



GENERAL TERMS AND CONDITIONS OF PURCHASE

THE PARTIES AGREE as follows:

Unless otherwise agreed by the Parties, this General Terms and Conditions of Purchase ("**GTCP**") shall apply to the purchase of all Supplies delivered to the Buyer.

1. Definitions

In this GTCP:

- "Buyer"** means the legal entity that issues the Purchase Orders to the Supplier.
- "Equipment"** means goods and material or component or manufactured product prototypes that form part of the Supply and are to be delivered by the Supplier to the Buyer.
- "Final acceptance"** means the procedure described in Clause 6 that provides acceptance by the Buyer of a Supply in accordance with the relevant Purchase Order.
- "Parties"** means the Buyer and the Supplier; and a "**Party**" means one of them.
- "Purchase Order"** means a paper or electronic document in which the Buyer orders a Supply from the Supplier orders must state among other the name and code of the item, the supply price, the date and place of delivery, quantities, specification references, the Buyer's own identification details and contract reference where appropriate. The Supplier and the Buyer agree that Purchase Orders sent by email are valid, each party can hold e-mails and their acknowledgment of receipt as evidence.
- "Service(s)"** means intellectual and other Services (e.g. studies, installation, on-site service) that form part of the Supply.
- "Specifications"** means any document setting out technical requirements that must be met by the Supplier or by the Supply and the Buyer's needs (e.g. technical specifications, standards, quality requirements, applicable laws, drawings approved by the Buyer).
- "the Supplier"** means the legal entity accepting the Purchase Order.
- "Supply(ies)"** means all Equipment and/or software/programs/codes and/or Services and/or Tools, together with associated documentation covered by the Purchase Order.
- "Tools"** means the tool(s) needed to manufacture and/or test Equipment. These will include tools provided to the Supplier by the Buyer and also those developed by the Supplier specifically for the Equipment under an Purchase Order.
- "Counterfeit parts"** parts that has been confirmed to be a copy, imitation or substitute that has been represented, identified, or marked as genuine, and/or altered by a source without legal right with intent to mislead, deceive or defraud.

2. General Provisions

Unless otherwise agreed by the parties, the terms and conditions that apply to the Purchase Order shall be regulated by the following contract documents, which are listed in order of importance:

- (A) Purchase Order,
- (B) Specifications,
- (C) GTCP.

The materials and services processed by the Supplier for this order must be controlled by a documented quality management system that conforms to ISO 9001 or AS9100, as appropriate.

The Supplier shall flow down all applicable Purchase Order/General Terms and Conditions of Purchase requirements within supply chain.

3. Acceptance of Purchase Order

- 3.1 Acceptance of a Purchase Order by the Supplier constitutes *de facto* acceptance of the GTCP, which form an integral part of the Purchase Order and regulate the contractual relationship between the Supplier and the Buyer, subject to the particular terms and conditions of the Purchase Order. By mutual agreement between the Parties, the Supplier's general terms and conditions of sale shall be waived and cannot therefore be enforced against the Buyer notwithstanding any provision to the contrary.
- 3.2 Purchase Orders including all their provisions shall be deemed fully accepted by the Supplier:
 - (A) when the acknowledgment of receipt of the Purchase Order signed by the Supplier is received within two (2) weeks of the date of the Purchase Order; or
 - (B) two (2) weeks after the date of the Purchase Order, if no written acknowledgment of receipt of the Purchase Order has been received by the Buyer.
- 3.3 Any changes to a Purchase Order or the GTCP required by the Supplier shall not be deemed accepted unless previously agreed in writing by the Buyer. The Supplier shall produce Supplies ordered in accordance with the Specifications, applicable laws, regulations and standards.

4. Packing

- 4.1 The Supplier shall be responsible for packing, which shall be suitable for the means of transport used and for the Supply transported, in accordance with current regulations and professional standards. In all cases, packing shall prevent damage to the Supply during transport, manipulation, loading and/or unloading and storage at its destination. Unless otherwise provided herein, packing shall not be returned, but any packing that is returned shall be returned at the Supplier's expense.
- 4.2 Each shipment of Supplies shall include the original delivery note, the conformity certificates, and inspection reports.

5. FOREIGN OBJECT DEBRIS (FOD)

Suppliers involved in the manufacturing and material handling of AERO GEARBOX INTERNATIONAL products shall have a FOD program in place that includes a minimum of the following elements: FOD Awareness/ Training, Parts Protection/ Material Handling, General Housekeeping, and FOD Reporting and Investigation. This shall be clearly identified in the Supplier process documentation and training records.

6. Delivery

- 6.1 Unless otherwise stated in the Purchase Order, Supplies shall be delivered DDP Incoterms 2010 to the location stated in the Purchase Order.

- 6.2 Supplies damaged during transport will be refused by the Buyer and the Supplier shall then deliver a new Supply, without prejudice to any and all right for compensation for the Buyer for its additional damage. Supplies shall be delivered at the delivery address and to the delivery schedule specified in the Purchase Order.
- 6.3 It is expressly agreed between the Supplier and the Buyer that associated documentation to the Supply for use and/or maintenance shall form an integral part of the supply. Supplies deliveries shall consequently be incomplete unless such documentation is included.
- 6.4 Early and partial deliveries are not allowed unless previously agreed in writing by the Buyer.

7. Counterfeit parts prevention

Supplier agrees and shall ensure that Counterfeit parts is not delivered to AERO GEARBOX INTERNATIONAL.

Supplier shall only purchase products to be delivered to AERO GEARBOX INTERNATIONAL directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Parts shall not be acquired from independent distributors or brokers unless approved in advance in writing by AERO GEARBOX INTERNATIONAL, and unless accompanied by complete, accurate, and traceable documentation back to the OCM/OEM.

Supplier shall immediately notify AERO GEARBOX INTERNATIONAL with the pertinent facts if supplier becomes aware or suspects that it has furnished counterfeit part. When requested by AERO GEARBOX INTERNATIONAL, supplier shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM.

Supplier must ensure that each delivery documentation / certificate of conformity include statement regarding to meeting of requirements related to counterfeit prevention program.

8. Final acceptance

- 8.1 Final acceptance of any part of a Supply shall be given once the Buyer has checked that said part complies with the Specifications and other contract documents.
- 8.2 Final acceptance of any part of a Supply with or without reservation(s) and refusal of final acceptance shall be evidenced in a certificate that is dated and signed by both parties (hereafter the "**Final Acceptance Certificate**").
- 8.3 In the event a Supply does not comply with the Specifications or other contract documents, the Buyer may:
- (A) accept it as is, in return for a reduction in price;
 - (B) accept it after corrective action has been undertaken at the Supplier's expense by the Supplier, the Buyer or a third party appointed by the Buyer;
 - (C) reject the Supply and make it available for the Supplier to collect at its own risk within five (5) calendar days of dispatch of notification by the Buyer;
 - (D) reject the Supply and return it to the Supplier at the latter's own expenses and risk within five (5) calendar days of dispatch of notification by the Buyer.
- 8.4 Non-conforming Supplies returned to the Supplier shall be deemed not delivered and shall give rise to the liquidated damages set out in Clause 9.
- 8.5 Final Acceptance by the Buyer shall not release the Supplier from its warranty obligations or from its liability for faults and non-conformities not detected during Final Acceptance.

9. Liquidated damages

- 9.1 Time is of the essence with respect to Supply delivery deadlines and/or execution periods as defined in the Purchase Order.
- 9.2 Without any prior notification, in the event of delay in delivering a Supply that is not attributable to a case of *force majeure* or to the Buyer, the Supplier shall be liable to pay liquidated damages for delay at a rate of 0.5% of the Purchase Order value per calendar day of delay and up to 10% of said Purchase Order amount. In the event of unauthorised partial deliveries, the effective date of delivery shall be the date of the final delivery. Liquidated damages for delay shall not release the Supplier from its obligations (such as delivery) under the Purchase Order.
- 9.3 The Buyer doesn't waive its right to terminate the Purchase Order or to claim for compensation for the damage actually suffered by the Buyer. The Buyer may:
- (A) seek compensation from the Supplier for the damage and loss it has actually suffered; and
 - (B) at any time unilaterally utilise the right terminate all or any part of the Purchase Order for breach of contract by the Supplier (without prejudice to any compensation it may claim); the length of the delay shall then be considered as a breach of contract by the Supplier.

10. Transfer of Risk and Title

- 10.1 Notwithstanding inspections or final acceptance at the Supplier's premises, transfer of risk shall occur at delivery of the Supplies to the Buyer at its own premises or at any other place specified in the Purchase Order in accordance with the applicable 2010 Incoterms. If final acceptance is to take place after delivery of the Supplies, the Supplier shall remain liable for all risk inherent in the Supply until the Buyer has issued a Final Acceptance Certificate with or without reservations.
- 10.2 Unless specified in the Purchase Order, transfer of title to the Supplies shall take place upon delivery to the Buyer premises or to any other place as defined by the Buyer.

11. Amendments

The Buyer may amend the Purchase Order at any time during its fulfilment. the Supplier shall immediately provide the Buyer with a detailed price for the proposed amendment and information of its impact on terms and conditions of the Purchase Order. An amendment to the Purchase Order shall be issued by the Buyer and signed by both Parties. This amendment shall constitute a contract document that takes precedence over the contract documents listed in Clause 2.

12. Inspection of Purchase Order Fulfilment

The Buyer may itself or through a representative of its choice inspect all or any part of the Supplies and their progress at the premises of the Supplier or its subcontractors (so long as sub-contracting has been expressly authorised by the Buyer). The Supplier shall therefore allow the Buyer and/or its representative's free access to its premises and to the information they need to carry out such inspections. The Supplier shall give the Buyer's clients the same inspection rights. The Supplier shall ensure its sub-contractors provide the same terms of access. Such inspection shall in no event withdraw the Supplier' liability and/or warranty.

13. Invoicing

- 13.1 Invoices shall be issued in the name of the Buyer and shall be sent to **Aero Gearbox International SAS c/o Safran Finance Services, Centre Paul Louis Weiller, 46 rue Camilles Desmoulins, CS10019, 92130 Issy les Moulineaux, France** (unless otherwise advised by the Buyer in writing).
- 13.2 Invoices must specify the Purchase Order reference.

13.3 Invoices shall each relate to one single Purchase Order and name the Supplies invoiced, their unit prices and quantities delivered.

14. Price and Terms of Payment

14.1 Unless otherwise specified in the Purchase Order:

- (A) prices stated in Purchase Orders shall be fixed;
- (B) payments shall be made by bank transfer, 45 days after the invoice date, subject to the invoice being authorised for payment.

14.2 The Buyer may automatically deduct from all amounts owed to the Supplier any debit notes issued for offset against such amounts.

14.3 Interest on arrears shall be charged on late payments at three (3) times the legal rate of interest.

14.4 The Buyer shall suspend payment on any invoice that does not conform to applicable law and/or this clause.

14.5 Upon three (3) weeks notice, the Buyer will be entitled to withhold payment of, or part pay, any invoice should there be a dispute over the quantity or quality of Supplies delivered, or invoiced price, and will not be subject to Clause 12.3. The Supplier may challenge any notice within the three (3) weeks or must issue a debt note.

15. Sub-Contracting and Assignment

The Supplier shall not assign, transfer and/or sub-contract all or any part of the rights and/or obligations arising from the Purchase Order without the prior written agreement of the Buyer. Notwithstanding the Buyer approval for subcontracting, the Supplier shall remain liable to the Buyer for fulfilment of all obligations under any Purchase Order and shall ensure its sub-contractors are bound by the same obligations.

16. Tools

16.1 Tools manufactured specifically for the purposes of the execution of the Purchase Order shall become the exclusive property of the Buyer as they are produced and shall be used by the Supplier exclusively in order to perform Purchase Orders placed by the Buyer. Such transfer of property is included into the price paid by the Buyer.

16.2 Tools left in the safekeeping of the Supplier shall be marked with an the Buyer ownership plate giving the date on which they were put into service. Such Tools shall be returned in good working order immediately upon receipt of a written request from the Buyer.

16.3 The Supplier shall maintain and carry out routine repairs on Tools at its own expense.

16.4 The Supplier shall insure and protect Tools at its own risk.

16.5 In the event of loss or damage to the tools, the Supplier shall repair them at its own expense and as quickly as possible, or if they are considered beyond repair shall indemnify the Buyer in the amount of their replacement value.

17. Health and Safety and Environmental Protection

17.1. Compliance with the Labour and Environment Code

The Supplier shall comply with health, safety and environmental protection laws, regulations and standards and in particular with fire and health regulations in the place where the Supply is produced.

17.2. Visits to and work on the Buyer sites

The Supplier shall appoint a manager for all visits and work on the Buyer sites. The Supplier's manager shall ensure compliance with the Buyer internal regulation and the applicable prevention plans (if any).

17.3. Supply and use of chemical products (including in equipment manufacturer)

The introduction and use of chemical or dangerous products to produce Supplies must be reported to the Buyer, whatever the quantity in which they are introduced or used to produce supplies. This shall apply in particular to substances included in articles or used to provide services (as "article" is defined in the EU regulation 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of chemicals, hereafter "REACH"). The Supplier shall therefore provide the Buyer with a document specifying the quantities (in percentage terms) of substances covered by REACH that are contained in Equipment.

Moreover, in order to be authorised to introduce or use chemical or dangerous products, the Supplier shall give the Buyer the current copy in language of the country of Delivery of the safety data sheet (SDS) with attachments if required. The Supplier shall send the Buyer SDS updates within three (3) months of their publication.

The Supplier shall comply and ensure compliance with the REACH obligations, in particular the identification, registration and, if appropriate, request for authorisation for substances as such and/or of substances contained in preparations and/or articles in Supplies. The Supplier shall use all due diligence to keep the Buyer informed about (i) supplied products that fall and/or might fall within the scope of REACH, and (ii) if appropriate, their relevant registration numbers, along with all limitations on and recommendations concerning the safe use of such products. The Supplier shall ensure SDSs include REACH requirements and the use(s) of supplies covered by Purchase Orders. The Supplier shall ensure these are updated at least every three (3) years.

18. Contract warranty

18.1. Conformity

Without prejudice to statutory warranties and unless otherwise specified in the Purchase Order, the Supplier warrants that Supplies comply with contract documents and the specifications and that they are without defect and hidden defect for 24 months as of delivery or final acceptance (whichever is the later).

If the Buyer discovers defects/malfunctions in a Supply, the Supplier shall at its own expense:

- (A) rectify, repair or replace all or part of the Supply (unless it is a Service); or
- (B) correct the service

to ensure that the Supply is fit for its purpose and complies with the Purchase Order requirements/ specifications.

For the purposes of this clause, expenses shall include all expense and loss incurred by the Buyer and its clients as a result of a Supply nonconformity (including e.g. labour, packing, penalties or liquidated damages imposed by the client, transport, additional studies). Should the Supplier fails to repair/rectify/correct/replace the noncompliant Supply within two (2) weeks of discovery by the Buyer of the fault/malfunction, the Buyer may itself, or through a third party of its choice, take action in place of the Supplier and at the latter's expense.

Supplies that are replaced/rectified/repared/corrected under this warranty shall themselves be covered by the same warranty and be subject to the above mentioned conditions until the later of:

- (A) end of the initial warranty period; or
- (B) 12 months after the replacement/rectification/repair date.

18.2. Spare Parts

The Supplier undertakes to supply all spare parts needed to ensure the proper operation of Supplies within ten (10) years from date of last Supply delivery and shall take all necessary action to ensure this obligation is fulfilled.

19. Intellectual Property Rights

- 19.1 As consideration for the price specified in the Purchase Order, studies (both the final document and its components, e.g. plans, diagrams, models, prototypes) and the results obtained by the Supplier when fulfilling Purchase Orders shall be the sole and exclusive property of the Buyer. The Supplier hereby warrants that it hold all rights to assign such rights to the Buyer.
- 19.2 The Supplier shall therefore not use/operate (or allow use/operation by any third party of) such results/studies and their components for any purpose other than Purchase Order fulfilment. Where software is provided under a Purchase Order, final acceptance of the software shall constitute *de facto* assignment by the Supplier to the Buyer of said exclusive rights of use/modify/operation/sale of such software at no additional cost to the Buyer.
- 19.3 For each software produced by the Supplier in accordance with the Specifications, the Supplier shall provide the Buyer with all necessary components to modify and generate said software, including but not limited to source codes, compiled versions and executable files, object libraries if any, parameters and/or configuration data which are necessary to compile, test or execute, test script files and data, the design, test and execution environment used by the Supplier, and all associated documentation.
- 19.4 The Supplier shall hold the Buyer harmless against any and all intellectual property right actions and recourses by third parties related to any Supply with respect to the above actions and notwithstanding any other liquidated damages, the Supplier shall indemnify to the Buyer all costs (including legal fees) of such procedures and all its damage.

20 Supplier management of AERO GEARBOX INTERNATIONAL records

Supplier records shall be correctly indexed, legible and stored in a manner permitting easy access, retrieval and protection.

Records shall be maintained in a manner that prevents damage or deterioration during the retention period. Retention period for product data for AERO GEARBOX INTERNATIONAL products is a minimum of seven years or as defined by contract or purchase order.

Suppliers shall have a documented system for records management and retention in accordance with their internal Quality Management System as well as any customer contractual flow down requirements.

Supplier must receive written approval by AERO GEARBOX INTERNATIONAL before disposal any records related to performed activities, deliver product.

21 Right of entry

AERO GEARBOX INTERNATIONAL reserve the right of access for their Customers and statutory/ regulatory authorities to applicable Suppliers areas and facilities as well as for entire level of the suppliers supply chain to validate and check any documented information related to activities performed for AERO GEARBOX INTERNATIONAL

22. Confidentiality and Publicity

- 22.1 All information of whatever kind (technical, commercial etc.) and in whatever format (written, visual, verbal, etc.) that is given to the Supplier (including Supplies and Purchase Orders) or to which it obtains access in connection with an Purchase Order shall be treated by the Supplier as strictly confidential and shall be used solely to fulfil Purchase Orders.

22.2 Unless previously agreed in writing by the Buyer, the Supplier shall not disclose that it works with the Buyer to any third party or disclose all or any part of the Supplies produced using documents or technical Specifications owned by the Buyer. This duty of confidentiality shall apply until the following first event occurs: (i) the confidential information comes into the public domain; or (ii) 15 years after the last delivery - whichever is later.

23. Liability and Insurance

23.1 The Supplier shall indemnify third parties for all their damage and losses for which it is liable.

23.2 The Supplier shall be liable for all damage and losses incurred by the Buyer and its clients and that can be directly or indirectly attributed to the Supplier or to its suppliers or sub-contractors.

23.3 The Supplier shall take out and maintain insurance policies in sufficient amounts to cover all the risks associated with or arising from Purchase Order fulfilment. The Supplier shall also take out adequate civil liability insurance. Before signing any Purchase Order and thereafter whenever requested, the Supplier shall provide the Buyer with copies of its insurance policies and/or insurance certificates and shall at its own expense obtain from its insurers any supplementary insurance the Buyer considers reasonably necessary to cover Purchase Order risks.

23.4 Production of insurances policies does not discharge the Supplier of any of its liability under the Purchase Order that would not be covered by Supplier's insurers.

24. Force Majeure

The Supplier shall, within five (5) calendar days of its occurrence, inform the Buyer by registered mail of any *force majeure* event that prevents it from fulfilling its obligations under a Purchase Order for the purposes of this clause, *force majeure* events must meet all the following conditions:

- (A) it must be irresistible and unpredictable, i.e. totally beyond the Supplier's control;
- (B) the Supplier can't avoid the impact or mitigate the consequences;
- (C) as a result of the events, the Supplier is unable to make delivery at the specified date.

25. Export Controls

Information and/or parts of any Supply delivered under an Purchase Order may be subject to export control laws. The Supplier undertakes to comply with all such laws. the Supplier warrants that it will not export or transfer to the Buyer by any means - including telephone, email or any other means - any information and/or part of any Supply unless the Supplier already complies with export control legislation, codes of conduct, export licenses, notices and instructions.

26. Compliance

The Supplier shall remain fully compliant with its national laws regarding the conditions of work and employment.

27. Ethics

In accordance with its ethical commitments and policies, the Buyer wishes to work with suppliers that comply with the law on ethics, corruption, competition and gifts and hospitality. The Supplier acknowledges that it has read the principles and fundamental rights of the United Nations and the International Labour Organisation. The Supplier undertakes to apply them to itself and to its purchases. The Buyer may, at its own expense, engage a competent, independent, authorised body that is bound by a duty of confidentiality to inspect the working conditions applying at the premises of the Supplier, its sub-contractors and suppliers to ensure they do not violate said policies, rights or the Supplier Code of Conduct. In the event of breach of this obligation, the Buyer may terminate the Purchase Orders for fault, without compensation for the Supplier and without prejudice to any proceedings the Buyer may decide to bring against the Supplier.

28. Termination

28.1 The Buyer may terminate a Purchase Order and/or the GTCP unilaterally and of right without any compensation whatsoever to the Supplier:

- (A) in case of non-fulfilment by the Supplier of any of its obligations contained in the Purchase Order within two (2) weeks from written notification; or
- (B) with immediate effect if:
 - (i) the Supplier is wound up voluntarily or compulsorily unless there are public policy requirements to the contrary; or
 - (ii) the effects of *force majeure* continue for more than six (6) weeks; or
 - (iii) contract deadlines are exceeded (e.g. the ceiling of liquidated damages for delayed delivery); or (iv) the Supplier is in breach of Clauses 15, 17, 18 and 23.

28.2 In case of termination, no renewal or suspension of the Buyer's contract with its customer and without the Supplier being in breach of its obligation, the Buyer may, as its right and at any time, terminate all or any part of a Purchase Order by giving a one (1) month notice by registered mail. In this event the Supplier may, upon written evidence, receive payment for all completed parts of the supply and for all expense it has irrevocably incurred for the Purchase Order at the termination date (taking account of the schedule agreed by the parties and the deposits and advances already paid by the Buyer).

29. Applicable law and Disputes

29.1 Purchase Orders issued by the Buyer to the Supplier shall be governed by French law.

29.2 The Vienna Convention of 11 April 1980 on the international sale of goods shall not apply.

29.3 Disputes as to the validity, interpretation or execution of a Purchase Order or the GTCP that cannot be settled amicably shall be brought to the commercial court of Paris, including in the event of emergency or of more than one defendant.

30. Miscellaneous

Failure by either party to enforce or exercise any of its rights under the present GTCP or the Purchase Order shall not be construed as waiver of said rights. Should any provision of the GTCP be invalid, the remaining provisions shall retain their full effect and the parties shall then use their best efforts to adopt a new provision to replace the provision concerned.