



## Terms and Conditions of Purchase of Autoflug GmbH

### Section 1 - General Information

1. Our Terms and Conditions of Purchase shall apply on an exclusive basis. Any terms and conditions used by the supplier conflicting and/or deviating from our Terms and Conditions of Purchase shall not be accepted by us, unless we have explicitly agreed thereto in writing. Our Terms and Conditions of Purchase shall apply even where we accept delivery by the supplier without reservation, having knowledge of conflicting or deviating terms and conditions of the supplier.
2. Moreover, our Terms and Conditions of Purchase shall also apply to all future transactions with the supplier, even in individual cases where no further explicit reference is made hereto anymore.
3. All agreements between us and the supplier that are made for the purpose of the performance of this contract shall be recorded, in writing, in the contract.

### Section 2 - Orders

1. The supplier shall be obliged to accept our order, in writing and immediately without undue delay, however, within a period of 10 working days. In the event that an order acceptance is received later than that, the contract shall come into effect, unless we object within a period of 5 working days from receiving the order acceptance.
2. The supplier shall be obliged to indicate our order number on any and all documents, in particular, on order acceptances, invoices, dispatch documents, delivery notes, inspection reports, certificates and attestations. The supplier shall bear the responsibility for all consequences resulting from a failure to comply with this obligation (delays, misdirections, returns, etc.).
3. We reserve the rights of ownership and the copyrights to any illustrations, drawings, calculations and other documents. They shall only be used for the production according to our order. Upon completion of the order, they shall be returned to us without further demand.
4. We shall be entitled to change the time and place of delivery as well as the type of packaging at any time by means of a written notification with a notification period of not less than 10 calendar days before the agreed-upon delivery date. The same shall apply to changes in product specifications, provided that they can be implemented in the context of the supplier's regular production process without any significant additional effort, whereupon the notification period pursuant to the sentence above shall amount to not less than 30 calendar days. We shall reimburse the supplier for the respectively incurred evidenced and adequate additional costs. In the event that such changes result in delays in delivery which cannot be avoided with a reasonable amount of effort expended within the supplier's regular production and business operations, the originally agreed-upon delivery date shall be postponed accordingly. The supplier shall notify us in writing in good time before the delivery – in any case, not later than within 10 working days after it receives our notification pursuant to Sentence 2 hereof – about the additional costs or the delays in delivery it is expecting based on a careful assessment.

5. We shall be entitled to terminate the contract at any time by submitting a written notice stating the reason in the event that we have no use in our business operations anymore for the ordered products due to circumstances that occurred after the contract was concluded. In such cases, we shall reimburse the supplier for the partial performance provided by it.

### Section 3 - Prices and Payment

1. The price indicated in the order shall be binding. If there is no deviating written agreement, the price shall include the shipping costs which are described in Section 4 Subsection 6 hereof.
2. The terms of payment are agreed upon on a case-by-case basis. In the event that there is no such individual agreement, we shall pay the purchase price within 14 days calculated from delivery and receipt of invoice with a 2% discount; or net, within 30 days from the due date and receipt of the invoice.
3. We shall be entitled to rights to set-off and rights of retention to the extent that this is provided by statutory law. In case of a defective delivery, we shall moreover be entitled to refuse payment in the amount of three times the costs that are necessary to repair the defect.
4. If the supplier's goods are part of a customer order that is subject to a pricing review by public authorities, the supplier shall guarantee that the prices and fees that were estimated in the price determination and which were based on production costs are in compliance with the public sector's legal provisions pertaining to price. The supplier agrees to be subjected to a review implemented by public authorities.
5. The supplier may assign its claims - or may have its claims collected by third parties - only if it has our written approval. We shall be entitled to refuse to grant our approval if we have a well-founded interest. The provision set forth in Section 354a HGB (German Commercial Code) shall remain unaffected.
6. The payment does not constitute an acceptance of conditions and prices. The timing of the payment shall not have any influence on the supplier's liability for defects and on the right to give notification of any defects.

### Section 4 - Delivery

1. The delivery date indicated in the order shall be binding. Insofar as the supplier is obliged to deliver – in addition to the goods themselves – certificates about the origin of the goods or their technical characteristics, they shall also be delivered together with the goods at the agreed-upon delivery date. The submission of such certificates shall constitute a material part of the supplier's duty to perform. The point in time when the delivery arrives at the agreed-upon delivery address shall be the relevant date with respect to determining the compliance with the delivery date.
2. The supplier shall be obliged to notify us in writing without undue delay if any circumstances occur or if it becomes aware of any circumstances from which it can be derived that the agreed-upon delivery date cannot be complied with.
3. In the event of a delay in delivery, we shall be entitled to charge liquidated damages in the amount of 1% of the order value for each full week during which the default continues, however, in total, not



more than 5% of the order value. We shall be obliged to declare the reservation of the liquidated damages at the latest when making the payment for that invoice which, chronologically, follows the delayed delivery.

4. The assertion of further damages caused by delay against which the penalty is credited shall be expressly retained. In this connection, we would like to point out that, as an assembling and manufacturing facility, we are dependent on punctual delivery to the most significant extent. Even if a minor part, or a required certificate, is missing, this may result in delays in manufacturing and delivery of significant scope and, thus, may lead to damages that substantially exceed the order value.

5. If the delivery is executed before the agreed-upon delivery date, we shall not be obliged to accept delivery. In case of a premature acceptance, the agreed-upon delivery date shall remain the relevant date for the payment claim's due date.

6. Unless otherwise agreed upon in writing, the delivery shall be "free at domicile"; including insurance and including packaging. Place of performance with respect to the service shall be the receiving station indicated by us; if we provided no such indication, our place of business and/or, in case of an order effected by a branch office, any such branch office's place of business.

7. Insofar as we have assumed the transportation risk by virtue of an independently negotiated agreement, we do not wish to obtain any transport insurance cover and declare ourselves to be a "Verbotskunde" (customer that prohibits that any insurance cover is obtained) and/or a "Verzichtskunde" (customer that waives any insurance cover). We will not pay for any insurance premiums charged by the supplier or the carrier.

8. We shall be entitled to return the packaging material to the supplier, at the supplier's expense and risk.

#### **Section 5 - Quality of the Delivery**

1. Depending on the order, the goods are subject to the additional quality conditions. Moreover, the goods must comply with domestic and foreign legal provisions, any pertinent directives and regulations, as well as the documents underlying the order, such as drawings, descriptions, samples, specifications, and terms of acceptance, as applicable from time to time; the latter shall be regarded as guarantees within the meaning of Section 443 BGB (German Civil Code).

2. Any and all goods shall have to comply with the latest safety regulations and, upon handover, have to have been approved by the competent inspection authorities and have to be admitted for the intended use.

3. The supplier shall have to implement a quality management system that is suitable with respect to its scope and type, and shall ensure that the goods comply with our technical order terms. The supplier undertakes to keep records about the implemented inspections with respect to when, in which manner, and by whom the goods have been inspected and which results the quality tests have yielded. Any and all results of the tests, measurements, and inspections shall be stored in archives for 10 years.

4. We shall be entitled, at any time, to inspect any and all documents pertaining to the results of the tests, measurements, and inspections, and to have copies made thereof. To the extent to which

authorities or purchasers of ours demand to inspect our production process and our inspection documents for the purpose of verifying specific requirements, the supplier agrees to grant us, the authority, or the purchasers the same rights in its facilities and to provide any appropriate support that may be required.

5. As to the following cases, the supplier undertakes to automatically submit to us first sample test reports for components based on drawings: before the first serial delivery; before the first serial delivery after a product modification; before the first serial delivery from a new manufacturing site; before the first serial delivery after using new machines; when processes have been changed; when manufacturing was re-started after customer complaints; or if there was a three-year hiatus in manufacturing.

6. Where required, the delivery shall— subject to the transport channel chosen by us — also include evidence required by the hazardous goods safety adviser with respect to how the goods are to be classified and packaged, labelled, and declared.

7. The delivery shall include certificates describing the origin of the goods or their technical characteristics if this was agreed upon.

8. The supplier shall ensure that its own suppliers commit to the same obligations.

#### **Section 6 - Acceptance and Claims for Defects**

1. In the event that a contractual acceptance or acceptance by the authorities is required, the supplier shall bear the acceptance costs it incurs. The supplier shall notify us of the date of acceptance, it shall do so at least two weeks in advance.

2. We shall be obliged to inspect the delivery within a reasonable period of time for the purpose of identifying any deviations from the agreed quality. Any defects detected in this regard shall be deemed to have been given notice of in good time if our notification of the defect to the supplier is dispatched within ten days of receipt of the delivery. Complaints with respect to hidden defects shall be deemed to have been given notice of in good time if our notification of the defect to the supplier is dispatched within five days after the defects have been discovered.

3. Without prejudice to the claims to which we are entitled under statutory law, we shall retain the right to charge the supplier a flat fee of EURO 150.00 for our administrative expense per each justified notification of a defect

4. The limitation period for claims for defects shall amount to not less than 36 months after the passing of risk; any longer periods granted by statutory law shall remain unaffected. The limitation period shall be suspended as of receipt of our notification of the defect and shall not begin to run again until subsequent performance has been expressly denied or until the repair of the defect has been expressly declared to have been granted; in the event that parts of an overall product are defective, the suspension shall be limited to the defective individual part. In the event of a substitute delivery and repair of the defect, the warranty period for substituted and repaired parts shall commence to run anew, unless, judging from the supplier's behavior, we had reason to believe that the supplier did not feel obliged to take such measure, but merely implemented the substitute delivery or the repair of the defect as a gesture of goodwill or for similar reasons.



### **Section 7 - Product Liability; Obligation to Obtain Insurance, Take-Back Obligation**

1. If the supplier is responsible for a product damage, it shall be obliged to indemnify us, on first demand, from any third-party claims for damages to the extent to which the cause lies in the supplier's sphere of control and organization and it is itself liable vis-à-vis third parties.

2. In this connection, the supplier shall furthermore be obliged, pursuant to Section 683 and Section 670 BGB (German Civil Code), to reimburse any expenses which result from, or are related to, a product recall, while taking any contributory negligence on our part into account. We shall inform the supplier about the content and scope of the product recalls that have to be implemented – to the extent to which this is possible and can reasonably be expected of us – and we shall give the supplier the opportunity to comment. Furthermore, the supplier shall inform us immediately without undue delay after having become aware of any defective goods that have already been dispatched.

3. We shall be entitled to enter into a settlement with injured third parties; this does not affect the supplier's obligation to provide compensation, provided that the settlements are economically reasonable and adequate.

4. The supplier undertakes to maintain a product liability insurance with a coverage of € 2,500,000.00 – lump sum – per personal injury/damage to property. We would like to point out that the delivered items may be integrated into aircrafts and spacecrafts, and thus, we recommend that a separate liability insurance shall be taken out.

5. We shall be entitled to return the goods or parts thereof to the supplier at the supplier's expense and risk if they are being used for the production of a product which we have to take back from our customers due to environmental rules or provisions.

### **Section 8 - Property Rights**

1. The supplier shall vouch that no third-party property rights are infringed in connection with its delivery in countries of the European Union, in the United States of America, or in any other countries in which the supplier produces the products, or has the products produced.

2. In the event that any third parties assert claims against us because of such infringement, the supplier shall be obliged to indemnify us from any such claims on our first written demand. The supplier's indemnity obligation extends to any and all expenses necessarily incurred by us as a result from, or in connection with, a third party asserting claims against us. It shall not be possible to assert this claim if the supplier proves that it is not responsible for the property rights infringement.

3. As to the conclusion of settlements with injured third parties, Section 7 Subsection 3 hereof shall apply with the necessary modifications.

4. The supplier shall inform us on request about the use of published and unpublished property rights and property right applications – owned by it or licensed to it – with respect to the items in the delivery.

### **Section 8a - Replacement Parts**

1. The supplier shall be obliged to deliver, at adequate conditions, replacement parts for the products delivered to us over a period of time of not less than 10 years after delivery.

2. If the supplier was to intend to terminate production of replacement parts for the products delivered to us, it shall notify us about this immediately without undue delay after the decision about the termination. The decision must be made – subject to Subsection 1 – at least 12 months before the termination of production.

### **Section 9 - Retention of Title and Provision of Supplies**

1. An expanded or extended retention of title on the part of the supplier shall be excluded.

2. In the event that we provide the supplier with items, we shall retain title thereof ("Retained Goods"). Any processing or any alterations by the supplier shall be effected on our behalf. In the event that our Retained Goods are processed together with other items that are not owned by us, we shall acquire co-ownership in the new thing in the proportion of the value of our item in comparison to the other processed items at the time of the processing.

3. In the event that the item provided by us is inseparably intermixed with other items that are not owned by us, we shall acquire co-ownership in the new thing in the proportion of the value of the Retained Goods in comparison to the other intermixed items at the time of the intermixture. In the event that the intermixture is implemented in a way that the supplier's thing has to be regarded as the main thing, it shall be deemed to have been agreed that the supplier shall transfer co-ownership to us on a pro-rata basis; the supplier shall keep the sole ownership property or the co-owned property in safe custody for us.

4. We shall retain title with respect to tools provided by us; the supplier shall be obliged to use the tools exclusively for the production of the goods ordered by us. The maintenance costs and repair costs of such items shall be borne by the contractual partners – for lack of another agreement – in equal halves. However, to the extent to which such costs result from any defects of such items produced by the supplier, or from improper use on the part of the supplier, its employees, or any other persons employed in performing its obligations, the supplier shall bear the costs alone. The supplier shall notify us immediately without undue delay of any damage to such items that is not merely insignificant. The supplier shall be obliged, upon request, to return such items in a proper condition to us when such items are not needed anymore for the performance of the contracts concluded with us.

5. The supplier shall be obliged to submit a list of the provisions and tools owned by us as at December 31 of the past year not later than until the end of the first week of January of each year.

### **Section 10 - Confidentiality**

1. The supplier shall be obliged to keep all illustrations, drawings, calculations and any other documents and information it receives in strictest confidence. This duty of confidentiality shall remain in effect even after the completion of this contract, it shall expire if and to the extent to which the supplier is able to provide evidence that the manufacturing know-how contained in the provided documents has already become public knowledge.



2. By way of derogation from the Subsection above, the supplier shall be entitled to disclose illustrations, drawings, calculations and any other documents and information it has received to third parties to the extent that this is required for any third-party manufacturing processes. In such case, the supplier shall submit the name and address of the third party beforehand. Moreover, the third party shall be bound to maintain strict confidentiality. In the event of a breach of the duty of confidentiality on the part of the third party, the supplier shall assign any and all claims arising from this to us.

#### **Section 11 - Data Protection**

Pursuant to Section 33 Bundesdatenschutzgesetz (German Federal Data Protection Act), it is pointed out to the supplier that we will store the supplier's data. The data procession shall be implemented in compliance with the Bundesdatenschutzgesetz (German Federal Data Protection Act).

#### **Section 12 - Place of Jurisdiction and Applicable Law**

1. If the supplier is a Kaufmann ("merchant") or a legal person under public law or a special fund under public law, our place of business shall be the place of jurisdiction; however, we shall be entitled to also file a suit at the supplier's place of domicile.

2. All legal relationships with the supplier shall be governed exclusively by German law, however, to the exclusion of the United Nations Convention on Contracts for the International Sale of Goods (CISG).

Last revised: July 2015