

Rev. No.	Date	Figure, Table or Paragraph No.	A M D	Brief Description	Author	Approved
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* **A** - Added **M** - Modified **D** - Deleted

ABBREVIATIONS

- GTC: General Terms and Conditions
- SOW: Statement of Work
- CR: Change Request
- SCR: Supplier Change Request
- CISG: Contracts for International Sale of Goods
- POs: Purchase Order(s)

PURPOSE

The purpose of this document is to ensure a cooperative relationship between AAT Composites and the Buyer.

SCOPE

These general terms and conditions are applicable to all AAT Composites Buyers.

DOCUMENT REFERENCES

N/A

PROCEDURE

This document will describe aspects under the following headings:

- A. Definitions
- B. Order of Precedence
- C. Duties of AAT
- D. Export Control
- E. Product Prices
- F. Payment
- G. Changes proposed by Buyer
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- I. Mandatory Changes
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- M. Sales Material Inspection
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- O. Excusable Delay
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- R. Termination
- S. Services
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- Z. Entire Agreement
- AA. Amendments and Alterations
- BB. Severance

A. Definition

1. AAT shall mean: AAT Composites (Pty) Ltd.
2. Airworthiness Authority shall mean an authority which has been given regulatory and executive tasks in the field of aviation safety.
3. Airworthiness Directive shall mean a mandatory directive of an Airworthiness Authority.
4. Buyer shall mean the purchaser of the Products and/or Spare Parts.

5. Day(s) shall mean calendar days.
6. General Terms and Conditions or GTC shall mean these general terms and conditions.
7. Offer shall mean the offer issued by AAT.
8. Party shall mean AAT or Buyer individually and "Parties" shall mean AAT and Buyer collectively.
9. Product shall mean a Product as specified in the Purchase Agreement and delivered by AAT or on behalf of AAT.
10. Purchase Order shall mean the purchase order for Products and/ or Spare Parts issued by Buyer and confirmed by AAT.
11. Purchase Agreement shall mean these General Terms and Conditions (GTC) together with the applicable Offer and/or the applicable individual agreement, e.g., Statement of Work.
12. Spare Part shall mean the Product, or any part thereof required for maintenance, rework, repair, modification, overhaul, refurbishment, or replacement of the Product delivered by AAT or on behalf of AAT.
13. Statement of Work (SOW) shall mean the organizational document which may be executed by the Parties describing the program for the design and manufacture of the Products and or Spare Parts for installation in one or more Aircraft and which may include additional and also deviating terms.
14. Support Period shall be the period during which AAT's Products of the same type are installed in five (5) aircraft which are in regular operation by Buyer The legal relationship between the supplier and the purchaser shall be based exclusively on the following terms and conditions and any other individual agreements reached in writing.

B. Purchase of Order

These GTC supersede all conditions issued earlier by AAT and all terms and conditions issued by Buyer. In the event the terms of these GTC are in any way contradictory to the terms of the individual agreement, e.g. Statement of Work, the terms of the individual agreement shall prevail. In the event the terms of the Purchase Order are in any way contradictory to the terms of the Purchase Agreement, the terms of the Purchase Agreement shall prevail.

C. Duties of AAT

AAT shall be responsible for the design and manufacture of the Products and Spare Parts in accordance with the requirements set out in the Purchase Agreement. All other deliveries of AAT shall be performed according to the delivery schedule defined in the Purchase Agreement. The acceptance and the acceptance procedure shall be subject to the Purchase Agreement between AAT and Buyer. Acceptance of the Products or Spare Parts shall be deemed to be given if Buyer does not reject acceptance within seven (7) Days after the date of receipt of the Products or Spare Parts for inspection and final acceptance.

D. Export Control

The Products or Spare Parts or parts thereof may be subject to any restrictions imposed by any applicable national and/ or international export control laws and regulations (hereafter referred to as "Export Regulations"), which may include U.S. export laws and regulations, and the Parties acknowledge that diversion contrary to such Export Regulations is prohibited. The obligation of AAT to fulfil the Purchase Agreement shall be subject to the condition that AAT is not prevented from fulfilling such obligation due to any Export Regulations.

E. Product Prices

Product prices and validity of Product prices are stated in the Offer and/or in the individual agreement.

F. Payments

Payment against AAT's invoice shall be affected within fourteen (14) Days net upon the date of the invoice. In case of late payments of Buyer, AAT shall be entitled to charge interest on overdue accounts of nine (9) percentage points per year. Furthermore, AAT shall have the right to change the payment terms for the following deliveries.

G. Changes proposed by Buyer

If Buyer requests changes to the Products and/ or Spare Parts including but not limited to changes in material, styling or design in writing by completing and signing a Change Request ("CR"), AAT shall evaluate the feasibility of the CR. In the event AAT decides that the CR is feasible, AAT shall quote on the required efforts for the CR implementation in an appropriate time. AAT and Buyer shall agree upon the change(s) to be implemented. AAT shall execute the change(s) only after receipt of the Purchase Order incorporating the CR signed by Buyer.

H. Changes proposed by AAT

AAT may recommend to Buyer changes with respect to the Products and/ or Spare Parts. In terms of such change, AAT shall issue a Supplier Change Request ("SCR") with cost and time impact to Buyer in an appropriate time. AAT and Buyer shall agree upon the change(s) to be implemented. AAT shall execute the change(s) only after receipt of the SCR signed by Buyer.

I. Mandatory Changes

Mandatory changes are changes required by Airworthiness Authorities by an Airworthiness Directive or changes in regulations. In case Airworthiness Authority's Airworthiness Directives or changes in regulations make mandatory changes necessary, then AAT will provide Buyer without undue delay with a service bulletin in the case of an Airworthiness Directive, or a SCR in the case of changes to the regulations. The Parties shall mutually agree upon the obligation to pay the costs of the service bulletin or the SCR in each particular case.

J. Modification Designation

All modifications shall be indicated on a modification plate or either by a change in part number or by an index thereto.

K. Passing of Risk, Retention of Title

Delivery of Products, Spare Parts and the initial provisioning package shall be free carrier (Incoterms 2010) at the facility designated by AAT. AAT may contract for carriage on usual terms at Buyer's risk and expense if Buyer does not give an instruction to the contrary in due time to AAT and if AAT has received the address for such invoice from Buyer in due time. Upon dispatch risk of loss of or damage to each Product and/ or Spare Part shall pass from AAT to Buyer. AAT retains title to all Products and/ or Spare Parts until AAT has received payment in full of the purchase price for such Products and/ or Spare Parts from Buyer. Until title to the Products and/ or Spare Parts passes to Buyer in accordance with this article Buyer shall hold the Products and/ or Spare Parts and each of them on a fiduciary basis as bailee for AAT. Until AAT receives payment in full of the purchase price for such Products and/ or Spare Parts delivered to Buyer, Buyer shall not resell any such Products and/ or Spare Parts. Buyer shall store the Products and/ or Spare Parts at no costs to AAT separately from all other goods in its possession and marked in such a way that they are clearly identified as AAT's property. Buyer shall insure and keep insured the Products and/ or Spare Parts to the full price against all risks to the reasonable satisfaction of AAT until the title to the Products and/ or Spare Parts passes from AAT and shall whenever requested by AAT produce a copy of the insurance policy. Buyer shall without undue delay deliver the prescribed particulars of this article to the applicable registrar if necessary and shall bear the cost of registration. Without prejudice to the other rights of AAT, if Buyer fails to do so, all sums whatever owing by Buyer to AAT shall forthwith become due and payable.

L. Delivery Dates

Delivery dates as defined in the Purchase Agreement are binding for both AAT and Buyer. In the event Buyer requests a change of an agreed delivery date and AAT accepts the change of the delivery date, AAT shall be entitled to charge Buyer for additional costs, including but not limited to out of sequence and/or storage costs.

M. Sales Administration and Shipping

AAT shall comply with all written Purchase Orders being accepted by AAT without undue delay. AAT shall accept or reject each Purchase Order in writing.

N. Incoming Material Inspection

Buyer shall inspect Products and/ or Spare Parts without undue delay after delivery, in any event latest within seven (7) Days and shall advise AAT of all obvious shortages, overshipments and defects. Wrong or defective Seats shall be returned to AAT for rectification or replacement at AAT's sole discretion and expense. Wrong or defective Spare Parts and/or overshipped Spare Parts shall either be returned to AAT or scrapped by Buyer at AAT's sole discretion and expense. Rectification or replacement of Products and/ or Spare Parts will be performed by AAT at AAT's facilities or at Buyer's facilities if previously mutually agreed upon in writing.

O. Excusable Delay

Neither Party shall be liable for a delay in performing or for failure to perform its obligations if the delay or failure results from Force Majeure. "Force Majeure" shall mean any event(s) or circumstance(s) beyond the reasonable control of the Party liable to affect the performance after the exercise of reasonable diligence including without limitation strikes, lockouts or other industrial action, whether of the affected Party's own employees or others which impedes the due performance of the obligations of such Party and which by the exercise of all reasonable diligence such Party is unable to prevent.

Either Party shall use all commercially reasonable efforts to remove the cause of delay and resume work as soon as possible and to make-up for lost time. If either Party is prevented or impeded or delayed from or in performing its obligations under this Purchase Agreement by reason of Force Majeure it shall without undue delay notify the other Party in writing of the nature and detailed reasons for and foreseeable extent of such delay and shall from time to time thereafter notify the other Party whenever, to the best of the Party's knowledge and belief, the nature or foreseeable extent of such delay shall change.

If either Party is prevented or impeded or delayed by reason of any one or more of the aforesaid causes for a period of more than three (3) calendar months after the end of the calendar month in which performance is otherwise required hereunder, the other Party shall have the right to terminate the affected Purchase Order by written notice of termination to the other Party. In case of termination by either Party pursuant to this article AAT shall be entitled to be paid a reasonable sum for any work carried out by it prior to such termination together with a reasonable profit thereon and on the uncompleted portion of the Purchase Agreement and subject to such payment Buyer shall be entitled to be repaid forthwith any sums previously paid under the Purchase Agreement in excess of the sums due to AAT whether by way of a deposit or advance payment or otherwise provided that save as aforesaid neither Party shall have any further liability whatsoever to the other by reason of such termination.

P. Non-Excusable Delay

In the event of delivery of Products shall be delayed by more than thirty (30) Days beyond agreed delivery dates by causes not deemed to be excusable, Buyer has the right to deduct from AAT's invoice an amount of point four per cent (0.4 %) per Day for each Day of delay of the invoice value of such delayed Products up to four per cent (4 %) of the Product value. In the event that such non-excusable delay extends to three (3) calendar months, Buyer has the right to terminate the non-excusable delayed open Purchase Orders for Products covered by this Purchase Agreement and thus be relieved from accepting the non-excusable delayed undelivered Products without prejudice to Buyer's right to claim from AAT liquidated damages as per this article. The rights and remedies provided for in this article shall be exclusive. There shall be no further rights of Buyer or liabilities of AAT with regard to non-excusable delay of AAT.

If the delivery of the Products is delayed and/ or put on hold beyond the agreed delivery date by causes which are in the responsibility of Buyer, Buyer shall be obliged to issue a credit note to AAT with an amount of point four per cent (0.4 %) per Day of the value of the shipset of Products affected by the default in taking delivery up to four per cent (4 %) of the value of the shipset of Products affected by the default in taking delivery. No action by a Party shall constitute a waiver of any such right or remedy. Should such delay in delivery exceed three (3) months, AAT has the right to terminate the Purchase Agreement in whole or in part. Additionally, AAT has the right to claim further damages relating to the delay in taking delivery and retains all its rights and remedies provided by law.

Q. Defect of AAT or Buyer

If either Buyer or AAT fails for reasons other than those set forth in the articles **Error! Reference source not found.** and **Error! Reference source not found.** to perform any of the fundamental terms and conditions, covenants and agreements of the Purchase Agreement or otherwise defaults in the performance hereof and fails to remedy such failure within sixty (60) Days after receipt of written notice providing reasonable detail of the obligations such defaulting Party has failed to perform from the other, non-defaulting Party, or within such longer period as may be mutually agreed upon, the other, non-defaulting Party shall have the right to terminate the Purchase Agreement in whole or in part and may consider such failure as a Breach of Obligation. The Purchase Agreement may be terminated by the non-defaulting Party by giving thirty (30) Days prior written notice of termination to the defaulting Party and recover such damages as the innocent Party may be able to prove that it has sustained, in which event the innocent Party shall be entitled to retain all amounts paid by the defaulting party until the actual amount of damages has been determined by a court and thereupon to set-off such damages against the amounts retained.

In the event of the non-defaulting Party instituting legal action in a court of arbitration forum then the defaulting Party shall be liable for all the legal costs of the non-defaulting Party on the tariff as agreed between the non-defaulting Party and its legal representatives.

R. Termination

In the event Buyer terminates a Purchase Order/ Purchase Orders for one or more Products, Spare Parts or the Purchase Agreement in whole or in part for reasons other than those set forth in the articles **Error! Reference source not found.**, **Error! Reference source not found.** and **Error! Reference source not found.**, Buyer shall be liable to reimburse AAT a percentage of the costs. Buyer shall pay a percentage of

1. twenty per cent (20 %) of the Purchase Order value terminated in case of termination up to thirty-seven (37) weeks before the delivery date stipulated in the Purchase Order,
2. eighty per cent (80 %) of the Purchase Order value terminated in case of termination within twenty-two (22) weeks up to fifteen (15) weeks before the delivery date,
3. The parties agree to notify each other immediately of any risks or possible risks of infringement and action by third parties that become known and to give each other the opportunity to take appropriate mutually agreed action against such claims.
4. hundred per cent (100 %) of the Purchase Order value terminated in case of termination within fourteen (14) weeks up to seven (7) weeks before the delivery date,

In case of termination of an AOG Order Buyer shall pay one hundred per cent (100 %) of the Purchase Order value.

In the event that Buyer becomes insolvent or goes into liquidation, or ceases paying its debts as they fall due, or makes an assignment for the benefit of creditors, or if Buyer passes resolution for its winding up or if a petition for its winding up is presented, or Buyer files for protection from its creditors under any applicable law relating to bankruptcy or insolvency or any analogous event in any jurisdiction shall take place, or any adverse change in the financial condition of Buyer or in the event of a change of ownership of Buyer, AAT shall, without incurring any liability whatsoever, have the right to immediately terminate this Purchase Agreement in whole or in part by giving written notice of termination to Buyer, without prejudice to AAT's rights to claim damages and/ or to any other remedies which AAT may have at law and/ or under the Purchase Agreement.

S. Services

Buyer is obliged to purchase Spare Parts only from AAT or AAT's nominee. However, if AAT is not able to produce Spare Parts or AAT is after a grace period of thirty (30) Days not able to deliver Spare Parts in accordance with the agreed lead times Buyer shall have the right to purchase spare parts as substitutes for such Spare Parts at any alternative source as long as AAT is unable to deliver such Spare Parts. In such cases AAT is relieved from all duties resulting from the Purchase Agreement, including but not limited to the standard warranty

T. Standard Warranty

AAT warrants that at the time of dispatch each Product and each Spare Part purchased by Buyer from AAT, will

1. be free from defects in material, design and workmanship,
2. conform to Airworthiness Authority's requirements, the aircraft manufacturer's applicable descriptions, specifications, performance warranties and drawings as set forth in AAT's applicable specifications, and
3. be suitable for the intended purposes as set forth in AAT's relevant specification.

The warranty period starts at the time of delivery. Defects or failures attributable to misuse, negligence or unauthorised repair by Buyer, malfunction or failure resulting from non-conformance or non-compliance by Buyer with AAT's operating, maintenance, overhaul or other approved related instructions furnished to Buyer, are excluded from this warranty. AAT's warranty shall cease if Buyer uses spare parts or replacement parts which are not approved by AAT on the Products Failures occurring on parts subject to normal wear and tear are also excluded from this warranty. Buyer Furnished Equipment is excluded from any warranty of AAT.

U. Warranty Terms and Conditions

Products: twelve (12) months

Spare Parts: twelve (12) months

Should any Product or Spare Part fail to comply with the warranty, and this is discovered within the applicable warranty period and AAT receives within fifteen (15) Days after discovery of a deviation or defect a warranty claim and the defective Product and/ or Spare Part, AAT shall at its sole discretion and expense without undue delay or within a mutually agreed time make all necessary rectifications or furnish replacement. Buyer's notice of warranty claims shall contain the following information regarding the Product and/ or Spare Part:

1. Part Number.
2. Nomenclature.
3. Serial Number (if the claimed part is a serialized part).
4. Quantity.
5. Kind and Extent of Failure.
6. Delivery date.

In the event of a rectification or replacement of Products and/ or Spare Parts under warranty at a place designated by Buyer and agreed to by AAT, AAT shall be responsible for the costs. AAT will analyse Buyer's warranty claims on the basis of AAT's reports from AAT's regional representative and AAT's inspection, tests, findings during repair and failure analysis.

If, however, a failure is deemed by AAT not to constitute a warranty, Buyer shall reimburse AAT for all costs for replacement or rectification, including transportation costs.

The not expired portion of this warranty for a Product and/ or Spare Part shall only be enforceable by airlines in commercial air transport service other than Buyer, if the Product and/ or Spare Part is in the possession of such airline as a result of sale, exchange, pooling or leasing between such airline and Buyer subject to the provisions, limitations and exclusions of the foregoing warranty and subject to AAT's prior written consent and provided that such airline exercises the same care during operation and maintenance as Buyer. The warranty period of a Product and/ or Spare Part will be suspended for the period necessary for replacement or repair of such Product and/ or Spare Part and will continue after finalization of such replacement or repair. The rights and remedies of Buyer provided in this article shall be exclusive. Any further liability of AAT with regard to this subject matter is excluded.

V. Indemnity

Unless otherwise stipulated in the Purchase Agreement, in case either Party, its directors, officers, employees, agents or subcontractors do not comply with any of such Party's obligation(s) arising out of or in connection with the Purchase Agreement or do not comply with any such obligation in time due to gross negligent or intended acts or omissions ("Breach of Obligation"), such Party ("Breaching Party") shall be liable towards the other Party ("Indemnified Party"), its directors, officers, employees, agents and subcontractors for all damages such as but not limited to any loss, any damage to or loss of any property and for the injury to or death of any person caused by such Breach of Obligation and shall indemnify and hold harmless the Indemnified Party, its directors, officers, employees, agents and subcontractors against all claims of third parties caused by/related to such Breach of Obligation.

The liability and indemnification shall include all necessary costs, expenses and fees incidental thereto.

Unless otherwise stipulated in the Purchase Agreement, the liability of the Breaching Party for areas of Breach of Obligations for which the Breaching Party does not have an insurance at the date of the respective Breach of Obligation shall be limited to a maximum amount equal to five per cent (5 %) of the value of Products delivered at the date of the respective Breach of Obligation but in no event more than an amount equal to five per cent (5 %) of the contract value at the date of signature of the respective Statement of Work over the entire contract lifetime. All amounts that have to be paid by the Breaching Party due to such Breach of Obligation shall be payable within a three-year-period starting at the end of the year in which the Breach of Obligation has occurred and therefore shall be divided into three equal portions. Each portion shall be due at December 31 of the respective year of such three-year-period.

Notwithstanding the foregoing, the liability of the Breaching Party for areas of Breach of Obligation for which the Breaching Party has an insurance at the date of the respective Breach of Obligation shall be limited to the contents of the Breaching Party's insurances up to the respective maximum amount insured per occurrence and in the annual aggregate.

IN NO EVENT SHALL THE BREACHING PARTY HAVE ANY LIABILITY TO THE INDEMNIFIED PARTY FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES SUCH AS, BUT NOT LIMITED TO LOSS OF PROFITS OR REVENUES OR USE UNLESS EXPLICITLY AGREED UPON IN THE ARTICLES OF THIS AGREEMENT.

W. Applicable Law and Arbitration

The Purchase Agreement shall be governed by and interpreted in accordance with the laws of the Republic of South Africa. The UN Convention on contracts for the International Sale of Goods (CISG) shall not apply.

Should any dispute arise in connection with the Purchase Agreement the Parties, through their senior managements, shall endeavour to reach an amicable agreement with respect thereto. If no amicable agreement can be reached, all disputes, controversies, or differences which may arise out of or in relation to or in connection with the Purchase Agreement, including its legal validity and continued effectiveness after termination, shall be finally settled under the laws of South Africa, including, at the discretion of the innocent party, to institute legal proceedings in a South African court with the relevant jurisdiction or a South African arbitration forum. For these purposes the Parties agree that the Agreement is deemed to have been concluded in Cape Town, South Africa, irrespective of the business address of the Purchaser.

X. Non-Waiver

Any failure at any time of either Party to enforce any provision of the Purchase Agreement shall neither constitute a waiver of such provision nor prejudice the right of such Party to enforce such provision at any subsequent time.

Y. Assignment

Except as expressly permitted in the Purchase Agreement Buyer shall only be entitled to assign or transfer any or all of its rights or obligations under the Purchase Agreement with the prior written consent of AAT which shall not be unreasonably withheld.

Z. Entire Agreement

The Purchase Agreement with the attachments thereto and the respective Purchase Orders and this GTC shall constitute the entire agreement ("the Agreement") of Buyer and AAT.

The agreement:

1. May be executed in separate counterparts, none of which need contain the signatures of all of the Parties, each of which shall be deemed to be an original and all of which taken together constitute one agreement.
2. Shall be valid and binding upon the Parties notwithstanding that one of the parties may sign a scanned copy thereof containing the signature of the other party.

AA. Amendments and Alterations

The Purchase Agreement shall not be varied in terms or amended except by an instrument in writing explicitly named an amendment to the Purchase Agreement and signed by duly authorized representatives of the Parties.

BB. Severance

In case one or more of the provisions contained in the Purchase Agreement should be or become fully or in part invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality, and enforceability of the remaining provisions of the Purchase Agreement shall not in any way be affected or impaired. Any provision which is fully or in part invalid, illegal or unenforceable shall be replaced by a provision which best meets the purpose of the replaced provision; the same applies in case of an omission.

No party shall be bound by any implied term, representation, warranty or promise not recorded herein or reduced to writing and signed by or on behalf of the Parties.

AUTHORITY AND RESPONSIBILITY

The onus lies with the Buyer to familiarise themselves with these stipulations as set out in this document prior to acceptance of purchasing from AAT Composites.

DOCUMENTED INFORMATION (RECORDS)

- Retention period: 10 years