



# Terms and Conditions of Purchase

Version as of [ 09 May 2020 ]

## I. Scope/Conclusion of contract

1. These conditions shall apply exclusively to all contractual agreements between Raikhlín aircraft Engine Developments GmbH ("we" or "us") and the supplier as well as to all services and supplies hereunder. We do not recognize contradictory conditions of the supplier, or any other deviating conditions, unless we have explicitly agreed to their validity in writing. These conditions shall also apply if we have placed orders and/or if we accept offers, products or services without reservation, while knowing of contradictory conditions of the supplier or any other deviating conditions.
2. All agreements made between us and the supplier must be made in writing, any changes or amendments must be made in writing.
3. These terms and conditions shall apply only to companies within the meaning of section 14 para 1 of the German Civil Code ("BGB"), legal entities under public law, and special assets or funds under public law.
4. Insofar as the supplier is a company, these terms and conditions shall also apply to all future business resulting from our continuing business relationship.
5. If the supplier did not accept an agreement offered by us within one week of receipt, we shall be entitled to cancel our offer. Delivery call orders shall become binding at the latest one week upon receipt unless the supplier has objected before the order becomes binding.

## II. Passing of Risk

The supplier bears all risks of loss or damage of the products until the products are received by us or by our representative at the location to which the products are to be delivered in accordance with the relevant agreement.

## III. Payment Terms

Unless otherwise agreed, the invoice shall be paid within 30 days, with effect from either (i) the due date of payment and receipt of both the invoice and the products or (ii) performance of the service. Payment is subject to invoice verification.

## IV. Delivery

1. Deliveries deviating from relevant agreements and orders shall not be admissible, unless explicitly agreed otherwise in writing. Partial deliveries are inadmissible in principle unless we expressly agreed to them in writing or can reasonably be expected to accept them.
2. Agreed periods and dates are binding. Punctual compliance with the delivery periods and delivery dates is determined by the date of receipt of the products by us.
3. Unless otherwise agreed, the prices are "Delivered Duty Paid" (DDP Incoterms 2010) including packaging. If delivery "Delivered Duty Paid" (DDP Incoterms 2010) is explicitly not agreed, the supplier shall make the products available in good time, taking account of the time for loading and shipment to be agreed with the forwarder.
4. If the supplier is responsible for set-up or installation and unless otherwise agreed, the supplier shall bear all the necessary incidental costs such as travel expenses, provision of tools and daily allowances.
5. Statutory provisions shall apply if agreed dates are not met. If the supplier anticipates difficulties with respect to production, the supply of primary material, compliance with the delivery period or similar circumstances that could interfere with supplier's ability to deliver on time or to deliver the agreed quality, the supplier shall immediately notify our purchase department.
6. The unconditional acceptance or payment of a delayed delivery or service does not constitute a waiver of claims to which we are entitled due to the delayed delivery or service.
7. The quantities, weights and measurements established by us during the incoming products inspection shall determine the quantities, weights and measurements subject to the reservation of different quantities, weights and measurements being proved by the supplier.
8. We have the right to use software belonging to the scope of delivery, including the software documentation, to a legally permissible extent (§§ 69a et seqq. of German Copyright Act ("UrhG")).
9. We also have the right to use such software, including the software documentation, with the agreed performance characteristics and to the extent necessary for the use of the product in accordance with the agreement. We also have the right to make a backup copy even without an express agreement.

## V. Notification of defects and deficiencies

1. After receiving the products, we shall inspect the products within a reasonable period of time for defects and deficiencies, which can be determined by way of visual inspection, measurement and weighing.
2. We shall not be obligated to carry out inspections, which require the removal of packaging, separation of individual parts in a packing drum, the use of chemical or physical inspection methods, trial processing or the like, and which require measurements or trial with moulds, tools and other facilities or parts of equipment.

Defects detected in such manner shall be deemed to constitute hidden defects ("versteckte Mängel").

3. We shall notify the supplier without undue delay in writing about any defects or deficiencies of supplied products as soon as such defects or deficiencies have been discovered in the ordinary course of business. Insofar, the supplier waives the defence of late notice of defects or deficiencies.

## VI. Force Majeure

Force majeure, labour disputes, civil disorder, governmental actions, and other unavoidable events of major significance shall temporarily release the contracting parties from their performance obligations for the duration of the disturbance to the extent of the impact thereof. The same shall apply if these events take place when performance by the affected contracting party is already overdue. During such event the unaffected party shall be entitled – without prejudice to its other rights – to withdraw from the agreement in whole or in part, provided that such event is not of inconsiderable duration.

## VII. Defect Claims

1. The statutory provisions relating to defects as to quality and defects of title shall apply unless provided otherwise herein below.
2. In principle we shall have the right to select the type of supplementary performance. The supplier may refuse the type of supplementary performance we selected if it is only possible at disproportionate expense.
3. In the event that the supplier does not commence rectifying the defect immediately after our request to remedy it, in urgent cases, especially to ward off acute danger or to prevent greater damage, we shall be entitled to undertake such rectification ourselves or to have it undertaken by a third party at the expense of the supplier.
4. In case of defects of title, the supplier shall also hold us harmless from any third party claims possibly existing, unless the supplier is not accountable for the defect of title.
6. The limitation period for claims based on defects is 3 years – except in cases of fraudulent misrepresentation – unless the relevant part has been used in a building construction in accordance with its customary use and caused the defectiveness thereof. The limitation period commences when the product is delivered (passing of risk).
5. If the supplier performs its obligation to effect supplementary performance by supplying a substitute product, the statute of limitations of the products supplied in substitution shall start to run anew after delivery thereof unless, when effecting the supplementary performance, the supplier explicitly and appropriately made the reservation that the substitute delivery was effected purely as good will, to avoid disputes or in the interests of continuation of the delivery relationship.
6. Should we incur expenses as a result of the defective delivery of the product, in particular transport, carriage, labor costs, assembly and disassembly costs, costs of material or costs of incoming goods control exceeding the normal scope of the control, such costs shall be borne by the supplier.

## VIII. Product Liability and Recalls

1. In the event a product liability claim is asserted against us, the supplier shall be obligated to hold us harmless from such claims if and to the extent the damage was caused by a defect in the parts supplied by the supplier. In cases of liability based on fault, this shall only apply, however, if the supplier is at fault. Insofar as the cause of the damage falls within the area of responsibility of the supplier, the supplier must prove that it is not at fault.
2. In the cases of paragraph VIII.1 above, the supplier assumes all costs and expenses, including the costs of any legal action.
3. In all other respects the statutory provisions shall apply.
4. Prior to any recall action which is partially or wholly due to a defect in a part supplied by the supplier, we shall notify the supplier, give the supplier the opportunity to collaborate, and discuss with the supplier the efficient conduct of the recall action, unless no notification or collaboration by the supplier is possible on account of the particular urgency. The costs of the recall action shall be borne by the supplier insofar as a recall action is due to a defect in a part supplied by the supplier.

## IX. Withdrawal and Termination Rights

1. In addition to the statutory rights of rescission we shall have the right to withdraw from or terminate the contract with immediate effect if
  - the supplier has stopped supplying its customers, or
  - there is or threatens to be a fundamental deterioration to the financial circumstances of the supplier and as a result of this the performance of a supply obligation to us is jeopardised, or
  - the supplier meets the criteria for insolvency or over-indebtedness, or
  - the supplier stops making its payments.



2. We also have the right to withdraw from or terminate our agreement with the supplier if the supplier files an application for insolvency or comparable debt settlement proceedings to be initiated with respect to its assets.
3. If the supplier rendered part performance, we only have the right to cancel the whole agreement if we have no interest in the part performance.
4. If we withdraw from or terminate the agreement by virtue of the foregoing contractual rescission rights or respective termination rights, then the supplier shall compensate us for the loss or damage incurred as a result, unless the supplier was not responsible for the rights arising to withdraw from or terminate the contract.
5. Our statutory rights shall not be limited by the regulations included in this Section IX.
- X. Quality and Documentation**
1. All supplier's deliveries and services shall comply with the agreed specifications and guarantees, the recognised rules of technology and engineering, safety and other provisions, including European regulations, and the agreed technical standards (e.g. DIN and EN).
2. The contracting parties shall inform each other of the possibilities of improving the quality of products to be supplied.
3. The supplier shall provide reasonable support according to our instructions in the application of processes and advance quality planning.
4. With regard to parts specially labelled in the technical documentation or through specific reference in a (separate) agreement or otherwise, the supplier shall be required to keep specific records of when, in what manner, and by whom the supplied products have been checked and tested with regard to the specifications that were agreed between the parties. The test records shall be kept for 10 years, and shall be provided to us upon a reasonable request.
5. The supplier shall – at reasonable times and upon reasonable prior notice – permit access to its facilities to us and our customers and their representatives to inspect the production process, raw materials, work in process, finished products, machinery and tooling used to produce the products, and relevant records.
6. In the event an authority demands inspection of the manufacturing process or disclosure of test records with regard to parts delivered by the supplier, upon prior written request the supplier shall provide such authorities with support, which may be reasonably expected.
- XI. Confidentiality**
1. The supplier shall keep confidential with respect to third parties all business and technical information made available by us (including features which may be derived from objects, documents or software provided and any other knowledge or experience) as long and to the extent that it is not proven public knowledge, and it may only be made available to those persons in the supplier's business facility who necessarily need to be involved in the use thereof for the purpose of delivery to us and who are also committed to confidentiality; the information remains our exclusive property. Without our prior written consent, such information must not be duplicated or exploited commercially – except for deliveries to us. At our request, all information originating from us (if appropriate also including any copies or records made) and loaned items must be, without undue delay, returned to us in full or destroyed. We reserve all rights to such information (including copyright and the right to file for industrial property rights such as patents, utility models, semiconductor protection, etc.). In the event this is provided to us by third parties, the reservation of rights also applies for the benefit of such third parties.
2. Products manufactured on the basis of documentation drafted by us such as drawings, models and the like, or based on our confidential information, or manufactured with our tools or with tools modelled on our tools, may neither be used by the supplier itself nor offered or supplied to third parties. This also applies analogously to our print orders.
- XI. Export Control and Customs**
1. The supplier shall be obligated to inform us about any applicable (re-)export licence requirements for the supplied products under German, European or US export control laws and customs regulations as well as the export control laws and customs regulations of the country of origin of the supplied products. Therefore, at least in his offers, order confirmations and invoices the supplier shall provide the following information with respect to the supplied products:
- export list number (*Ausfuhrlistennummer*) pursuant to Annex AL to the German Foreign Trade and Payments Regulation (*Außenwirtschaftsverordnung*) or any comparable export list information of applicable export lists;
  - ECCN (Export Control Classification Number) for US-goods (including technology and software) pursuant to the US Export Administration Regulations (EAR)
  - country of origin of the supplied products and of the components thereof, including technology and software;
- any transport of the supplied products through USA, manufacture or stocking of the supplied products in the USA and whether the supplied products have been manufactured by using US technology;
  - HS-Code of the supplied products; and
  - a contact person in his organisation to provide further information to us upon request.
2. Upon our request the supplier shall provide any other foreign trade data with respect to the supplied products and their components in written form and shall inform us on all changes to such data without undue delay and prior to supply to us.
- XII. Compliance**
1. The supplier shall comply with the respective statutory provisions governing the treatment of employees, environmental protection, and health and safety at work, and to work on reducing the adverse effects of its activities on human beings and the environment. In this respect the supplier shall set up and further develop a management system in accordance with ISO 14001 within the realms of its possibilities. Further, the supplier shall comply with the principles of the UN Global Compact Initiative relating basically to the protection of international human rights, the right to collective bargaining, the abolition of forced labour and child labour, the elimination of discrimination when personnel is engaged and employed, the responsibility for the environment and the prevention of corruption. Further information on the UN Global Compact Initiative is available at: [www.unglobalcompact.org](http://www.unglobalcompact.org).
2. In the event that the supplier repeatedly violates the law and/or violates the law despite being given respective advice, and fails to evidence that the violation of the law has been cured as far as possible and that appropriate precautions have been taken to avoid violations of the law in future, we reserve the right to terminate or withdraw from existing contracts without notice.]
- XIII. Place of performance ("Erfüllungsort") and jurisdiction ("Gerichtsstand")**
- The place of performance shall be the place to which the products are to be delivered in accordance with the agreement or where the service is to be rendered. The courts in Bonn shall have exclusive jurisdiction ("*ausschließlicher Gerichtsstand*"), insofar as the supplier is a business. We shall also be entitled to sue the supplier in his own jurisdiction.
- XIV. Governing Law**
- The contractual relationship under these terms and conditions and all claims resulting from and connected hereto, shall be governed by the substantive laws of Germany with the exception of the United Nations Convention on Contracts for the International Sale of Goods ("CISG").