

EXHIBIT P-5

IOSA MANUAL



IOSA Standards Manual

Effective 1 December 2011

4th | Edition



IOSA Standards Manual

Effective 1 December 2011

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IOSA Standards Manual

Change/Revision History

This fourth Edition of the IOSA Standards Manual has been introduced following a variety of requests for changes from a number of sources.

The changes have been subject to the IOSA Program Office (IPO) 'Change/Revision' process and the subsequent approvals procedure.

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1.9 (Intentionally open)

1.10 Quality Assurance Program

MNT 1.10.1 The Operator shall have a quality assurance program that provides for auditing of all functions of the management system for maintenance operations to ensure the Operator is:

- i) Complying with applicable regulations and standards of the Operator;
- ii) Satisfying stated maintenance operations needs;
- iii) Identifying undesirable conditions and areas requiring improvement;
- i) Identifying hazards in maintenance operations. [SMS] (GM) ◀

Guidance

Refer to Guidance associated with ORG 3.4.1 located in ISM Section 1.

MNT 1.10.2 The Operator shall have a process for addressing findings that result from audits of maintenance management system functions, which ensures:

- i) Determination of the root cause(s) of findings;
- ii) Development of corrective action, as appropriate, to address findings;
- iii) Implementation of corrective action in appropriate areas of maintenance operations;
- iv) Evaluation of corrective action to determine effectiveness. ◀

MNT 1.10.3 The Operator shall ensure significant issues arising from the maintenance operations quality assurance program are subject to management review in accordance with ORG 1.5.1 and, as applicable, ORG 1.5.2. [SMS] (GM) ◀

Guidance

Refer to ORG 1.5.1 and ORG 1.5.2, as well as guidance associated with ORG 3.4.4, located in ISM Section 1.

MNT 1.10.4 The Operator shall ensure functions related to the maintenance operations quality assurance program are performed by qualified personnel that are either employees of the Operator or independent external quality assurance agents.

MNT 1.10.5 The Operator shall have a means for providing a positive identification of maintenance personnel that are approved to perform and certify maintenance for the Operator. (GM)

Guidance

A database, signature roster or other equivalent mechanisms are typically used to identify such personnel.

1.11 Outsourcing and Product Quality Control

MNT 1.11.1 The Operator shall ensure a maintenance agreement has been executed with each external maintenance organization that performs maintenance functions for the Operator; such maintenance agreement shall:

- i) Specify all maintenance requirements and define all tasks to be performed;
- ii) Comply with the procedures governing maintenance arrangements, as specified in the MMM. (GM) ◀

Guidance

Refer to Guidance associated with ORG 3.5.1 located in ISM Section 1.

Where an operator is not approved as a maintenance organization or an operator's maintenance organization is an independent organization, a contract is to be agreed between the operator and the Approved Maintenance Organization specifying all work to be performed by the Approved Maintenance Organization.

A clear, unambiguous and sufficiently detailed specification of work and assignment of responsibilities are required to ensure that no misunderstanding can arise between the parties concerned (operator, maintenance organization and the State of Registry/Authority) that could result in a situation where work that has a bearing on the airworthiness or serviceability of aircraft is not, or will not, be properly performed.

Special attention is to be paid to procedures and responsibilities to ensure that all maintenance work is performed, service bulletins are analyzed and decisions taken on accomplishment, airworthiness directives are completed on time and all work, including non-mandatory modifications, is carried out in accordance with approved data and to the latest standards.

MNT 1.11.2 The Operator shall ensure each maintenance agreement with an external maintenance organization that performs maintenance functions for the Operator specifies, either in the agreement or in a service level agreement or equivalent document, measurable maintenance safety and quality standards required to be fulfilled by the respective external maintenance organization. (GM) ◀

Guidance

The requirement for a maintenance agreement applies to all functions that are outsourced for substantial maintenance providers such as heavy maintenance and engine overhaul.

If maintenance is expected to be accomplished in accordance with specific industry standards, an acceptable agreement identifies and specifies the standards by exact name.

The following guidance provides information regarding maintenance work related to aircraft and aircraft components carried out for the operator under a formal contract or agreement by external organizations (the contractor).

Note: *The operator carries the ultimate responsibility for airworthiness and ensures before each flight that all required maintenance has been properly carried out. This includes all maintenance carried out by contractors.*

The formal maintenance agreement document is not intended to provide detailed work instructions to the contractor; established procedures are required within the operator and contractor organizations to take care of these functions.

A Maintenance Agreement typically includes, but is not necessarily limited to:

- An approval process for the contractor by the operator and where applicable the contractors and/or the operator's Authority;
- A list of facilities where the maintenance is to be carried out, including a list of satellite facilities that the contractor may use;
- A 'Statement of Work' (SOW) for the Maintenance Agreement that contains the detailed technical requirements, including references to maintenance intervals, manuals, Airworthiness Directives (ADs), Service Bulletins (SBs) and operator special requirements. A clear, unambiguous and sufficiently detailed SOW and assignment of responsibilities are required to ensure no misunderstanding arises between the operator, the contractor and the operator's Authority that could result in a situation where the work, which has a bearing on the airworthiness or the serviceability of operator's aircraft, is not properly performed;
- A requirement for the contractor to produce a suitable quality plan for the project;
- Use and control of parts and materials;

- Process for the approval of deviations from maintenance documents;
- A need for an internal evaluation system by the contractor;
- Access by the operator's quality assurance department staff for the purpose of evaluating ongoing quality;
- A reporting structure that immediately notifies the operator of any significant defects;
- A system of completing, reviewing, retaining maintenance records;
- A system of calibration of tooling and equipment;
- A system of operator supplied product;
- A system of inspecting and testing, i.e., a quality control system;
- A system of handling unsatisfactory product;
- A system of handling, storage, packaging and delivery;
- A system of product identification and traceability;
- A system of training by the contractor of its staff as well as a system of training the contractor by the operator;
- A system of Release To Service of an aircraft or component;
- A system for communication between the operator and the contractor;
- A Service Level Agreement (SLA) that includes clear Key Performance Indicators as agreed between the operator and the contractor for the assessment of achievement of ongoing quality levels (the definition of the specific indicators depends on the policy of the Operator);
- A system of periodic review meetings to include some or all of those below:
 - Contract Review Meeting
 - Workscope Planning Meeting
 - Technical Meeting (ADs/CNs/SBs)
 - Commercial and/or Logistics Meeting
 - Quality Meeting
 - Reliability Meeting

The IATA Airport Handling Manual contains guidance and examples of a standard ground handling agreement and a service level agreement.

MNT 1.11.3 (Intentionally open)

MNT 1.11.4 (Intentionally open)

MNT 1.11.5 The Operator shall have a process to maintain a listing of external providers of maintenance services and products, to include:

- i) Organizations that are currently approved to perform maintenance on the Operator's aircraft, engines, components and/or parts;
- ii) Vendors that are currently approved to supply parts, components and other materials for use in maintenance of the Operator's aircraft.

MNT 1.11.6 The Operator shall have a process to ensure relevant training and/or training material is provided to each external organization that performs maintenance functions for the Operator.
(GM)

Guidance

External organization(s) such as contracted line maintenance service providers or MRO organizations are required to be aware of an operator's processes and procedures, as well as their impact on maintenance and/or related systems.

An operator may provide appropriate external organizations with relevant training that covers the operator's paperwork, certification and recording requirements. Alternatively, an operator may provide such training to each external organization that performs maintenance functions for the Operator.

MNT 1.11.7 The Operator shall have monitoring processes to ensure each approved maintenance organization that performs maintenance for the Operator:

- i) Complies with applicable regulations and safety and quality requirements;
- ii) Has procedures that are acceptable to the Authority granting the approval;
- iii) Performs all maintenance in accordance with requirements of the Operator. (GM) ◀

Guidance

Refer to Guidance associated with ORG 3.5.2 located in ISM Section 1.

MNT 1.11.8 The Operator *should* include auditing as a process for monitoring of each maintenance organization that performs maintenance for the Operator. (GM) ◀

Guidance

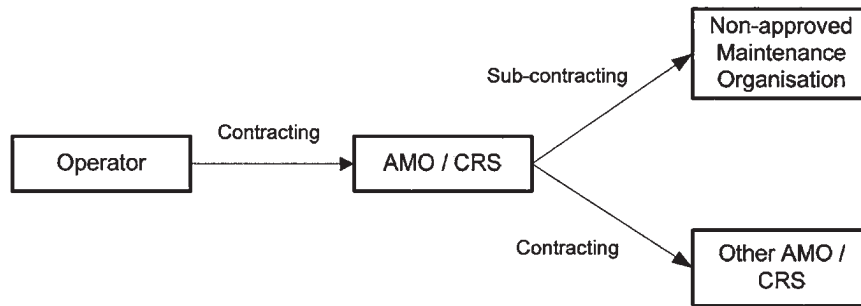
The operator establishes a plan acceptable to the State of Registry/Authority to specify when and how often the operator's maintenance activities are monitored. Reports are produced at the completion of each monitoring investigation that includes details of discrepancies and non-compliance with procedures or requirements.

The feedback process addresses who is required to rectify discrepancies and non-compliance in each particular case and the procedure to be followed, if rectification is not completed within appropriate timescales. The manager responsible for the maintenance organization is also responsible for monitoring and ensuring action on any outstanding items.

To ensure effective compliance with the operator's maintenance activities, the following elements have proven to work well:

- Product sampling: the part inspection of a representative sample of the aircraft fleet;
- Defect sampling: the monitoring of defect rectification performance;
- Concession sampling: the monitoring of any concession allowing extensions to scheduled maintenance;
- On-time maintenance sampling: the monitoring of maintenance intervals (flying hours, calendar time, flight cycles) for aircraft and their components;
- Sampling reports of unairworthy conditions and maintenance errors.

Note: The following diagram describes the contracting and sub-contracting process.



MNT 1.11.9 The Operator shall have processes that ensure:

- i) Aircraft parts and materials are only obtained from approved sources;
- ii) Certification documentation requirements are specified;
- iii) Traceability for used or surplus parts;
- iv) A statement of conformity or certification test results is retained for hardware and raw materials (e.g. extrusions, sheet or bar stock);
- v) Inventory storage of consumable material is managed to ensure traceability of batch control. (GM)

Guidance

An external maintenance organization that performs contracted maintenance functions for the operator may perform the tasks specified in i) through v).

An aircraft part fabricated or manufactured for an operator by a non-approved maintenance organization is produced under the quality system of either the operator or the external organization, and is approved by the operator, provided such an authorization exists under the approval granted by the Authority. **MNT 1.11.10** (Intentionally open)

1.12 Safety Management

Risk Management

MNT 1.12.1 The Operator *should* have processes in maintenance operations that include a combination of reactive and proactive methods for safety data collection and analysis to identify hazards that present existing or potential risks to aircraft operations. [SMS] (GM) ◀

Guidance

Refer to the IRM for the definitions of *Hazard (Aircraft Operations)* and *Safety Risk*.

Hazard identification is an element of the Safety Risk Management component of the SMS framework.

The identification of hazards generally focuses on the various operations (internal and outsourced) that are conducted in order to ensure aircraft are maintained in an airworthy condition.

Refer to Guidance associated with ORG 3.1.1 located in ISM Section 1

MNT 1.12.2 The Operator *should* have a safety risk assessment and mitigation program in maintenance operations that specifies processes to ensure:

- i) Hazards are analyzed to determine the existing and potential safety risk(s);
- ii) Safety risks are assessed to determine the requirement for risk control action(s);

SUPERIOR COURT

N° : 500-11-042345-120

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

IN THE MATTER OF THE PLAN OF COMPROMISE
OR ARRANGEMENT OF :

AVEOS FLEET PERFORMANCE INC./AVEOS
PERFORMANCE AÉRONAUTIQUE

-and-

AERO TECHNICAL US, INC.

Debtors/Respondents

-and-

FTI CONSULTING CANADA INC.

Monitor

-and-

AIR CANADA

Petitioner

BS0350

O/Ref.: 021070-1933

EXHIBIT P-5

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