, all remainder of the Contract shall 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 either Party.

Upon such determination that any term or provision is invalid, illegal, void or unenforceable, the Parties hereto shall negotiate in good faith to modify the PO so as to give effect to 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 inserted for convenience only and shall not affect the interpretation of the Contract.

38. **Survival:** All obligations of Supplier, which by their nature and context or by express terms extend beyond the expiration or termination of this Contract, including but not limited to Clauses 4 (Specifications and Tools), 21 (Intellectual Property), 22 (Confidentiality), 23 (Information Security), 24 (Data Protection), 25 (Artificial Intelligence), 26 (Publicity), 28 (Warranty), 29 (Liability), 39 (Waiver), 40 (Governing Laws), 41 (Disputes and Jurisdiction) shall survive the expiration or termination of the Contract.
39. **Waiver:** Failure or delay by either Party in insisting upon or enforcing any provisions of the Contract or applicable Law, shall not be construed as a waiver or relinquishment of any such provisions under this Contract nor in any way affect the validity of this Contract or any part thereof, or the right of a Party thereafter to enforce such provision or law. Except as expressly and affirmatively disclaimed in writing in the Contract, the rights and remedies set forth herein are cumulative and in addition to any other rights or remedies provided by law or in equity.
40. **Governing Laws:** The Contract and any matter arising out of or related to this Contract shall be governed and interpreted in accordance with the Laws of the jurisdiction where the CAE company applying these GTC has its registered office or principal place of business, without reference to its conflict of law rules. This Contract excludes the application of the 1980 *United Nations Convention on Contracts for the International Sale of Goods* as may be amended.
41. **Disputes and Jurisdiction:** The Parties shall attempt to resolve any disagreements, disputes, controversies or claims arising under, or relating to the Contract, or the breach, termination, invalidity or interpretation of any part hereof ("**Dispute**"), by escalating the matter through their respective management structures. The Parties will use all efforts in good faith to resolve the Dispute. If the Parties cannot resolve the Dispute within ninety (90) days of commencement, each of the Parties, unless they otherwise agree, irrevocably and unconditionally: (i) agree that any suit, action, or other legal proceeding arising out of or relating to these terms or the Contract shall be brought in the courts of a competent jurisdiction in the district where the CAE company applying these GTC has its registered office or principal place of business; (ii) consent to the exclusive jurisdiction of each such court in any such suit, action, or proceeding; and (iii) waives any objection which it may have to the laying of the venue of any such suit, action, or proceeding in any of such courts. Notwithstanding the foregoing, each of the Parties is entitled to take injunctive proceedings in the court of any competent jurisdiction to protect its confidential information or intellectual property rights. Pending final resolution of any dispute or appeal hereunder, Supplier shall proceed diligently with the performance of its obligations under the Contract as directed by CAE.
42. **Language:** The Parties declare that they have requested and hereby confirm their express wish that the Contract as well as any present and subsequent documents attached thereto, be drawn up in the English language. *Les parties déclarent qu'elles ont demandé et par les présentes confirment leur désir exprès que la convention ainsi que les documents actuels et futurs s'y rattachant soit rédigée en anglais.*
43. **Entire Agreement:** This Contract, including all POs, change orders, amendments, attachments, exhibits, supplements, specifications, schedules, and other terms referenced in or attached to it, constitutes the entire agreement between the Parties and supersedes and replaces all prior discussions, representations, understandings, and agreements whether verbal or written, between the Parties with respect to or in connection with its subject matter. Any commercial conditions stemming from, or referencing, Supplier offers, whether contained in an order form or otherwise, are for informational purposes only. Any of Supplier's terms and conditions, whether contained in an offer, order form, invoice, or any other document, are hereby expressly excluded.

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