

General Purchase and Sales and Terms and Conditions

FAA Repair Station RJ3R817L
EASA: DE.145.0001
Issue No.: 4
15.FEB.2019

Content Changed

Checked and validity of content remains unchanged

1.0 ACCEPTANCE

The purchase order or sales order to which these trading terms and conditions are appended, inclusive of these general terms and conditions and any specifications, drawings, requirements or other attachments thereto or hereto, constitutes the sole and entire agreement between the parties. All references herein to "this purchase order" shall include the order documentation constituting a purchase and sale arrangement signed and effective as between the parties, whether initially presented as a purchase order by Buyer or as a sales order by Seller, as supplemented by these trading terms and conditions and any specifications, drawings, requirements or other attachments thereto or hereto, and as may be from time to time amended or supplemented by other specifications, drawings, requirements or other modifications and agreements in writing and signed by each of Seller and Buyer. Except as reflected in a writing accepted and signed by each of Buyer and Seller, any terms or conditions contained in a Buyer purchase order or in a Seller bid, quotation or sale order that are in conflict with these trading terms and conditions shall be deemed rejected and not part of this purchase order. Terms and conditions in any such Buyer purchase order or Seller bid, quotation or sale order, with respect to which terms or conditions these general trading terms and conditions are silent, shall be deemed incorporated in and made a part of this purchase order only to the extent of specifying the nature and description, and the pricing and payment terms, of all goods ordered and then only to the extent that such items are not inconsistent with the other terms set forth in these general terms and conditions. No other terms or conditions shall be binding upon Buyer or Seller unless in writing specifically referencing these general sales terms and conditions and signed by each of Buyer and Seller.

2.0 CHANGES AND TERMINATIONS

Buyer may, by written change orders, make changes in specifications, drawings, requirements, method of shipment and place and time of delivery. If any change causes an increase or decrease in the cost of, or the time required for, performance, an equitable adjustment shall be made to the purchase price or other relevant terms or conditions of this purchase order. By written notification delivered to Seller any time prior to delivery of the goods that are the subject of this purchase order, Buyer may terminate or cancel an order. Seller shall, upon receipt of Buyer's notice of termination, stop all work, except as otherwise directed by Buyer. Any amounts which Seller may claim as a result of termination shall be limited to reasonable costs incurred by Seller directly connected with the work actually performed prior to receipt of Buyer's notice of termination. Such amounts shall be reduced by any refunds or salvage values available to Seller and the aggregate amount of any previous payments made to Seller. Under no circumstances shall the total payments exceed the total price of this order. Upon such payment, title for materials and goods shall pass to Buyer. Upon Buyer's written notification of termination of an order, Buyer will not be liable for the cost of any material ordered in advance of a 60 days delivery schedule, unless such advance order shall have been expressly and in writing authorized by Buyer. Any request by Seller for adjustment of the purchase price or other amounts due under this purchase order shall be made promptly upon receipt of a change order, but in any event within 30 days of the date of Buyer's change order.

3.0 DELIVERY AND PACKING

All goods are to be packed in suitable containers for protection in shipment and storage. Any highly polished, highly finished or precision parts are to be properly preserved and packed in containers which will afford protection against handling damages and/or atmospheric deterioration. Seller shall be responsible for goods until delivered at the designated delivery point regardless of the point of inspection, and Seller shall bear all risks as to rejected goods after notice of rejection. Seller shall mark Buyer's order number on all invoices, packages, bills of

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loading and shipping orders. Shipment shall be made F.O.B. to Buyer's plant at the address prescribed in this order, unless a different F.O.B. point is agreed upon.

Unless otherwise provided herein, title in goods, including tooling, hereunder vests in Buyer only upon final inspection and acceptance at Buyer's designated facility. All international orders must reflect applicable INCOTERM. The seller must supply the goods as agreed in the contract of sale, together with such evidence of conformity as may be required by the contract. Regardless of the INCOTERM in use, the buyer must take receipt and pay for the goods delivered, as stated the contract.

4.0 PAYMENTS AND DISCOUNT

Upon submission of proper invoices, and subject to the terms of this purchase order, Seller shall be paid the prices specified in this purchase order for work and goods delivered and accepted or services rendered and accepted. No C.O.D. shipments shall be made unless pursuant to prior arrangements approved in writing by Buyer. Buyer may set off any of its claims against payments otherwise due Seller. Discounts shall be calculated as of the date of receipt of supplies or date of receipt of a proper invoice, whichever is later.

5.0 WARRANTIES

Seller warrants that the goods to be supplied under this purchase order are fit and sufficient for the purpose intended, that they are merchantable, of good quality, and free from defects, whether patent or latent, in material and workmanship, and conform to all specifications, drawings, requirements or samples of Buyer applicable to said articles. Seller agrees, at its own expense and whenever and as often as requested by Buyer, to furnish and deliver to Buyer evidence, in form and substance satisfactory to Buyer, showing that each and all of said specifications, drawings, requirements and samples have been fully and completely met and that the articles supplied hereunder fully and completely conform to such specifications, drawings, requirements and samples. Seller warrants that it has good title to the goods to be supplied and that such goods shall be delivered free and clear from all liens and encumbrances. Seller agrees that it shall hold Buyer harmless from any claim asserted by any third party, on any legal theory, arising from any defect in material or workmanship of the items purchased hereunder. All work shall be done in a professional and careful manner. These warranties are in addition to and not exclusive of, any others which may be implied by law or custom.

6.0 COMPLIANCE

Seller warrants that all goods and services sold hereunder shall have been produced, sold, delivered and furnished in strict compliance with all terms and conditions listed on all parts of the this purchase order, all applicable laws and regulations including, but not limited to, the Federal Aviation Administration rules and regulations, the Federal Occupational Safety and Health Act as amended, Executive Order 11246 and any subsequent laws relating to equal opportunity in employment, and any other applicable statues, rules, regulations, and orders of the United States and of any state or political subdivision thereof. Seller certifies that it will conduct all operations involving the sale of products and/or the provision of services to Buyer in full compliance with all applicable laws, including anti-corruption laws, and that no portion of any payment received from Buyer will be used to violate any law or will be corruptly provided on Buyer's behalf to any government official.

7.0 DELAYS

Time is of the essence. If Seller does not ship as ordered on or before the shipping date shown on this purchase order, Buyer may terminate this order or the undelivered part thereof. Such cancellation shall be without prejudice to, or waiver of, Buyer's right to recover damages therefore.

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8.0 DATA AND MATERIAL

Seller agrees not to use or disclose any data, designs or other information furnished by or belonging to Buyer, except in performance of this order. Upon Buyer's request such data, designs or other information, and any copy thereof, shall be returned to Buyer. If Buyer furnishes or specifies any materials or processes for fabrication hereunder, Seller agrees to provide certification copies for specified materials or processes and agrees not to use any other material or process in such fabrication without Buyer's written consent. Buyer agrees not to use or disclose any data, designs or other information furnished by or belonging to Seller, except in connection with Buyer's use of the goods that are the subject of this purchase order.

9.0 INSPECTION AND QUALITY CONTROL

Seller shall ensure that its personnel are competent and have the required skills, qualifications and training reasonably necessary to perform the work and to fabricate the goods that are the subject of this purchase order. Seller and all of its suppliers shall maintain a quality management system that ensures supplies and services comply with all Buyer requirements. Seller shall ensure that its quality management system and other records systems include procedures for identifying, tracking, reporting and auditing the identification and revision status of all specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data relating to this purchase order. Physical and chemical analysis test data of the material supplied under this purchase order and a certified statement that the test results are within specified limits are required and shall be furnished by Seller. The test data shall provide objective evidence that the material meets the chemical and physical requirements of the applicable purchase order or relevant specification/drawing. When applicable, test specimens (e.g. production method, number, storage conditions) for design approval, inspection, verification (including production process verification) use of statistical techniques for product acceptance, and related instructions for acceptance by Buyer and, as applicable, critical items including key characteristics, investigation or auditing documentation traceable to the articles on this purchase order must be submitted with each shipment. Seller shall maintain procedures to ensure that product which does not conform to specified requirements is prevented from unauthorized shipment to Buyer. If Seller has reason to believe that nonconforming material may have been inadvertently shipped, Seller shall immediately notify Buyer. If Seller believes a deviation from the requirements of this purchase order is in order, Seller shall provide notice of the contemplated deviation to Buyer, and such deviation shall be subject to the prior written approval of Buyer. Seller must obtain Buyer's written approval for nonconforming product disposition. Seller must provide advance written notice to Buyer of any significant changes (pertaining to what is required on Buyer's purchase order) to Seller's product and/or process, method, material, manufacturing facilities changes, changes of Seller's suppliers, and Seller shall obtain Buyer's written approval of such changes as it may affect the goods or services subject to Buyer's purchase order, where required. Seller and its suppliers must allow Buyer, Buyer's customers (and such customer's representatives, and all relevant governmental/regulatory authorities) on-site verification of Seller's and its suppliers' quality management system, manufacturing process and product. Seller shall allow Buyer and such other persons access to the applicable areas of all facilities, at any level of the supply chain involved in the order and to all applicable records; provided that Buyer's inspection or other verification of such matters shall not be cited by the Seller or its suppliers as evidence or approval of effective control of quality and shall not absolve Seller or its suppliers of its or their responsibilities to provide acceptable product and to comply with all relevant requirements. Seller and its suppliers, including dealers and distributors, are responsible for ensuring that the applicable requirements (including customer requirements) of this purchase order flow down to lower tier suppliers of the supply chain who provide raw material, components or process services used in the product or service provided. Seller must ensure that applicable records relating to this purchase order and the products and services supplied hereunder are retained for a minimum of 7 years. All governmental or other authority/regulatory approval requirements must be met prior to shipment of any item of this purchase order. The format and content of release

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documentation and quality records will include, when applicable, but not be limited to, the following: Approval Certificates of Conformity, Test Reports, Material Certification, Chemical Analysis, Travelers, non-conformance documentation/rejection tags, FAA 8130-3 tags, Statement of Non-Incident, last certified operator, MSDS, and, for life limited parts, full back to birth traceability including all readiness log information and or the respective Folio12 information. Any deviations must be specified explicitly in this purchase order. Seller must have a system for reporting defects and unserviceable conditions. All work shall be subject to inspection and test by Buyer and/or Buyer's customer, including, but not limited to, the United States Government. All materials or articles ordered may be subject to: (i) inspection during the period of manufacture (ii) inspection prior to shipment; and (iii) final inspection and acceptance at destination, notwithstanding any prior payment or inspection and acceptance. Seller shall inspect and document all work hereunder pursuant to high standards of quality control. Any material failing to meet Buyer's or its customer's standards may be rejected by Buyer, who may, at its option, and at Seller's risk and expense: (i) rework or repair rejected work; (ii) return rejected work to Seller, for which Seller shall refund the price and pay to Buyer the costs incurred by Buyer (iii) require Seller to repair or replace any such rejected work. Buyer's inspection shall not constitute a waiver or alteration of any warranties, including those set forth in paragraph 5. If this order is for elastomeric material, then Seller shall package parts individually in accordance with applicable specification and/or drawing requirements. Each package will be labeled with: Quantity, Part Number, Description, Cure Date, Shelf Life/Applicable MIL-SPEC of material, Manufacturer, Batch/Lot Number, Supplier Name, and P.O. Number.

10.0 TOOLING AND MATERIAL

Title to, and the right of immediate possession of all tooling and material furnished by Buyer to Seller shall remain with Buyer. Seller shall confirm to its own satisfaction that such tooling or materials is suitable for its performance under this contract. If this order is for tooling, such tooling shall become the property of Buyer upon acceptance thereof by Buyer, at Buyer's facility, or as evidenced by written acceptance by Buyer. Invoices shall be submitted for tooling after acceptance by Buyer of sample (first article) or a sample of production parts for which tooling was ordered. Payment by Buyer of invoices for tooling will be made following receipt of documentation (i) showing Buyer's part number and tool code number, other identifying data Buyer may reasonably require, and the unit price of each tool for which payment is sought, and (ii) bearing Seller's certification that each tool listed is complete and satisfactory for the use for which it is intended. Buyer's tooling in the possession of Seller shall be maintained in good condition and must be permanently identified (i) showing the name of Buyer; (ii) the part number; and (iii) tool code number. All tooling ordered, and all tooling and material furnished by Buyer shall be used solely in the performance of work ordered by Buyer and (ii) such tooling and material shall be disposed of at any time and in the manner as Buyer may direct. Seller shall maintain inventory control of all such tooling and material and furnish inventories as required by Buyer. Such tooling and material shall not be co-mingled with property belonging to Seller or others, except as much material as may be incorporated into or attached to supplies consumed or expanded in the performance of this order. The provisions of this clause apply to tooling ordered by Seller from its subcontractors under the order, and to tooling and material furnished by Buyer to Seller which is furnished by Seller to such subcontractors. Seller shall carry term and extended coverage insurance on items covered by this article in an amount equal to the full replacement cost thereof. If Buyer requests proof of this insurance, Seller needs to be able to provide such evidence of coverage.

11.0 PATENT INDEMNITY

To the extent that goods are manufactured to detailed designs not originated and furnished by Buyer or by a process or method, the use of which is specifically directed by Buyer, Buyer shall have no responsibility to Seller for patent infringement, and Seller guarantees that the sale or use of such supplies, or the use of such process or method hereunder, will not infringe upon any United States or foreign patents, trademarks, or copyrights and shall

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indemnify and save Buyer and its customers harmless from any expenses, loss, cost, damage, or liability which may be incurred on account of infringement or alleged infringement of patent rights, trademarks, or copyrights with respect to such supplies, and defend, at its own expense, any action or claim in which such infringement is alleged.

12.0 INSURANCE AND RISK OF LOSS

All tools, designs, patterns, drawings and other property, if any belonging to Buyer, shall while in Seller's possession, be at Seller's sole risk from loss or damage from all hazards; likewise, all materials until delivered and accepted at Buyer's plant shall be at Seller's sole risk from loss or damage from all hazards. In the event that Seller is required to come upon Buyer's premises, during delivery or installation of the materials herein specified, or for the performance of services required to be furnished by the Seller, Seller agrees that it will, before coming upon Buyer's premises, obtain insurance coverage indemnifying and holding harmless the Buyer, its officers and employees from any property damage or personal injury of whatsoever kind or nature during such delivery, installation or performance of service. Such insurance shall be in standard form for property damage, public liability and aviation general legal liability if applicable, in amounts and with such deductibles and limits as are prudently and reasonably carried by providers of materials, products and services in the business and industry in which Seller is engaged, and in all cases reasonably satisfactory to Buyer. Seller agrees to furnish Buyer on demand, with a certificate or other satisfactory evidence of such insurance coverage. Seller further agrees to carry group worker's compensation insurance for its own employees.

13.0 PRICES

The prices to be charged for the articles ordered shall not be higher than those last quoted or charged by Seller, unless the price is specified on the face of this purchase order.

14.0 GOVERNMENT CONTRACTS

If this purchase order indicates that it is placed under a Government Contract, it is subject to all applicable Government Laws and Regulations, including those attached hereto. All documentation (i.e., purchase order, packing list, etc.) must reflect government contract number.

15.0 EXPORT AND IMPORT CONTROLS POLICIES AND PROCEDURES

The Parties hereby acknowledge that the shipment, transfer or Delivery of any Item under this Agreement may be subject to export laws and regulations of the United States (hereinafter referred to as "Export Control Regulations"), including compliance requirements set forth under the U.S. Export Administration Regulations (EAR), 15 CFR Parts 730-774, International Traffic in Arms Regulations (ITAR), 22 CFR Parts 120-130, and U.S. economic sanctions regulations (OFAC regulations), 31 CFR Parts 500-598.

Each Party further acknowledges its respective obligation to comply fully with applicable Export Control Regulations in connection with the performance of this Agreement. As part of such obligation, Seller agrees to ensure that any shipment, transfer or Delivery of any Item to Buyer under this Agreement is in full compliance with applicable Export Regulations.

In furtherance of its compliance obligations, Seller agrees to provide to Buyer prior to making any shipment, transfer or Delivery of any Item to Buyer under this Agreement the correct export classification of such Item e.g., the relevant category in the United States Munitions List USML or the Export Control Classification Number ECCN under the EAR and to provide to Buyer all necessary information related thereto and shall otherwise provide to Buyer any reasonable assistance requested by Buyer to ensure full compliance with applicable Export

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Control Regulations. As part of such assistance, Seller shall inform Buyer if any shipment, transfer or Delivery of an Item under this Agreement will require an export license or other authorization under applicable Export Regulations, as well as any document that Buyer must complete or submit in connection with obtaining such export license or authorization.

In addition, Seller agrees that, whenever any shipment, transfer or Delivery of an Item under this Agreement requires an export license or other authorization under applicable Export Regulations, it will obtain such license or authorization at no cost to Buyer and in a manner that permits Delivery of the Item within the Lead Time set forth under this Agreement.

16.0 DEFAULT

Should Seller fail to provide the items ordered hereunder in the quantities, and at the time and price specified herein, Buyer may elect to hold Seller in default, on reasonable notice not to exceed ten days. Buyer may thereupon proceed to acquire the items to have been purchased hereunder from other sources upon Buyer's election, and Seller shall be liable to Buyer for any increased costs incurred by Buyer as a result of Seller's default. Furthermore, such action shall incur no liability on the part of Buyer. If Seller shall default in any material respect hereunder, or become insolvent, or if a receiver or trustee or assignee for the benefit of creditors is appointed to control any part of Seller's business, Buyer may terminate this order or the undelivered part thereof. Such cancellation shall be without prejudice to, or waiver of, Buyer's right to recover damages therefore. If Buyer shall default in any material respect hereunder, or become insolvent, or if a receiver or trustee or assignee for the benefit of creditors is appointed to control any part of Buyer's business, Seller may terminate this order or the undelivered part thereof. Such cancellation shall be without prejudice to, or waiver of, Seller's right to recover damages therefore.

17.0 CHOICE OF LAW

This Agreement shall be construed in accordance with and governed by the substantive laws of the State of California. Each of Buyer and Seller irrevocably and unconditionally submits to the jurisdiction and rules of the American Arbitration Association in California for the resolution of any dispute arising under or related to this Agreement; provided that, the decision of any arbitrator or panel of arbitrators convened under such rules shall be final and binding on the parties and shall be enforceable in the state or federal courts located in the State of California or in any other court with jurisdiction over the parties and capable of enforcing the arbitrator(s) decision, and each of Buyer and Seller waives any objection relating to the basis for personal or in rem jurisdiction or to venue which it may now or hereafter have in any such arbitration, suit, action or proceedings.

18.0 COUNTERFEIT/ SUSPECTED UNAPPROVED PART

Counterfeit Part:

The Seller shall ensure it does not provide the Buyer with an unauthorized copy, imitation, substitute, or modified part (e.g., material, part, component), which is knowingly misrepresented as a specified genuine part of an original or authorized manufacturer. An example of a counterfeit part can include, but are not limited to, the false identification of marking or labeling, grade, serial number, date code, documentation, or performance characteristics. The Seller shall have processes to prevent counterfeit or suspect counterfeit part from being delivered to the Buyer.

Suspected Unapproved Part:

The Seller shall ensure that it does not deliver to the Buyer a part for which there is objective and credible evidence indicating that the part is likely an unapproved or counterfeit part. This includes: parts shipped to an end user by a Seller who does not have direct delivery authorization from the approved Original Equipment

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Manufacturer; new parts that do not conform to the approved design or data; parts that have not been manufactured or maintained by an approved source; parts that have been intentionally misrepresented, including counterfeit parts; and parts with incomplete or inappropriate documentation. The Seller shall ensure their processes identify and prevent the use of unapproved and suspected unapproved parts. The Seller shall ensure the parts are traceable to an authorized source. The Seller shall have processes to prevent delivery of suspected unapproved parts.

Marked/Controlled:

The Seller shall clearly and permanently marked the unsalvageable and counterfeit part, or controlled, until physically altered to prevent restoration.

Ethical Behavior:

Seller shall ensure their personnel are trained and aware of their contribution to product or service conformity; their contribution to product safety and the importance of ethical behavior.

Quarantine and Reporting:

The Seller shall quarantine and report to the Buyer when the part is unserviceable (e.g. part malfunctions, has defects), unsalvageable or suspected of counterfeited. The Seller shall report suspected unapproved parts in accordance with applicable requirements from the competent authority.