

I. Determinant provisions

- 1) The legal relations between the supplier and the purchaser shall be based exclusively on these terms and conditions, the general terms and conditions for business dealings and purchase and any miscellaneous agreement reached on individual basis. Amendments and complementation shall require the written form. Other General Terms and Conditions shall not apply even if they are not explicitly objected to on individual cases.
- 2) From the viewpoint of quality, technology and price, the object of supply shall constantly meet the respective standards of the latest state of competition with due consideration for the state of the art. The supplier shall inform the purchaser unsolicited, of the respective situation. Should there be deviations, both parties shall enter into talks with the aim of achieving adaptation to competition.

II. Purchase orders, Delivery schedules and Call-off orders

- 1) Purchase orders, delivery schedules (framework agreements) and call-off orders (binding purchase orders) as well as the amendment and complementation thereof and its acceptance by the supplier shall require the written form.
- 2) Purchase orders, delivery schedules and call-off orders shall be confirmed in writing within 3 working days of their receipt at the establishment of the supplier. If not separately agreed in the framework agreement, call-off orders that are placed on the basis of existing framework agreements shall be binding if the supplier fails to object to them in writing latest within three working days of the receipt thereof.
- 3) The purchaser may demand – within the scope of reasonable expectations – that the supplier modifies the object of supply in construction and design. In the process, the impacts shall be adequately regulated by mutual consent particularly with regard to excess and reduced costs as well as the delivery schedules.

III. Payment

- 1) If not otherwise agreed, payment shall be made net on the 30th of the month following the delivery or within 14 days with a cash discount of 3% if the purchaser submits verifiable invoices. In case of the acceptance of premature deliveries, the due date of payment shall be based on the agreed date of delivery.
- 2) In the event of a mistake in delivery, the purchaser shall have the right to withhold payment in a manner proportionate to the value until proper fulfillment. It shall also have the right to set-off claims that are due to the supplier against debit advice or credit note.
- 3) The invoice shall be sent in duplicate. It shall contain the order number, the delivery schedule number, date of order placement and the purchaser's parts number.

IV. Defect notification

- 1) Obvious defects in delivery shall be disclosed to the supplier by the purchaser possibly without delay and in writing as soon as they are determined under the conditions of a proper business process. The supplier shall insofar, waive the objection of the late notification of defects. Should quality assurance agreements have been reached, the contents thereof shall gain priority over the regulations agreed herein.

V. Confidentiality

- 1) The contract partners undertake to treat all such details as are not obviously commercial and technical in nature and as become known to them in the course of the business relations, as business secrets.
- 2) Drawings, models, templates, samples, production materials, tools and similar objects shall remain the property of the purchaser, shall be handled with care, insured in an adequate scope and protected against access from third parties. They shall not be handed over or made accessible to third parties without the prior consent of the purchaser. The replication of such objects shall be permissible only within the scope of operative needs and legal copyright-based regulations as well as the provisions of other statutes serving the purpose of enforcing the protection of industrial protective rights.
- 3) Sub-suppliers and staffs shall be committed accordingly.
- 4) The contract partners shall advertise with the business relations only with prior written consent.
- 5) Models, devices, forms and tools shall be insured against accidental perishing and deterioration; they shall undergo proper maintenance or be subjected to proper safekeeping. The supplier/manufacturer shall bear the costs in this respect.

VI. Delivery schedules and deadlines/shipment clauses

- 1) Agreed schedules and deadlines shall be binding. Determinant to compliance with the delivery schedule or deadline for delivery shall be the receipt of the goods by the purchaser. The supplier shall make the goods available in good time and with due consideration for the usual time of loading and shipment. Deliveries shall be processed in accordance with the instructions of the purchaser. INCOTERMS shall apply to all commercial clauses. If not otherwise agreed, the supplier shall deliver DDP (Incoterms 2010).
- 2) In case of supplies in accordance with a predetermined delivery schedule of the purchaser, such delivery shall be made in accordance with the call-off order based on the delivery schedule. In case of an additional short-term call-off by the purchaser, such short-term call-off shall have priority over the regular call-off orders.

- 3) Deliveries ahead of the agreed date of delivery shall be avoided. Should the supplier make delivery ahead of the agreed date of delivery, the purchaser shall have the right to decline acceptance of the products or accept the products on the condition that the supplier shall bear all storage expenses.
- 4) Should such circumstances occur as will presumably hinder the supplier from making delivery according to schedule, the supplier shall disclose this to the purchaser in writing without delay.

VII. Default in delivery

- 1) The supplier shall be deemed in default without any further setting of deadlines, if it exceeds the agreed schedules and deadlines. The purchaser shall however be able to withdraw from the contract or demand compensation in place of performance in the aftermath of such default only after it has set the supplier an adequate follow-up deadline for performance and after such a follow-up deadline has expired fruitlessly. Even without the setting of a follow-up deadline, the supplier is obligated to compensate the purchaser for damages suffered in the aftermath of such delays, within the scope of statutory provisions.
- 2) In case of slight negligence, such compensation shall be limited to excess freight expenses and setup expenses and to extra expenditure for covering purchases after a fruitless follow-up deadline or loss of interest in the consignment.
- 3) Should the purchaser have agreed on a default penalty in the purchase order, it shall be able to invoke same even if it had initially failed to invoke it during the late delivery/acceptance.

VIII. Force Majeure

- 1) *Force Majeure* particularly labor disputes, unrests, government actions and miscellaneous unforeseeable, unpreventable events including such events as cannot be controlled by the respective contract partner shall serve to relieve the respective counterpart of the performance obligations for the duration of such disturbance and in the scope of its impact. The partner under whose sphere of influence the *force majeure* event occurs shall inform the other respective partner of the continuation of the event in real time respectively. Should a case of *force majeure* last longer than 30 calendar days or should it be foreseeable at the time of its occurrence that it will most probably last longer than 30 calendar days, the other contract partner shall have the right to withdraw from the contract and this shall also apply if it becomes imminent after the occurrence of a case of *force majeure* that it will last longer than the period initially assumed.
- 2) In the event of *force majeure*, the contract partners are obligated to provide the necessary information without delay and within the reasonably acceptable scope as well as adapt their obligations in good faith, to the changed conditions.

IX. Liability for defect

- 1) In case of the delivery of defective products, the purchaser shall have the right to demand the followings if the statutory prerequisites and the conditions listed below are met:
 - a) Before the start of production (processing and installation), the purchaser shall initially grant the supplier the opportunity to sort out the defective products from the good ones as well as to correct the fault or make subsequent (substitute) delivery unless this cannot be reasonably expected of the purchaser. Should the supplier be unable to do this or fail to do it without delay, the purchaser shall insofar be able to withdraw from the agreement without setting any further deadline as well as return the goods at the risk of the supplier. In urgent cases, it shall – in agreement with the supplier – be able to procure substitute(s) in the scope required to sustain its production process, perform the defect correction by itself or through a third party. Expenses incurred in the process shall be borne by the supplier. Should the same product be repeatedly supplied in a defective state, the purchaser shall also have the right to withdraw from the agreement also for the non-fulfillment of the scope of delivery after it has warned the supplier in writing upon a repeated faulty delivery without the supplier being entitled to any claims on any legal basis whatsoever.
 - b) Should the fault be detected only after the commencement of production in spite of the observance of the obligation pursuant to section IV of these terms and conditions, the purchaser shall – at its own discretion – be able to:
 - demand subsequent fulfillment and compensation of the transport expenses required for the purpose of subsequent fulfillment as well as the costs of dismantling and installation (costs of labor and costs of materials) or
 - reduction of the purchasing price or
 - withdraw from the agreement or
 - demand compensation for damages and expenditure if the statutory conditions are met.
 - c) In case of a breach of obligation transcending the supply of a defective product (e.g. in case of a breach of the obligation of clarification, liability for damages, consultancy or examination obligation), the purchaser shall be able to demand the compensation of the resultant follow-up damages of such defect and the follow-up damages of the defect paid by the purchaser to its own customers. The follow-up damages of a defect are such defects that are suffered by the purchaser on legal products other than the commodity itself in the aftermath of the delivery of a defective article.
- 2) The purchaser shall make all the parts to be replaced available to the supplier without delay, at the supplier's own expense and if thus demanded by the supplier,

unless the affected parts have already been further delivered, installed or the release of such parts is impossible for other reasons.

- 3) Defect entitlements shall not be an issue if the fault is attributable to a violation of operating, maintenance and installation instructions, inadequate or non-designated usage, faulty or negligent handling and natural wear as well as actions undertaken by the purchaser or any other third party, on the object of delivery.
- 4) The supplier shall guaranty that the objects and services to be delivered conform to the samples approved by the purchaser, the purchase order agreements (standards and drawings and if applicable, written agreements), all safety regulations as well as the specifications contained in the order placement. The supplier shall guaranty that the objects and services delivered conform with the purpose of usage, the state of the art and the generally recognized technical and labor-medical safety regulations mandated by government authorities and professional associations and all relevant statutory regulations. Should machines, devices or systems be the object of delivery, the supplier shall guaranty that they meet the standards required by applicable special safety regulations for machines, devices and systems at the time of the fulfillment of contract, with the inclusion of industrial safety and accident-prevention regulations and that the delivery and service bears a CE label. Any reference to standards in the purchase order shall basically contain a quality agreement confirming that the requirements of the standard have been complied with. In the same manner, the samples, specimen as well as other documents that are ceded by the supplier shall qualify as quality agreement.
- 5) The purchaser shall report obvious defects in delivery to the supplier without delay and in writing as soon as they are ascertained under the conditions of a proper business process. The supplier shall insofar, waive the objection of the late notification of defects.
- 6) The purchaser is entitled to the statutory defect-related claims without reduction; in case of purchase agreements, the purchaser shall have the right in any case, to demand at its own discretion, either the correction of fault or the delivery of a new product. The supplier shall reimburse the purchaser all expenses incurred in relation to the subsequent fulfillment, particularly the expenses for transport, mileage, labor and materials. This shall also apply if the expenditures increase because the article purchased or object delivered had, as designated, already been delivered to the customer of the purchaser after they were delivered to the purchaser. As long as a delivered article has been installed in a product of the purchaser, the supplier shall reimburse the purchaser as part of fault correction or delivery of a new article, the costs of the disassembly of the defective object and the re-assembly of the non-defective object including all transport, travel and labor expenses. The supplier shall also compensate the follow-up damages of defects and economic losses particularly the production downtimes. Additional expenses also incurred in the course of any fault correction such as the costs of dismantling and mounting, costs of materials, travel and carrier expenses, the costs of the provision of labor forces and particularly, also the costs of ascertaining the damages or defects (e.g. expert assessment) shall all form a part of the damages to be compensated. The return shipment of a defective product shall be at the expense and risk of the supplier. Should the purchaser assume the packaging of the returned product at the request of the supplier or take other actions for the return shipment, all liabilities shall be ruled out as long as a case of a deliberate act or wanton negligence is not established.
- 7) The statutory period of limitation shall be 36 months in accordance with § 1486 of the Austrian Civil Code (ABGB). The warranty period for a corrected or resupplied product shall begin anew. A written defect notification by the purchaser shall serve to disrupt statutory limitation for 8 weeks as from the date of the receipt of the defect notification if no further disruption of the statutory limitation occurs through legal provisions.
- 8) Should the purchaser have made plans, drawings, materials and/or accessories available to the supplier, the supplier shall be obligated to verify them for completeness, correctness and their suitability for the designated purpose and draw the attention of the purchaser to such incompleteness and incorrectness of the documents handed over without delay. Even if the supplier fails to raise any objection, it shall insofar be liable to unlimited warranty obligations all the same. As a part of its contractual obligations, the supplier shall assume the responsibility of carrying out the necessary interim and final checks during production and subject the parts delivered to it, to an effective incoming check, if it receives the delivered object or parts thereof from its own sub-suppliers.
- 9) The supplier is obligated to inform the purchaser of deliveries containing faults and other discontinuities without delay after the receipt of incoming goods. The purchaser shall be barred from further processing such goods until a decision is taken on usage. In the event that further processing has not been cleared, the purchaser reserves the right to charge the supplier the production expenses incurred.

X. Liability

- 1) In the absence of any other special liability regulation in these terms and conditions, the supplier shall be obligated in accordance with statutory provisions, to pay for such damages suffered by the purchaser in the direct or indirect aftermath of a fault or defective delivery following the breach of safety regulations or other legal reasons attributable to the supplier.
- 2) Should the purchaser be subjected to liability by any third party on the basis of unavoidable legal standards independent of culpability, the supplier shall insofar be

liable to the purchaser the same way it would have been directly liable to the third party in question in place of the purchaser.

- 3) As long as the supplier is responsible for any fault in a product, it shall be obligated to exempt the purchaser from third-party compensation claims on first demand if the cause is identified in its area of control and organization. The supplier shall be liable for any action taken by the purchaser to avert damages (e.g. callback actions) if such actions appear reasonably necessary based on circumstances, defects, faults etc. that are attributable to the supplier or if the purchaser is legally obligated to take such actions on the basis of an order issued by a government authority or the court.
- 4) Should the purchaser intend to invoke the liability of the supplier in this respect and in accordance with the above regulations, it shall consult with the supplier and offer it information extensively. It shall give the supplier the opportunity to examine the damage case. The partners shall consult each other on actions to be taken particularly settlement negotiations.
- 5) Should customs debt be incurred in the aftermath of incorrect information in the supplier's correspondence, delivery slips, invoices or the like no matter how late, the purchaser reserves the right to invoke compensation claims.

XI. Usage of production materials and confidential statements of the purchaser

- 1) Models, matrices, templates, samples, tools and other production materials as well as confidential statements that are made available to the supplier or fully paid for by the purchaser shall be used for deliveries to third parties only with the prior written consent of the purchaser. In the same way, the scrapping or warehousing of such tools as have been fully paid for by the purchaser shall require the written approval of the purchaser.

XII. Provision of materials

- 1) Materials provided the supplier by the purchaser shall remain the property of the purchaser and shall be stored separately from the goods of the supplier free-of-charge and clearly marked and managed as property of the purchaser. The supplier shall use such materials provided exclusively for carrying out delivery and rendering of services to the purchaser. Should any third-party claim be invoked on the materials provided, the supplier shall inform the purchaser in writing and without delay and take all measures at its own expense, to defend the ownership rights of the purchaser.

XIII. Prohibition of competition

- 1) The supplier shall offer and/or sell as spare parts, such parts/components as are manufactured for and in accordance with the drawings and specifications of the purchaser neither directly nor through third parties to end-customers or trade organizations. Equally prohibited is the manufacture of such parts/components by third parties with the aim of selling them through such third parties on own account. The parts shall be fitted with the supplier code issued by the purchaser and not with the name of the supplier. Exemption from this competition prohibition shall require the written consent of the purchaser.

XIV. General provisions

- 1) Should any provision of these terms and conditions and other agreements reached be or become invalid, it shall be without prejudice to the validity of the other parts of the agreement. The contract partners are obligated to replace the invalid provision with a regulation that is as close as possible to the economic objectives of the invalid provision.
- 2) The quality requirements of ISO9001 or EN9100 shall be complied with for all order positions.
- 3) Whenever necessary, the supplier is obligated to grant the purchaser, its customers and the responsible aviation authorities access to its premises.
- 4) The delivery schedule number contained in this delivery schedule, the officer-in-charge as well as the parts number of the purchaser shall be specified in correspondences. The non-availability or incompleteness of delivery documents/certificates may lead to the rejection of the complete delivery.
- 5) The prices specified shall apply to the entire series. They may however be renegotiated by our end-customers to the benefit of the purchaser.
- 6) The exclusive basis for placing purchase orders, delivery call-offs and delivery schedules shall be the purchaser's General Terms and Conditions of Business Transaction and Purchase.
- 7) Only Austrian laws shall apply with the exclusion of the reference standard of international private law. The application of the United Nation's treaty of April 11, 1980 on agreements regarding the international sales of goods shall be ruled out.
- 8) Place of fulfillment shall be the domicile of the purchaser.
- 9) Place of jurisdiction shall be Wiener Neustadt, Austria.