

GENERAL PURCHASING CONDITIONS OF AIRBUS GMBH

- 1. Scope**
- 1.1 The following General Purchasing Conditions of Airbus GmbH apply to the production of works and to the purchase of goods by Airbus GmbH from the Supplier (together "deliveries") as well as to the performance of services ("services").
- 1.2 Any general terms and conditions of the Supplier deviating from or supplementing these General Purchasing Conditions are non-binding for Airbus GmbH, even if Airbus GmbH does not object to them explicitly, or if the Supplier states that he wishes to deliver only according to his general terms and conditions, or if these are included in his declaration of acceptance pursuant to Section 2.1, or the delivery note or, as the case may be, the purchase order. Acceptance or payment of deliveries and services does not constitute agreement either.
- 2. Conclusion of Contract**
- 2.1 The Supplier may accept orders and commissions (together "orders") from Airbus GmbH only by written declaration within a period of two weeks. The receipt of the acceptance by Airbus GmbH shall be decisive for the observation of the deadline.
- 2.2 The acceptance of orders shall contain all material order data, particularly the exact description of the ordered deliveries and services, the commission number and the order- and delivery date. The Supplier shall be responsible for any delays, which result from a breach of these provisions by the Supplier.
- 2.3 Amendments or changes of orders require the written confirmation of Airbus GmbH.
- 2.4 The Supplier is not authorized to subcontract third parties without the prior written consent of Airbus GmbH. The unauthorized subcontracting of third parties entitles Airbus GmbH to rescind the contract in whole or in part and to claim damages.
- 3. Prices**
- 3.1 The agreed prices are fixed prices and exclude subsequent claims or price increases of any kind.
- 3.2 Deliveries are made DAP, INCOTERMS 2010, unless agreed otherwise.
- 4. Payment Terms**
- 4.1 Invoices of the Supplier shall be submitted in duplicate and shall contain all information required in the order for each delivery.
- 4.2 Airbus GmbH will effect payments - unless agreed otherwise or required by specific law or regulation - by wire transfer within 60 days from the end of the month in which the invoice has been received, paid the tenth day of the following calendar month (60EOM10) after delivery or acceptance, as the case may be. In the event that the parties agree on a cash discount in the order, a deduction of that discount is permitted also in the case of a set-off or in the case of a justified exercise of retention rights because of defects. Payment is subject to invoice verification.
- 4.3 The Supplier is not entitled to assign his claims against Airbus GmbH or to have it collected by third parties without the latter's written consent, which may not be withheld unreasonably. This shall not apply in the case of an extended retention of ownership as well as in respect to assignments to companies, in which Airbus GmbH holds a direct or indirect participation of more than 50%. Section 354 a of the German Commercial Code (HGB) shall remain unaffected.
- 4.4 Airbus GmbH and the Supplier undertake to agree on a common standard as regards electronic accounting.
- 5. Delivery Date, Place of Fulfillment**
- 5.1 Agreed delivery and performance dates and deadlines are binding. Advance deliveries and performances as well as deliveries and performances after the agreed delivery date are permitted only with the consent of Airbus GmbH.
- 5.2 Relevant for the timeliness of deliveries and performances is the receipt at the receiving place specified by Airbus GmbH. The Supplier shall notify Airbus GmbH without undue delay, if and as soon as it becomes apparent that he will be unable to meet the delivery or, as the case may be, the performance date. The acceptance of a late delivery or service Airbus GmbH does not contain any waiver of compensation claims.
- 5.3 If - in the event of delay - the Supplier cannot prove that he is not responsible for the delay, Airbus GmbH may charge a penalty in respect of each commenced working day of delay amounting to 0.2 % but not exceeding a total of 5% of the total value of the contract. In the event that the appropriate reservation of rights is not made at the time of acceptance of delivery, services or rectification, this penalty may be claimed up until the date of final payment. Airbus GmbH shall be entitled to charge the penalty in addition to performance. Further rights and claims shall be reserved herewith.
- 5.4 Airbus GmbH is not obliged to accept partial deliveries or services. In the case of agreed partial deliveries, the remaining quantity still to be delivered shall be stated in the delivery note.
- 5.5 Place of fulfillment for the Supplier's deliveries or services is the receiving place specified in the order. If no receiving place is specified and it cannot be derived from the nature of the obligatory relationship either, the branch office of Airbus GmbH as per the order or, in lack thereof, the company seat of Airbus GmbH shall be deemed place of fulfillment.
- 6. Shipment, Transfer of Risk, Export Control, Offset Provisions**
- 6.1 The Supplier shall package, ship, and insure the deliveries properly and comply with all relevant packaging and shipment provisions. The Supplier shall be liable for all damages, which Airbus GmbH suffers because of the improper or insufficient packaging, shipping, or insurance.
- 6.2 Shipping papers such as e.g. delivery notes and packing slips shall be included with the deliveries. All documents shall state the order numbers and the identification required by Airbus GmbH for the order. No later than on the day of shipping, a shipping notice shall be sent to Airbus GmbH in advance by fax or e-mail.
- 6.3 Additional costs, which Airbus GmbH incurs as a consequence of non-compliance with the above rules, shall be borne by the Supplier.
- 6.4 In the case of deliveries without installation or assembly, the risk passes when the goods are received at the receiving place specified by Airbus GmbH. In the case of deliveries with installation or assembly, risk passes upon acceptance to be carried out at the place of assembly.
- 6.5 The implied acceptance set forth in Section 640 paragraph 1 sentence 3 of the German Civil Code (BGB) is excluded. The acceptance by way of a certificate of completion pursuant to Section 641a BGB is excluded.
- 6.6 The Supplier shall comply with all applicable export control laws and regulations. Therefore the supplier shall send with every order acknowledgement the filled-out „Template FORM 2 - Export Control Classification Declaration“, being available under <http://www.premium-aerotec.com/en/Suppliers.html>.
- 6.7 The Supplier shall take reasonable efforts to support Airbus GmbH in the context of its international "offset obligations" by providing on request of Airbus GmbH relevant information about third party transactions in accordance with "Airbus Group Offset Provisions" as set forth under <http://www.airbusgroup.com/int/en/group-vision-for-suppliers.html>.
- 7. Rights of Airbus GmbH in the Case of Defects under a Purchase Agreement or a Contract to produce a Work**
- 7.1 The Supplier shall be responsible for defects of the deliveries under a purchase agreement or a contract to produce a work for a period of three years from the transfer of risk. In deviation from sentence 1, the limitation period for buildings and for works, whose results consist in the rendering of planning or monitoring services for this purpose, amounts to five years from acceptance.
- 7.2 Airbus GmbH will notify the Supplier in writing without undue delay about any defects as soon as these are determined during the ordinary course of business. Insofar, the Supplier waives the objection of late complaint of defects.

7.3 Airbus GmbH shall be entitled to the statutory claims for defects without restrictions. Airbus GmbH shall have the right, at its option, to demand from the Supplier to rectify the defect or deliver an item free of defect or, as the case may be, the production of a new work. The right to claim damages, particularly the right to claim damages instead of performance, shall remain explicitly reserved.

7.4 In addition to the statutory claims, Airbus GmbH may in the case of a defect, after the fruitless expiration of a reasonable period set by Airbus GmbH for subsequent performance, rectify the defect itself and demand reimbursement of the necessary expenses, unless the Supplier has a right to refuse subsequent performance. In this respect, the statutory provision pertaining to self remediation of defects for contracts to produce a work (Section 637 BGB) shall apply to purchase agreements accordingly. Airbus GmbH may demand advance payment from the Supplier for the expenses required to rectify the defect.

8. Rights of Airbus GmbH in the Case of Breaches of Service Contracts

Notwithstanding Section 7, the statutory rights of Airbus GmbH shall apply in the case of breaches of service contracts.

9. Quality and Safety, Access Right

9.1 The Supplier shall comply with the recognized rules of technology, the safety regulations and the agreed technical data and standards and shall ensure that the deliveries and services meet all statutory requirements, particularly the environmental protection, accident prevention, and other work protection provisions and the rules of safety technology. He shall furthermore advise Airbus GmbH about any special, not generally known handling and disposal requirements and shall provide for each delivered good a manufacturer's certificate or certificate of conformity (CE) within the meaning of the applicable Directives of the European Union or other statutory provisions. Changes of the deliveries and services require the prior written consent of Airbus GmbH. The manner and nature of the cooperation on the quality sector, such as e.g. first sampling and documentation, is set forth in the respective product specification.

9.2 Employees authorized by Airbus GmbH and the representatives of public authorities or their delegates have access to all business premises at all times during regular business hours in which work is carried out for Airbus GmbH, irrespective of whether these are business premises of the Supplier or of his subcontractors, and may inspect all applicable and order-related documents for auditing purposes or to verify legal requirements. These access rights during visits must particularly be granted to all persons authorized by Airbus GmbH, who are responsible for monitoring progress of the work commissioned by Airbus GmbH from the Supplier and for related audits, examinations, or for the qualification of the Supplier.

9.3 The representatives of customer of Airbus GmbH shall have access to all business premises at all times during regular business hours, where work is carried out for Airbus GmbH, if Airbus GmbH has consented.

10. Provision of Materials

10.1 All documents and objects of any kind provided to the Supplier by Airbus GmbH remain the property of Airbus GmbH. They may be used exclusively for providing the ordered deliveries or services. The Supplier shall insure all objects provided to him against loss and deterioration. The Supplier does not have any retention right with respect to the objects of Airbus GmbH.

10.2 To the extent that objects provided by Airbus GmbH are processed or transformed by the Supplier into a new movable object, Airbus GmbH is deemed to be the manufacturer. In the case of a connection or inseparable mixing with other objects, Airbus GmbH acquires joint ownership in the new object in proportion of the value, which the objects had at the time of connection or mixing. If the connection or mixing occurs in a manner, where the objects of the Supplier have to be considered the main object, it shall be agreed that the Supplier transfers proportional joint ownership to Airbus GmbH, while the Supplier stores the joint ownership for Airbus GmbH free of charge.

10.3 The Supplier shall carry out any maintenance and inspection work that may be necessary at his own expense and shall insure the provided objects sufficiently and prove this to Airbus GmbH upon request.

11. Confidentiality

11.1 The order of Airbus GmbH shall be treated confidentially. The Supplier furthermore shall keep all commercial and technical information and documents, which become known to him through the business relationship and which are not generally known, secret and use these exclusively for providing the ordered deliveries. Drawings, models, samples, and similar objects shall not be submitted or made available to unauthorized third parties. Duplicating such objects is permitted only within the limits of copyright provisions and to the extent required in order to fulfill the obligations incumbent upon the Supplier. Any subcontractors shall be bound to confidentiality accordingly.

11.2 The Supplier is only entitled to mention, depict, or use the company name or trademarks of Airbus GmbH in any other way for purposes of advertising materials, when naming references, or for other publications, if Airbus GmbH has consented to this in writing in advance.

11.3 Airbus GmbH may demand observance of further security regulations.

12. Spare Parts, Readiness to Deliver

12.1 The Supplier shall supply spare parts to Airbus GmbH under reasonable conditions throughout the period of the usual technical lifetime, but in any case for a period of at least ten years after the last delivery.

12.2 If the Supplier discontinues the delivery of the goods after expiration of the period set forth in Section 12.1 or during that period, he shall provide Airbus GmbH with the opportunity for a last order under reasonable conditions.

13. Intellectual Property Rights

13.1 If the deliveries or the services provided by the Supplier are subject to patent or copyright protection, Airbus GmbH shall be granted all rights of reproduction, use, operation, release, adaptation, modification or translation of the deliveries or the service as far as this is necessary for the purpose of the purchase order. The grant of rights under this Section is included in the compensation according to Section 3.

13.2 Airbus GmbH acquires full property of the deliveries or the services covered by the respective purchase order, in particular insofar as folders, plans, technical memos, drawings, models, prototypes or tooling are concerned.

13.3 The Supplier shall indemnify Airbus GmbH against any liability, which is based on claims that the deliveries and services of the Supplier infringe any third-party patents, copyrights, business secrets, or other intellectual property rights, unless the Supplier proves that he is not at fault in this respect. In this case, the Supplier shall bear all costs and payment obligations arising from a decision of a court of last instance or a settlement, if Airbus GmbH informs the Supplier within 10 (ten) days from the assertion of a claim, grants the Supplier the sole control over and decisions regarding the legal defense and leading settlement negotiations, and provides any reasonable support upon request of the Supplier. Section 7.1 shall apply accordingly.

14. Product Liability

The Supplier shall meticulously examine its deliveries for defects and undertakes to do everything feasible in order to avoid any product liability. If Airbus GmbH is held responsible by a third party because of the defectiveness of a product and if the defectiveness is due entirely or in part to a defect of the Supplier's delivery, Airbus GmbH may instead of compensation of all losses also demand indemnification vis-à-vis the third party. The Supplier's obligation to pay damages shall also include the costs of a precautionary recall measure in order to prevent damage, if this is appropriate.

15. Environmental Management, Hazardous Materials, Employee Protection Provisions, AEO

15.1 Parts of Airbus GmbH are companies certified in accordance with the international standard ISO 14001:2004. In connection with the fulfillment of orders for customers, Airbus GmbH has therefore committed itself to observe the set of rules of this standard. The Supplier shall also be bound to such an observance. The environmental goals and the environmental policy of Airbus GmbH are available upon request.

15.2 The Supplier shall observe Airbus GmbH ' general employee protection provisions and the behavioral guidelines in commercial relationships ("Airbus Group Corporate Social Responsibility in Sourcing") as set forth under <http://www.airbusgroup.com/int/en/group-vision/for-suppliers.html>.

In addition, the Supplier shall employ only such employees for works at Airbus GmbH, who have the qualification required for this work. The Supplier shall make corresponding proof available to Airbus GmbH upon request with short notice for a sample examination.

15.3 The Supplier shall comply at his own expense with the applicable legal requirements, in particular safety and environmental regulations, including the regulation concerning hazardous materials and the German Electrical and Electronic Equipment Act.

15.4 The Supplier shall fulfill at any time all requirements according to the regulation No. 1907/2006 dated December 18th 2006 of the European Parliament concerning the handling of chemical substances ("so called REACH regulation"). The Supplier shall especially fulfill all duties imposed upon him according to Articles 31 to 33 (incl.) of the REACH regulation and shall provide all information, which Airbus GmbH may require from him even without any specific request and which Airbus GmbH needs to receive in order to use the articles to be delivered by the Supplier according to this contract with respect to the REACH regulation. Any Supplier, which is located outside the European Union, shall fulfill the requirements of the regulation as importer of articles into the European Union. Each Supplier shall fill out and return the questionnaire, which is available at <http://www.premium-aerotec.com/Lieferanten.html> in electronic form as well as signed by a duly authorized representative to Airbus GmbH. The parties agree that the afore-mentioned obligations of the Supplier shall be considered as essential contractual obligations (so called "cardinal duties"), which are mandatory for the execution of the contract. In the event, that the Supplier does not, not sufficiently or not in time fulfill the afore-mentioned obligations according to the REACH regulation, the Supplier shall indemnify Airbus GmbH against each and any damages, which Airbus GmbH may incur from the non-fulfillment of the afore-mentioned obligations by the Supplier.

15.5 A current version of the safety data sheet in accordance with the EU Commission Regulation 1907/2006/EEC ("REACH Regulation") and the Directive 67/548/EEC ("Dangerous Substances Directive") in the German and English language shall be included with each delivery.

15.6 The Supplier shall be responsible for the reacceptance and disposal obligation according to Section 10 paragraph 2 German Electrical and Electronic Equipment Act and shall bear any related costs.

15.7 The Supplier shall commit, that goods, which are produced, stored, or handled on behalf an authorized economic operator (AEO), or delivered to, or taken over by an AEO, are produced, stored, processed, converted and loaded at secure production sites and secure handling areas, and that during production, storage, processing, conversion, loading, and transport such goods are protected against unauthorized access. The Supplier declares, that the personnel used for the production, storage, processing, conversion, loading, transport and takeover of such goods is reliable. The Supplier informs its business partners, which are acting under his assignment, that they shall also take measures to secure the said supply chain.

16. Termination of services

16.1 In the event, the Supplier shall be incapable or refusing to perform the services ordered or in the event of a failure to observe any of the conditions of a purchase order for services, Airbus GmbH after serving formal notice by registered letter with request for acknowledgment of receipt, remaining unanswered within a period of thirty (30) days, may terminate the purchase order according to statutory law on the basis of the Supplier's fault for all or part of the services ordered. Any claims for damages shall remain unaffected by such termination.

16.2 The statutory provisions of the German Civil Code concerning the termination of services shall remain unaffected.

17. Insurance

17.1 The Supplier shall conclude and maintain with insurers of recognized reputation and security adequate insurance policies to cover its liabilities under the purchase orders issued by Airbus GmbH. At a minimum, Supplier shall maintain a General Third Party liability Insurance for an amount of no less than 5.000.000 (five million) EUR per occurrence and in the yearly aggregate. The Supplier shall also conclude and maintain Product Liability Insurance. The limit of coverage of such insurance shall be not less than 5.000.000 (five million) EUR per occurrence and 10.000.000 (ten million) EUR in the yearly aggregate.

17.2 The Supplier shall provide certificates of such insurances on request of Airbus GmbH at any time.

18. Final Provisions

18.1 The laws of the Federal Republic of Germany excluding the provisions of the UN Convention on the International Sale of Goods (CISG) shall apply to all legal relationships between Airbus GmbH and the Supplier.

18.2 Should the Supplier cease to make payments, or if an interim insolvency administrator is appointed or if insolvency proceedings are commenced in relation to the assets of the Supplier, Airbus GmbH may terminate the contract and/or any purchase orders issued there under. In the event of termination Airbus GmbH may continue to utilize existing facilities, deliveries or services already performed by the Supplier in exchange for reasonable payment.

18.3 Place of venue for all disputes arising from the business relationship as governed by these General Purchasing Conditions shall be, at option of Airbus GmbH, the place of fulfillment as per Section 5.5 or Augsburg. Airbus GmbH is furthermore entitled to file a claim against the Supplier at any other place of general or special jurisdiction.

18.4 Changes and amendments to these General Purchasing Conditions as well as side agreements require the written form. This shall also apply to any waiver of this written-form clause.

18.5 If any of the above provisions should be or become ineffective, the validity of the remaining provisions shall remain unaffected. The parties hereto are obliged to agree upon a provision to replace the ineffective provision that approximates as closely as possible the economic intent of the ineffective provision.