

<b>Rev. No.</b>	<b>Date</b>	<b>Figure, Table or Paragraph No.</b>	<b>A M D</b>	<b>Brief Description</b>	<b>Author</b>	<b>Approved</b>
001	10 May 2019			Initial release	H. Cosmé	J. v Zyl
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003	15 Jul 2020	M.26, N.2		Amendment of record retention period requirements - from 15 years to 36 years.	L. Visagie	J. v Zyl

\* **A** - Added    **M** - Modified    **D** - Deleted

## ABBREVIATIONS

ERP:	Enterprise Resource Planning
DDP:	Delivered Duty Paid
JIT:	Just-in-Time
OCM(s):	Original Component Manufacturer(s)
OEM(s):	Original Equipment Manufacturer(s)
PCDN:	Product Change/Discontinuance Notice
POs:	Purchase Order(s)

## PURPOSE

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

## SCOPE

These general terms and conditions are applicable to all POs from AAT Composites to its suppliers, including all supplier sub-tier contractors relevant to AAT Composite supply.

## DOCUMENT REFERENCES

Doc. No.	Title
BS EN 9001	Quality Management Systems - Requirements
BS EN 9100	Quality Management Systems - Requirements for Aviation, Space, and Defense Organizations
BS EN 9120	Quality Management Systems - Aerospace Requirements for Stockist Distributors
www.aatcomposites.com	AAT Composites Website
<i>ERP Controlled</i>	AAT Composites Purchase Order
BP CP07.04	Supplier Quality Requirements

### PROCEDURE

This document will describe aspects under the following headings:

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| A. Scope of Validity and Inclusion                         | O. Technical Data and Safety Regulations        |
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#### A. Scope of Validity and Inclusion

1. 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.
2. AAT Composites Supplier Quality Requirements (BP CP07.04) latest revision and therein referenced specifications, available on the AAT Composites website/homepage, shall form part of any PO.
3. If the parties have entered into a quality assurance agreement, the provisions of such a quality assurance agreement shall have precedence over the terms and conditions contained herein.
4. Changes and amendments to these terms and conditions shall be in writing. This shall also apply for any deviations from or cancellation of this requirement.
5. The supplier's general terms and conditions shall not form part of the contractual relationship even if such general terms and conditions are not explicitly contradicted by the purchaser.
6. If additional quality assurance and/or environmental protection agreements or special agreements have been entered into regarding the respective contractual product, such agreements shall form an integral part of this agreement.

#### B. Purchase Order Placement, Confirmation and Cancellation

1. POs and their acceptance by the supplier, as well as delivery schedule call-offs by the purchaser (including any amendments or supplements), must be made in written or electronic form within seven (7) calendar days from receipt of the PO by the supplier.
2. Only the text of the PO used by the purchaser shall apply together with these terms and conditions.
3. Delivery schedule call-offs can also be made by data transmission. If the purchaser orders by data transmission, the supplier shall be responsible for ensuring that the data contents are transcribed correctly when processing the provided data.
4. Prior to PO acknowledgement and confirmation, the supplier shall verify the latest revision of applicable specifications on the AAT Composites website/homepage.
5. The supplier shall acknowledge the PO in written form, by a PO confirmation under reference to this document.
6. The purchaser shall be entitled to cancel the PO if the purchaser has not received the supplier's order confirmation within seven (7) calendar days from receipt of the PO by the supplier.
7. Delivery schedule call-offs on the basis of existing framework agreements shall become binding, unless otherwise agreed in the framework agreement, at the latest five (5) calendar days after receipt thereof if not contradicted in writing by the supplier.
8. The purchaser shall be entitled to demand changes to the design and construction of the contractual products within a reasonable scope.
9. The effects thereof, in particular, any cost decrease or increase and changes in delivery dates, shall be mutually agreed.

#### C. Payments

1. If no other terms of payment have been agreed, the purchaser shall pay within thirty (30) calendar days with a discount of three (3) percent and net within sixty (60) calendar days.
2. In the event of early deliveries being accepted by the purchaser, the maturity date for payment for such delivery shall be calculated from the specified delivery date.

3. Invoices shall be sent in duplicate for imported items and shall contain the supplier's invoice number, number, and date of the PO or the delivery schedule call-off and the delivery address. One invoice shall only relate to one delivery note.
4. Payment shall be made at the purchaser's discretion, either by money transfer or cheque.
5. The purchaser shall be entitled to agree on the implementation of a credit note system with the supplier.
6. In the event of faulty delivery, the purchaser shall be entitled to withhold payment pro-rata until correct fulfilment of the PO.
7. The purchaser shall also be entitled to offset claims of the supplier against debit notes or credit notes.

**D. Non-Assignment Clause**

1. Without the purchaser's prior approval, which shall not be unreasonably withheld, the supplier shall not be entitled to assign its claims against the purchaser or to have them collected by third parties.
2. Approval shall be deemed to have been given in the event of an agreement of extended reservation of title.
3. The purchaser shall be entitled to refuse approval of the assignment of the supplier's claims if the assignee has not confirmed explicitly in writing that the assignee agrees to accept all offsetting and retention rights that the purchaser has against the supplier.
4. Any assignment of claims against the purchaser by the supplier to a third party in contradiction to these terms and conditions shall be invalid without the purchaser's permission.
5. The provisions of Article 354a German Commercial Code (HGB – Handelsgesetzbuch) shall remain unaffected.
6. Offsetting by the purchaser against other than accepted claims or legally enforceable claims shall be excluded.

**E. Notice of Defects**

1. The purchaser shall notify the supplier in writing of any apparent faults or defects of the contractual products delivered within seven (7) calendar days after they have been discovered in the course of normal business procedures.
2. In this respect, the supplier waives its right to an objection of belated notice of defect.

**F. Non-Disclosure Clause**

1. The parties agree to treat any non-public business and technical details that come to their notice in the course of the business relationship as business secrets.
2. Drawings, models, patterns, samples, production means, tools, and similar items remain the property of the purchaser and are to be treated with care, insured to an adequate amount and protected against access by third parties.
3. They may not be passed on or otherwise made accessible to unauthorised third parties without the prior written permission of the purchaser.
4. Duplication or copying of any such items is only permitted within the scope of business requirements and copyright regulations as well as the regulations of other laws serving to protect industrial property rights.
5. Sub-suppliers and employees shall be obliged accordingly by the supplier.
6. The parties shall only be entitled to use their business relationship for advertising purposes by prior written agreement of the parties.
7. Models, apparatus, moulds, and tools shall be insured against accidental damage or destruction and shall be maintained and stored correctly. The costs for these requirements shall be borne by the supplier. This also applies to tools, moulds, apparatus, and models that are not in direct use for production.

**G. Data Protection and Intellectual Property**

1. The supplier shall only appoint such persons for the fulfilment of the contract who has been bound to maintain and observe the obligation of secrecy and, where necessary, data secrecy pursuant to Article 5 Federal Data Protection Law (*BDSG – Bundesdatenschutzgesetz*) as well.
2. The supplier agrees that data and intellectual property which has come to their notice in the course of their services shall only be used for work as stipulated in the agreement (designated purpose).
3. If data and intellectual property are generated and stored by the supplier as a result of services provided by the supplier to the purchaser, the supplier shall protect such data and intellectual property against misuse and loss.
4. Such data and intellectual property shall be handed over to the purchaser completely and without delay if so, demanded by the purchaser.
5. In coordination with the supplier, the purchaser shall also be entitled to examine onsite the measures taken by the supplier to ensure adherence to the requirements of this agreement.

6. If necessary, the supplier shall also provide the required details in accordance with Article 4g Federal Data Protection Law.
7. This obligation shall survive without restriction termination of the contractual relationship between the parties.

#### **H. Delivery of Contractual products and Spare Parts**

1. The supplier shall be obliged to supply the contractual products and all revised versions thereof for a period of at least fifteen (15) years for subsequent purchases and series production.
2. This is binding for the duration of this agreement and for fifteen (15) years after the last delivery of the contractual products.
3. The supplier shall be obliged to oblige their sub-suppliers accordingly.
4. The supplier shall be obliged to supply the contractual products in accordance with the latest valid version of this agreement or the corresponding PO.

#### **I. Delivery Dates and Deadlines**

1. Agreed delivery dates and deadlines shall be binding if they are not explicitly designated in writing as being non-binding.
2. The receipt of the contractual products by the purchaser is decisive for compliance with the delivery date or deadline.
3. The purchaser shall be entitled to reject contractual products that are not delivered on time without any specific declaration by the purchaser.
4. Unless otherwise specified, the supplier shall supply DDP (Incoterms 2010), the place of delivery shall be the facility of the purchaser.
5. In the case of deliveries according to a set delivery plan of the purchaser, deliveries shall be made according to such delivery plan.
6. Deliveries shall not exceed the extent of such a delivery plan.
7. In case of an additional JIT order call-off by the purchaser, the JIT order call-off shall have priority over a regular delivery schedule call-off.
8. Deliveries prior to the agreed delivery dates shall be avoided.
9. If the supplier nevertheless delivers prior to the agreed delivery date, the purchaser shall have the right to refuse acceptance of the contractual products or accept the contractual products on the condition that all storage costs will be borne by the supplier.
10. The supplier shall notify the purchaser immediately in writing if circumstances occur which may prevent the supplier from affecting the delivery on the agreed delivery date.

#### **J. Default in Delivery**

1. If the supplier exceeds agreed delivery dates and deadlines, it shall be in default in delivery without the need for setting a subsequent deadline.
2. The purchaser, however, shall only be entitled to withdraw from the contract or claim damages instead of contractual performance after having set the supplier an appropriate subsequent deadline for performance and such deadline also having expired without delivery.
3. The supplier shall be obliged to compensate the purchaser for damages incurred as a result of the overdue delivery according to the legal requirements, even without setting any subsequent deadline.
4. Such damage shall also cover additional freight costs, refitting costs and additional expenses for covering purchases.
5. If the purchaser has stipulated a penalty for late delivery in the PO the purchaser shall be entitled to demand such penalty even if the purchaser has not initially demanded such penalty at the time of the belated delivery.

#### **K. Force Majeure**

1. Force majeure, in particular, industrial disputes, riots, official measures, and other unforeseeable and unavoidable events, which are uncontrollable by the respective party, exempt the respective party from its contractual obligations for the duration of the incident and the extent of its impacts.
2. The party in whose area of responsibility a force majeure event occurs shall promptly inform the other party of the duration of such incident as well as any possible solutions.
3. If such force majeure event lasts longer than thirty (30) calendar days or if it is foreseeable upon the occurrence of such force majeure event that with the utmost probability it will last longer than thirty (30) calendar days, the other party shall be entitled to withdraw from the agreement; this shall also apply if it becomes apparent following the occurrence of a force majeure event that such force majeure event will last longer than originally assumed.

4. In case of a force majeure event, the parties shall be obliged to a reasonable extent to provide the necessary information without undue delay and to adjust their obligations in good faith to suit the change in conditions.

**L. Termination**

1. The purchaser shall be entitled to terminate the contractual relationship (particularly in case of framework agreements) at any time if there is a justified cause.
2. In such a case, the supplier shall be reimbursed for the costs incurred until then for the production/procurement of the ordered contractual products.
3. The supplier shall not be entitled to exercise further rights as a result of such termination.

**M. Quality and Documentation**

1. The supplier shall communicate in, and provide the purchaser with documented information in the English language.
2. As noted in point A.2, (BP CP07.04) Supplier Quality Requirements is an obligatory requirement for POs.
3. The supplier shall observe the accepted standards of technology of the European Union and its member states, safety regulations and agreed with technical data for its deliveries.
4. Changes in the contractual products shall require the prior written approval from the purchaser.
5. The supplier shall be responsible for the on-time delivery of the ordered products in accordance with the purchaser's PO documents, namely in the precise quantity and quality as stipulated in the specifications, drawings, spare parts lists, and possible separate agreements and/or by a sample of the respective product.
6. The products shall also be constructed in compliance with the current requirements of the specifications of the respective aircraft manufacturer, where applicable, and the technical drawings of the purchaser.
7. The supplier shall be aware of all the mentioned documents and their contents.
8. The supplier shall be obliged to request the latest documents regularly.
9. The supplier shall regularly review (BP CP07.02) General Terms and Conditions and (BP CP07.04) Supplier Quality Requirements, as published on the AAT Composites website/homepage, to ensure compliance to the obligatory requirements, unless waived in writing during the supplier selection and approval process (contract agreement).
10. The supplier shall flow down, communicate, and ensure compliance of all requirements and specifications, as set out in point 9 above when using sub-tier suppliers, which impacts AAT Composite material supply.
11. The purchaser shall be notified of the origin of newly included contractual products or a change of the origin without undue delay and unrequested according to a long-term supplier's declaration.
12. The supplier shall be liable for all disadvantages suffered by the purchaser as a result of the incorrect or belated submission of the supplier's declaration.
13. If necessary, the supplier shall provide proof of its details on the origin of the products in the form of an information sheet confirmed by its respective customs office.
14. The supplier shall be obliged to introduce, document, and maintain a quality management system. This includes distributing suppliers, encompassing off-the-shelf supplies, applicable to their scope of work.
15. The purchaser shall at all times have the right to demand copies of the quality management system documents from the supplier and check the conformity with the agreed measures for quality assurance by means of onsite audits and inspections.
16. The supplier shall be obliged to oblige its sub-suppliers accordingly as far as legally possible.
17. Taking in to consideration point G.5, if aircraft manufacturers, regulatory authorities or similar institutions that are involved in aviation safety or the purchaser's customers demand an audit of the production and of the purchaser's audit documents in order to verify specific requirements, the supplier agrees upon request of the purchaser to grant them access to an onsite visit, with the same rights in its company and to provide all reasonable support with prior and considerate notification with mutually agreed arrangements. The supplier shall be obliged to oblige its sub-tier suppliers accordingly as far as legally possible.
18. Prior to the initial delivery, the supplier shall be obliged to carry out initial sampling and then send initial samples together with the initial sample test report, to the purchaser.
19. In case of assembly groups, which are bought by the purchaser from the supplier, the supplier shall be obliged to carry out initial sampling of the individual parts used in the assembly groups and to send the documentation of the initial sampling together with the initial sample test report for the assembly group to the purchaser.
20. Prior to the initial delivery of altered parts, the supplier agrees to manufacture initial samples and to carry out initial sampling and to send the initial samples with the respective documents and reports free-of-charge to the purchaser for approval.
21. The supplier shall be obliged to reasonably check all material provided by the purchaser to ensure its proper condition.
22. In the event of any defects, the material shall only be processed with prior written permission from the purchaser.

23. If the type and scope of the inspection, as well as the inspection equipment and methods, have not been agreed specifically between the supplier and the purchaser and upon request of the supplier, the purchaser shall be prepared within the scope of its own knowledge, experience and possibilities, to explain the inspections to the supplier in order to establish the required standard of inspection technology. In addition, the purchaser shall inform the supplier upon request of the supplier about relevant safety regulations.
24. For contractual products with special characteristics and marked in the technical documentation or by a separate agreement, the supplier shall, in addition, keep separate records of when in what manner and by whom the contractual products have been checked with regard to such special characteristics and the results of the required quality tests.
25. In case of a defect, it shall be possible to retrace such a defect to the extent that a limitation of the amount of defective contractual products is possible. The required data for such limitation shall be coordinated between the purchaser and the supplier.
26. The supplier shall be obliged to store the complete documentation of the quality assurance carefully and completely and keep it available for inspection for a period of at least thirty-six (36) years following the last delivery. The supplier shall be obliged to oblige its sub-suppliers accordingly as far as legally possible.
27. The supplier's responsibility for delivery of contractual products or spare parts free from defects and on time, shall neither be reduced nor excluded by any audit or inspection of the manufacturing process by the purchaser or the aircraft manufacturer, authorities or similar institutions.
28. The purchaser's warranty rights shall not be affected by this either.
29. Any faults and other complaints found and documented in the course of an audit shall be corrected prior to the delivery of the contractual products.
30. Changes or repairs of the contractual products shall be approved by personnel authorised by the purchaser.

#### **N. Information System and Inspection**

1. At all times during the term of this contract and following the termination or end of this contract, the supplier shall store in its information system complete and exact records dating back to the origins of the contractual product and covering the fulfilment of its obligations arising out of this agreement.
2. Such records shall be stored for a period of at least thirty-six (36) years from the delivery date of the contractual products, whichever is longer.
3. All documents shall be stored in their current form and shall not be updated, amended in any form or destroyed without the prior written permission of the purchaser.
4. The supplier shall guarantee that it has been inspected in respect of such an information system and has received the corresponding certificates from the authorities such as (but not restricted to) BS EN ISO 9001, BS EN 9100 and BS EN 9120.
5. The supplier shall keep up to date all certificates received from the authorities and shall extend them to cover the complete duration of this agreement.
6. The supplier shall notify the purchaser automatically about any changes or extensions to such certificates.
7. The supplier shall at all times and from time to time during the term of this agreement and following the end or termination thereof allow the purchaser and persons authorised by the purchaser to inspect the records specified in section N of these general terms and conditions of purchase during normal business hours and shall provide copies and extracts of such records at the purchaser's expense.
8. The purchaser shall have the right to inspect the contractual products and all materials and parts received by the supplier for the production of the contractual products at all times and from time to time up to and including the acceptance test of the contractual products at the supplier's facilities or at the place of delivery under the following conditions:
  - a) The purchaser shall have access to all relevant technical data that may reasonably be required for inspection purposes.
  - b) The purchaser shall have the right to carry out all forms of inspection at the supplier's facilities and at the facilities of any sub-suppliers.
9. Any such inspection shall not be deemed to be acceptance or approval of the contractual products by the purchaser.
10. The supplier shall declare herewith its agreement to hand over all documents to the purchaser for unrestricted use by the purchaser if a petition for a reorganisation of the supplier is submitted, if the supplier ceases business operations, if the supplier ceases to deliver even after an extended deadline or if the supplier declares its unwillingness to supply.

#### **O. Technical Data and Safety Regulations**

1. In conjunction with recording safety data, the supplier agrees herewith to provide together with the initial sample test report an appropriate safety data sheet pursuant to EEC 91/155 for all components that contain dangerous substances.
2. This shall also apply for all materials used for surface protection.

3. Supplies manufactured by using or containing applied processes whereby the application cannot be fully verified, the supplier shall inform the purchaser about the process, control and regularly verify the process legitimacy, be able to provide evidence of process control and verification and also communicate this requirement to its sub-tiers.

#### **P. Liability of Defects**

1. The purchaser shall be entitled to demand the following in the event of a delivery of defective contractual products if the respective statutory requirements and following requirements are fulfilled and as far as nothing different has been agreed individually:
  - a) Prior to the commencement of the production (processing or installation), the purchaser shall give the supplier one single opportunity for sorting and rectification of defects or subsequent (replacement) delivery, unless this is unacceptable for the purchaser.
  - b) Supplementary performance shall take place within twenty-four (24) hours of detection of the defect and notification of the supplier.
    - i. If the supplier is unable to comply with this requirement or if the supplier does not comply with this requirement without undue delay, the purchaser shall be entitled to withdraw from the agreement without setting any further deadlines and to send the goods back at the supplier's risk.
    - ii. In order to maintain the production and following the notification of the supplier, the purchaser shall in urgent cases be entitled to obtain appropriate quantities of alternative supplies, to carry out rectification of the defect by itself or to have it rectified by a third party.
    - iii. Any costs arising as a result thereof shall be borne by the supplier.
  - c) If the same contractual products are supplied again in a faulty state, the purchaser shall be entitled to withdraw from the agreement including the non-fulfilled scope of delivery following written notice and repeated faulty delivery without incurring any liability whatsoever.
  - d) If the defect is first discovered after the commencement of production despite adherence to the obligations of section E of these general terms and conditions of purchase, the purchaser shall at its own discretion be entitled to:
    - i. Demand supplementary performance pursuant to Article 439 par. 1, 3 and 4 German Civil Code (*BGB – Bürgerliches Gesetzbuch*) and compensation for the transport costs necessary for the supplementary performance as well as for the removal and installation costs (labour costs and material costs); or
    - ii. Reduce the purchase price; or
    - iii. Withdraw from the agreement; or
    - iv. Demand compensation or repayment of expenses in accordance with the statutory requirements.
  - e) In the event of a culpable infringement of obligations above and beyond the delivery of defective goods (e.g. infringement of duties for information, advice or examination), the purchaser shall be entitled to demand compensation for consequential damages resulting from defects as well as for consequential damages resulting from defects paid by the purchaser to its customers. Consequential damage resulting from defects shall be the damage which is incurred by the purchaser following the delivery of defective contractual products on legally protected rights and interests other than on the contractual products themselves.
2. Contractual products to be replaced by the supplier shall be made available by the purchaser to the supplier without undue delay upon request and at the supplier's expense unless the respective contractual products have already been delivered or installed or a handover of the contractual products is not possible for the purchaser for any other reason.
3. Claims from liability for defects shall become time-barred after a period of three (3) years unless a longer period has been agreed or is regulated by law. The warranty period shall commence on the date on which the contractual products are used by the purchaser. Accessories made available to the supplier by the purchaser shall not be affected.
4. Contractual products that are not covered by a warranty shall be repaired by the supplier within a maximum processing period of ten (10) calendar days. The processing time shall commence upon receipt of the contractual products to be repaired by the supplier and shall end when they are ready for dispatch. If the supplier is unable to adhere to the processing time, the supplier shall as reasonable estimate of the damage suffered by the purchaser (and not as contractual penalty) be obliged to pay five (5) percent of the PO value per day exceeding the agreed processing time up to a maximum of twenty (20) of the PO value.
5. Irrespective of the above, the supplier shall guarantee for a period of four (4) years (guarantee period) from the date of delivery that the contractual products:
  - a) Are free of faults;
  - b) Comply with the respective specifications, samples, drawings and the other contractual or statutory requirements; and
  - c) Comply with the accepted state of the art.

**Q. Liability**

1. As far as no special regulation regarding liability regulations is stipulated in these general terms and conditions of purchase, the supplier shall in compliance with the statutory regulations be obliged to pay compensation for damage which is incurred by the purchaser directly or indirectly as a consequence of a defective or faulty or substandard delivery, of an infringement of safety regulations or of any other legal grounds for which the supplier is responsible.
2. Any limitation of the supplier's liability for wilful misconduct or gross negligence shall not be legally binding in respect of the purchaser.  
In particular, the following provisions shall apply:
  - a) If third parties claim against the purchaser on grounds of unalienable law for liability regardless of culpability, the supplier shall hold harmless the purchaser to such extent the supplier would directly be liable to the third party itself in place of the purchaser.
  - b) The principles of Article 254 German Civil Code (*BGB – Bürgerliches Gesetzbuch*) shall also apply accordingly for the settlement of claims between the purchaser and suppliers in the event of liability regardless of culpability. This also applies in the event of direct recourse to the supplier.
3. The supplier shall be liable for measures taken by the purchaser to avert damage (e.g. recall campaigns) as far as such measures appear reasonably necessary on the grounds of circumstances, errors, faults, etc. attributable to the supplier or if the purchaser is obliged to such action by law, official instruction or court order.
4. The purchaser shall inform and consult the supplier comprehensively and without undue delay if intending to take action against the supplier according to the preceding provisions.  
The purchaser shall give the supplier the opportunity to examine the liability case.  
The parties shall keep each other continuously informed and shall coordinate in respect of steps to be taken, in particular, the possibilities of an amicable settlement of claims by third parties.

**R. Industrial Property Rights and Development Work**

1. The supplier shall be liable for claims that occur during due contractual use of the contractual products as a result of an infringement of industrial property rights and property right registrations (industrial property rights), of which at least one from the property rights family has been published either in the home country of the supplier, by the European Patent Office or in one of the states of the European Union or in the USA.
2. The supplier shall exempt the purchaser and its customers from any claims arising out of the use of such industrial property rights.
3. This shall not apply as far as the supplier has manufactured the contractual products according to the drawings, models or other equivalent descriptions, details or instructions from the purchaser and does not know or does not need to know in connection with the contractual products it has developed that industrial property rights have been infringed by the contractual products.
4. 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.
5. The same shall apply if one party becomes aware that the rights of the other party which are of significance within the contractual relationship between the parties are being infringed by a third party.
6. Upon request of the purchaser, the supplier shall give notification of the use of published and non-published own and licensed industrial property rights and registration of such rights in the contractual products.
7. In the event that the supplier also carries out development work for the purchaser, the supplier shall carry out such development work on the basis of the latest standard of science and technology.  
The purchaser shall receive an exclusive, gratuitous, irrevocable, conveyable and sub-licensable right of use of the know-how and the copyrighted and non-copyrighted results of the development work for all purposes of the application.  
Inventions that arise in the course of the development work by the supplier shall be implemented in full by the supplier and shall be conveyed completely to the purchaser without undue delay and free of charge.

**S. Retention of Title**

1. The purchaser shall accept a simple retention of title declared by the supplier.
2. Extended or enlarged retention of title, in particular, group retention, is not accepted.

**T. Transport**

1. In case of dispatch sales according to instructions of the purchaser, the purchaser reserves the right to stipulate the shipping route as well as the choice of the carrier and the type of packaging separately in advance.
2. The supplier shall take out the transport insurance.



**U. Non-Competition Clause**

1. The supplier shall neither be entitled to sell nor to offer for sale directly or through third parties the contractual products that have been manufactured according to the purchaser's drawings and specifications as spare parts to end customers or trade organisations.
2. Likewise, the supplier shall not be entitled to have production undertaken by third parties with the objective of selling the contractual products via such third parties or on the supplier's own account.
3. The contractual products shall only be marked with the supplier code issued by the purchaser and not with the name of the supplier.
4. An exemption from this non-competition clause shall require the prior written permission of the purchaser.

**V. Advertising and Public Announcements**

The supplier shall not use the name of the purchaser or the name of the purchaser's products and/or the aircraft program for advertising purposes, press notices and/or public announcements without the prior written approval of the purchaser.

**W. Insurance**

1. The supplier shall take out and maintain liability insurance for aviation products.
2. Reference is made to information as noted in point F.7 and T.2

**X. Repurchase of Spare Parts**

1. The supplier shall repurchase from the purchaser all contractual products which are beyond the needs of the purchaser and which were initially delivered by the supplier or for which the supplier has a valid license agreement with another supplier.
2. The purchaser shall observe standard purchasing models when stipulating order quantities and shall agree with the supplier on such quantities.
3. The price of each contractual product repurchased by the supplier shall correspond to the spare part price for such contractual product or the supplier's catalogue price at the time of the repurchase whichever amount, including delivery costs, is lower provided that the spare parts are unused and in a good condition.
4. The purchaser shall deliver such contractual products to the supplier's facilities.
5. The supplier shall not be obliged to repurchase spare parts for which the supplier has no other selling opportunities.
6. The supplier shall not be entitled to claim repurchase fees.

**Y. General Provisions**

1. In the event, the supplier ceases payment or if bankruptcy proceedings are started in respect of its assets or application is made for out of court settlement proceedings, the purchaser shall be entitled to withdraw from the unfulfilled part of the contract or to terminate the contract.
2. In the event of a provision of these general terms and conditions of purchase or other agreements between the parties being or becoming invalid, void or ineffective, this shall not affect the validity of the remaining agreement. The parties shall replace the invalid, void or ineffective provision with another provision which shall be as close as possible to the originally intended purpose.
3. The place of fulfilment shall be the location of the facility of the purchaser.
4. All legal relationships between the supplier and the purchaser shall be subject to German law under exclusion of the regulations of the United Nations Convention on Contracts for the International Sale of Goods. The purchaser, however, reserves the right to take action at the court having jurisdiction over the headquarters of the suppliers.
5. The purchaser's domicile is agreed as the venue for all disputes arising from this agreement.

**Z. Counterfeit Parts**

1. Only new and authentic materials shall be used in products delivered to the purchaser.
2. No counterfeit or suspected counterfeit parts shall be contained within the delivered product.
3. The supplier shall purchase parts directly from the OCMs/OEMs, or through the OCMS/OEMS franchised distributor.
4. Documentation must be available that authenticates traceability to the applicable OCM/OEM.
5. In cases where suspect/counterfeit parts are noticed or identified, such items will be removed and controlled by the supplier to prevent re-entry into the supply chain.

6. The supplier shall promptly replace such suspect/counterfeit parts with parts acceptable to the purchaser and the supplier shall be liable for all costs relating to the removal and replacement of the relevant parts.
7. The purchaser reserves all contractual rights and remedies to address grievances and detrimental impacts caused by suspect/counterfeit parts received from the supplier.

#### **AA. Obsolescence Management**

1. The supplier shall implement and maintain an obsolescence management system.
2. If the supplier intends to change or discontinue a product, the supplier shall notify the purchaser with a PCDN providing the relevant information at least one (1) calendar month in advance about the expected change or discontinuation.
3. The minimum information to be communicated in writing in the PCDN shall be full master data details regarding the product affected (including revision level identification), proposed substitution possibilities (if possible), and critical planning and scheduling information (i.e. end-of-production date, end-of-sales date, last-delivery date, date of effective change, end of service and repair etc.).
4. No changes shall be allowed without the clear written consent of the purchaser.

#### **AUTHORITY AND RESPONSIBILITY**

The onus lies with the supplier to familiarise themselves with these stipulations as set out in this document prior to acceptance of POs from AAT Composites, which includes the requirements notification note as stated on each PO.

#### **DOCUMENTED INFORMATION (RECORDS)**

- Retention period: 36 Years - refer to points M.26, and N.2.