

TERMS AND CONDITIONS FOR THE PURCHASE OF COMPONENTS

1 INTERPRETATION

1.1 Definitions:

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| Avtrade | Avtrade Limited having its registered office at Avtrade Global Headquarters, Sayers Common, West Sussex, BN6 9JQ England |
| Business Day | a day (other than a Saturday, Sunday or public holiday) when banks in London are open for business. |
| CMM | most recently revised component maintenance manual issued by the OEM. |
| Component | an aircraft part or a subpart, also defined as serialized LRU, which has its own CMM and for which there is a repair scheme available by the component manufacturer of the relevant aircraft part or subpart. |
| Conditions | the terms and conditions set out in this document as amended from time to time in accordance with <i>clause 17.3</i> . |
| Contract | the contract between Avtrade and the Supplier for the sale and purchase of the Components in accordance with these Conditions. |
| Delivery Date | the date specified in the Order, or, if none is specified, within seven (7) days of the date of the Order. |
| Delivery Location | Avtrade Global Headquarters, Sayers Common, West Sussex, BN6 9JQ, England or other such other address as may be notified to the Supplier by Avtrade from time to time. |
| DER | Designated Engineering Representative as defined by the FAA. |
| DOA | Design Organization Approval as defined by EASA. |
| EASA | European Aviation Safety Agency |
| EASA Form 1 | means the certificate of airworthiness for a Repaired or Overhauled Component or process as defined by EASA |
| FAA | Federal Aviation Administration of the United States |
| Law | means any of the following, to the extent that it applies to a Party: any statute, regulation, by-law, ordinance or subordinate legislation in force from time to time including any national laws implementing the General Data Protection Regulation (EU) 2016/679, the common law and the law of equity as applicable from time to time, any binding court order judgment or decree, any applicable industry code, policy or standard enforceable by-law and |

any applicable direction, policy, requirement, rule or order that is given by any regulatory authority

Life Limited Component

a Component with a scheduled end of life;

LRU

means Line Replacement Unit and is a Component that can be promptly removed and replaced at an operating location during line maintenance;

OEM

the original equipment manufacturer.

Overhaul/ Overhauled

the restoration of a Component in accordance with the instructions defined in the CMM supplied by the OEM by EASA or FAA 145 organisation and are sold with attached EASA Form One and/or FAA Form 8130-3 certificate stating Overhauled

Order

Avtrade's order for the Components, as set out in Avtrade's purchase order form or in Avtrade's written acceptance of the Supplier's quotation, as the case may be.

"PMA" or "Parts Manufacturer Approval"

the combined design and production approval for the production and sale of modification and replacement articles (parts) pursuant to FAA Orders 8110.42 and 8120.22.

Repair/Repaired

means the restoration of a defective or shelf-time expired Component to a serviceable condition in accordance with the CMM;

Serviceable

the condition of a Component which has been repaired has a current and valid EASA Form One and/or FAA Form 8130-3 certificate issued by an approved organisation.

Supplier

the person or firm from whom Avtrade purchases the Components.

1.2 Interpretation:

1.2.1 A reference to a statute or statutory provision is a reference to such statute or provision as amended or re-enacted. A reference to a statute or statutory provision includes any subordinate legislation made under that statute or statutory provision, as amended or re-enacted;

1.2.2 any phrase introduced by the terms including, include, in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms; and

1.2.3 A reference to writing or written includes [faxes and] emails.

2 BASIS OF CONTRACT

2.1 These Conditions apply to the Contract to the exclusion of any other terms that the Supplier seeks to impose or incorporate, or which are implied by trade, custom, practice or course of dealing.

- 2.2 The Order constitutes an offer by Avtrade to purchase the Components in accordance with these Conditions.
- 2.3 The Order shall be deemed to be accepted on the earlier of:
- 2.3.1 the Supplier issuing a written acceptance of the Order; and
- 2.3.2 the Supplier doing any act consistent with fulfilling the Order,
- at which point the Contract shall come into existence.
- 2.4 The Supplier waives any right it might otherwise have to rely on any term endorsed upon, delivered with or contained in any documents of the Supplier that is inconsistent with these Conditions.
- 2.5 The Supplier shall retain documented information relevant to the Orders for a minimum of seven (7) years.

3 THE COMPONENTS

- 3.1 The Supplier shall ensure that the Components shall:
- 3.1.1 be duly certified to EASA Form 1 or if supplying a Repaired or Overhauled Component under FAA Form 8130-3, a dual EASA Part 145 Maintenance Release Statement for the last Overhaul carried out for such Component showing the part number and serial number. Such certification shall be dated no more than two (2) years of age;
- 3.1.2 be Serviceable and in new, Repaired or Overhauled condition;
- 3.1.3 for shelf-life limited Components to be equipped with release certificates that have been issued within the previous [six (6)] months;
- 3.1.4 for Life Limited Components, have no less than 70% of remaining service life;
- 3.1.5 be fully traceable to a carrier operating under an EASA Airline Operator's Certificate;
- 3.1.6 if applicable, Supplier will provide full back to birth/ back to Overhaul documentation for all Life Limited Components;
- 3.1.7 ensure that in all cases full modification and AD status is supplied on the document for the supplied Component;
- 3.1.8 be free from DER/DOA/PMA parts and has no connection with parts that are not approved by the OEM unless otherwise agreed in writing by Avtrade;
- 3.1.9 be supplied with a statement from each operator to the effect that such Component was never involved in any major incident or accident and was never subjected to over temperature extreme stress condition or immersion in salt water and was not obtained from any government or military source;
- 3.1.10 be free from defects in design, material and workmanship and defects and remain so for:
- a) for any new Component which is factory new, for 12 months from the date of Delivery or the OEM's new product warranty whichever is the longer;
 - b) for any Component which has been Overhauled, for 6 months from the date of Delivery; and

c) for any Component which is classified as Serviceable, for 3 months from the date of Delivery;

3.1.11 comply with all applicable statutory and regulatory requirements relating to the manufacture, labelling, storage, handling and delivery of the Components; and

3.1.12 be provided with the following information:

- (a) time since overhaul (TSO) where applicable;
- (b) cycles since overhaul (CSO) where applicable;
- (c) time since new (TSN) where applicable;
- (d) cycles since new (CSN) where applicable;

3.2 If a Component is found to be subject to a defect as defined in Clause 3.1, the Supplier shall correct any such defect or replace the defective Component (as applicable) at no cost to Avtrade, provided Avtrade has issued a written warranty claim as soon as possible but in no event later than twenty (20) Days after detection of the defect or non-conformance and within the warranty period. In any such event, the defective Component under warranty will be shipped by Avtrade to the Supplier and returned by the Supplier to Avtrade at cost of the Supplier.

3.3 The Supplier shall ensure that at all times it has and maintains all the licenses, permissions, authorisations, consents and permits that it needs to carry out its obligations under the Contract.

3.4 The Supplier confirms that it has in place processes to prevent the supply and/or use of suspected unapproved, unapproved, and counterfeit parts in the Components.

3.5 The Supplier shall inform Avtrade immediately of any nonconforming processes, products, or services and obtain approval from Avtrade in writing for their disposition.

3.6 The Supplier will inform Avtrade of changes that impact the Components or services supplied relating to processes, products, or services, including changes of the Supplier's external providers or location of manufacture of any of any of the Components or any of the parts of the Components.

3.7 The Supplier must ensure that everyone in the Supplier's organisation is aware and remains aware of:

3.7.1 their contribution to product and/or service conformity;

3.7.2 their contribution to product safety; and

3.7.3 the importance of ethical behaviour.

4 DELIVERY

4.1 The Supplier shall ensure that:

4.1.1 the Components shall be correctly inhibited and, if not otherwise agreed upon, protected in accordance with ATA-300 specification (or any amendment thereto from time to time) and shall be securely packed to prevent damage in transit;

- 4.1.2 each delivery of the Components is accompanied by a delivery note which shows the date of the Order, the Order number (if any), the type and quantity of the Components (including the part numbers and serial numbers of the Components), and, if the Components are being delivered by instalments, the outstanding balance of Components remaining to be delivered.
- 4.2 The Supplier shall deliver the Components:
- 4.2.1 on the Delivery Date;
- 4.2.2 at the Delivery Location; and
- 4.2.3 during Avtrade's normal business hours, or as instructed by Avtrade.
- 4.3 Delivery of the Components shall be completed on the completion of unloading the Components at the Delivery Location.
- 4.4 The Supplier shall not deliver the Components in instalments without Avtrade's prior written consent. Where it is agreed that the Components are to be delivered by instalments, they may be invoiced and paid for separately. However, failure by the Supplier to deliver any one instalment on time or at all, or any defect in an instalment shall entitle Avtrade to the remedies set out in *clause 5*.
- 4.5 Acceptance of a Component by Avtrade shall occur no later than ten (10) Business Days following its Delivery by the Supplier and shall become effective after:
- 4.5.1 qualitative and quantitative inspection of the Component,
- 4.5.2 inspection of conformity of the related documents,
- 4.6 Avtrade shall notify the Supplier in writing of any non-conformity within the ten (10) Business Day period specified at Clause 4.5, with all supporting details. In case no such notification has been received by the Supplier within such ten (10) Business Day period, the Component shall be deemed accepted by Avtrade.
- 4.7 The Supplier shall be afforded a reasonable opportunity to correct any such alleged non-conformity, after which the Supplier shall repair or exchange, at the Supplier's option and cost, any non-conforming Component in order to meet the conformity requirements. Furthermore, the Supplier shall reimburse Avtrade's shipping costs incurred in returning the non-conforming Component unless such non-conformance is found to be invalid.

5 REMEDIES

- 5.1 If the Components are not delivered on the Delivery Date, or do not comply with the undertakings set out in *clause 3.1*, then, without limiting any of its other rights or remedies, and whether or not it has accepted the Components, Avtrade may exercise any one or more of the following remedies:
- 5.1.1 to terminate the Contract;
- 5.1.2 to reject the Components (in whole or in part) and return them to the Supplier at the Supplier's own risk and expense;
- 5.1.3 to require the Supplier to repair or replace the rejected Components, or to provide a full refund of the price of the rejected Components [(if paid)];

- 5.1.4 to refuse to accept any subsequent delivery of the Components which the Supplier attempts to make;
 - 5.1.5 to recover from the Supplier any costs incurred by Avtrade in obtaining substitute Components from a third party; and
 - 5.1.6 to claim damages for any other costs, loss or expenses incurred by Avtrade which are in any way attributable to the Supplier's failure to carry out its obligations under the Contract.
- 5.2 These Conditions shall apply to any repaired or replacement Components supplied by the Supplier.
- 5.3 Avtrade's rights and remedies under these Conditions are in addition to its rights and remedies implied by statute and common law.

6 TITLE AND RISK

- 6.1 Title and risk in the Components shall pass to Avtrade on completion of delivery.
- 6.2 The Supplier warrants that it has full legal and beneficial title to the Components free from all charges, liens and security Interests

7 PRICE AND PAYMENT

- 7.1 The price of the Components shall be the price set out in the Order, or, if no price is quoted, the price set out in the Supplier's published price list in force as at the date the Contract came into existence.
- 7.2 The price of the Components:
- 7.2.1 excludes amounts in respect of value added tax (VAT), which if applicable Avtrade shall additionally be liable to pay to the Supplier at the prevailing rate, subject to the receipt of a valid VAT invoice; and
 - 7.2.2 includes the costs of packaging, insurance and carriage of the Components.
- 7.3 No extra charges shall be effective unless agreed in writing with Avtrade.
- 7.4 The Supplier may invoice Avtrade for price of the Components plus VAT at the prevailing rate (if applicable) on or at any time after the completion of delivery. The Supplier shall ensure that the invoice includes the date of the Order, the invoice number, Avtrade's order number, the Supplier's VAT registration number and any supporting documents that Avtrade may reasonably require.
- 7.5 Avtrade shall pay correctly rendered invoices within forty five [45] days of receipt of the invoice. Payment shall be made to the bank account nominated in writing by the Supplier.
- 7.6 Avtrade may at any time, without limiting any of its other rights or remedies, set off any liability of the Supplier to Avtrade against any liability of Avtrade to the Supplier.

8 INDEMNITY

- 8.1 The Supplier shall keep Avtrade indemnified against all liabilities, costs, expenses, damages and losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other [reasonable] professional costs and expenses) suffered or incurred by Avtrade as a result of or in connection with:

8.1.1 any claim made against Avtrade for actual or alleged infringement of a third party's intellectual property rights arising out of or in connection with the supply or use of the Components, to the extent that the claim is attributable to the acts or omissions of the Supplier, its employees, agents or subcontractors;

8.1.2 any claim made against Avtrade by a third party for death, personal injury or damage to property arising out of or in connection with defects in Components, to the extent that the defects in the Components are attributable to the acts or omissions of the Supplier, its employees, agents or subcontractors; and

8.1.3 any claim made against Avtrade by a third party arising out of or in connection with the supply of the Components, to the extent that such claim arises out of the breach, negligent performance or failure or delay in performance of the Contract by the Supplier, its employees, agents or subcontractors.

8.2 This *clause 8* shall survive termination of the Contract.

9 INSURANCE

During the term of the Contract and for a period of two years thereafter, the Supplier shall maintain in force, with a reputable insurance company, aviation liability insurance, professional indemnity insurance, product liability insurance and public liability insurance to cover the liabilities that may arise under or in connection with the Contract, and shall, on Avtrade's request, produce both the insurance certificate giving details of cover and the receipt for the current year's premium in respect of each insurance.

10 CONFIDENTIALITY

10.1 A party (receiving party) shall keep in strict confidence all technical or commercial know-how, specifications, inventions, processes or initiatives which are of a confidential nature and have been disclosed to the receiving party by the other party (disclosing party), its employees, agents or subcontractors and any other confidential information concerning the disclosing party's business, its products and services which the receiving party may obtain. The receiving party shall only disclose such confidential information to those of its employees, agents and subcontractors who need to know it for the purpose of discharging the receiving party's obligations under the Contract, and shall ensure that such employees, agents and subcontractors comply with the obligations set out in this clause as though they were a party to the Contract. The receiving party may also disclose such of the disclosing party's confidential information as is required to be disclosed by law, any governmental or regulatory authority or by a court of competent jurisdiction.

10.2 This *clause 10* shall survive termination of the Contract.

11 EXPORT COMPLIANCE

11.1 The Supplier agrees that it has complied with export control laws applicable to Components provided under this Contract. Export control laws shall mean laws, regulations and orders applicable to the export or re-export (including but not limited to international transfers, disclosure or release) of Components and includes, without limitation, (i) US export controls administered under the Export Administration Regulations ("EAR") and the International Traffic in Arms Regulations ("ITAR"); (ii) United Kingdom export controls and sanctions (iii) EU and EU Member State export controls administered pursuant to Council Regulation (EC) 428/2009 and the various national export control laws, regulations of the United Kingdom and EU Member States regulating dual-use and military items and related activities; and (iv) similar export control laws, regulations and orders of other jurisdictions to the extent applicable to any activity conducted in furtherance of this Contract.

12 COMPLIANCE WITH RELEVANT LAWS AND POLICIES

12.1 In performing its obligations under the Contract, the Supplier shall:

- 12.1.1 comply with all applicable Laws, statutes, regulations and codes from time to time in force; and
- 12.1.2 using reasonable skill and care and in a professional and diligent manner that is fit for the purposes required by Avtrade.
- 12.2 Avtrade and the Supplier are required to conducting their business with the highest standards of ethics and in accordance with applicable Laws. The Parties undertake to conduct the business under this Agreement with the highest standards of integrity.
- 12.3 The Supplier warrants that it has a fully auditable recognised quality management system for the supply of the Components.
- 12.4 In performing its obligations under the Contract, the Supplier shall:
 - 12.4.1 comply with all applicable anti-slavery and human trafficking laws, statutes, regulations and codes from time to time in force including but not limited to the Modern Slavery Act 2015;
 - 12.4.2 have and maintain throughout the term of this Contract its own policies and procedures to ensure its compliance;
 - 12.4.3 not engage in any activity, practice or conduct that would constitute an offence under sections 1, 2 or 4, of the Modern Slavery Act 2015 if such activity, practice or conduct were carried out in the UK; and
 - 12.4.4 include in its contracts with its subcontractors and suppliers anti-slavery and human trafficking provisions that are at least as onerous as those set out in this clause 12.4
- 12.5 Avtrade may immediately terminate the Contract for any breach of *clause 11*.

13 TERMINATION

- 13.1 Avtrade may terminate the Contract in whole or in part at any time before delivery with immediate effect by giving the Supplier written notice, whereupon the Supplier shall discontinue all work on the Contract.
- 13.2 Without limiting its other rights or remedies, Avtrade may terminate the Contract with immediate effect by giving written notice to the Supplier if:
 - 13.2.1 the Supplier commits a material breach of any term of the Contract and (if such a breach is remediable) fails to remedy that breach within [seven (7)] days of that party being notified in writing to do so;
 - 13.2.2 the Supplier takes any step or action in connection with its entering administration, provisional liquidation or any composition or arrangement with its creditors (other than in relation to a solvent restructuring), being wound up (whether voluntarily or by order of the court, unless for the purpose of a solvent restructuring), having a receiver appointed to any of its assets or ceasing to carry on business [or, if the step or action is taken in another jurisdiction, in connection with any analogous procedure in the relevant jurisdiction];
 - 13.2.3 the Supplier takes any step or action in connection with the Supplier being made bankrupt, entering any composition or arrangement with his creditors, having a receiver appointed to any of his assets, or ceasing to carry on business [or if the step or action is taken in another jurisdiction, in connection with any analogous procedure in the relevant jurisdiction];
 - 13.2.4 the Supplier suspends, or threatens to suspend, or ceases or threatens to cease to carry on all or a substantial part of its business; or

13.2.5 the Supplier's financial position deteriorates to such an extent that in Avtrade's opinion the Supplier's capability to adequately fulfil its obligations under the Contract has been placed in jeopardy.

13.3 Termination of the Contract, however arising, shall not affect any of the parties' rights and remedies that have accrued as at termination.

13.4 Clauses that expressly or by implication survive termination of the Contract shall continue in full force and effect.

14 FORCE MAJEURE

Neither party shall be in breach of the Contract nor liable for delay in performing, or failure to perform, any of its obligations under it if such delay or failure results from an event, circumstance or cause beyond its reasonable control. If the period of delay or nonperformance continues for [number] [weeks OR months], the party not affected may terminate the Contract by giving [number] [days] written notice to the affected party.

15 ANTI-BRIBERY AND CORRUPTION

15.1 The Parties will:

15.1.1 comply with all applicable laws, statutes, regulations and codes relating to anti-bribery and anti-corruption including, but not limited to, the Bribery Act 2010;

15.1.2 not engage in any activity, practice or conduct which would constitute an offence under sections 1, 2 or 6 of the Bribery Act 2010 if such activity, practice or conduct had been carried out in the United Kingdom; and

15.1.3 promptly report to the other Parties any request or demand for any undue financial or other advantage of any kind received in connection with the performance of this Agreement.

15.2 For the purpose of this clause 15 the meaning of adequate procedures and foreign public official, and whether a person is associated with another person, will be determined in accordance with section 7(2) of the Bribery Act 2010 (and any guidance issued under section 9 of that Act), sections 6(5) and 6(6) of that Act and section 8 of that Act respectively.

16 RIGHTS OF AUDIT

16.1 Upon ten (10) Days advance written notification to the Supplier (or, in exceptional circumstances, with less advanced written notification as agreed between the Parties on a case-by-case basis), the Supplier shall grant to Avtrade and/or, any Airworthiness Authorities including but not limited to EASA, the FAA and national aviation authorities and, subject to the Supplier's written approval not to be unreasonably withheld or delayed, Avtrade's customers and/or access to the Supplier's facilities and systems and, subject to the respective subcontractor's prior consent in each instance, the Supplier's subcontractors' facilities and systems for the purpose of quality surveillance inspecting and evaluating performance and compliance with the applicable standards and procedures under this Contract.

16.2 In case of discrepancies with the applicable standards and procedures, the Supplier shall make any and all necessary corrections within a timeframe to be mutually agreed and inform Avtrade or, as the case may be, the relevant Airworthiness Authority, accordingly.

17 GENERAL

17.1 Assignment and other dealings

17.1.1 Avtrade may at any time assign, transfer, mortgage, charge, subcontract or deal in any other manner with any or all of its rights or obligations under the Contract.

- 17.1.2 The Supplier may not assign, transfer, mortgage, charge, or deal in any other manner with any or all of its rights or obligations under the Contract without the prior written consent of Avtrade.
- 17.2 **Entire agreement.** The Contract constitutes the entire agreement between the parties and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to its subject matter.
- 17.3 **Variation.** Except as set out in these Conditions, no variation of the Contract, including the introduction of any additional terms and conditions, shall be effective unless it is agreed in writing and signed by Avtrade.
- 17.4 **Waiver.** No failure or delay by a party to exercise any right or remedy provided under the Contract or by law shall constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict the further exercise of that or any other right or remedy. No single or partial exercise of such right or remedy shall prevent or restrict the further exercise of that or any other right or remedy.
- 17.5 **Severance.** If any provision or part-provision of the Contract is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this clause shall not affect the validity and enforceability of the rest of the Contract.
- 17.6 **Notices.** Any notice [or other communication] given to a party under or in connection with this agreement shall be in writing and shall be:
- 17.6.1 personally delivered, in which case it shall be deemed to have been delivered at the time of signature of a delivery receipt; or
- 17.6.2 if within the United Kingdom, sent by first class prepaid recorded post, in which case it shall be deemed to have been received or at the time recorded by the delivery service; or
- 17.6.3 if from any place outside the United Kingdom, sent by prepaid priority registered airmail, in which case it shall be deemed to have been received or at the time recorded by the delivery service.
- 17.6.4 Any Party to this Agreement may notify the other Party of any change to its address or other details specified in Schedule A, provided that such notification shall be effective only on the date specified in the notice or five (5) Working Days after the notice is given, whichever is later.
- 17.6.5 Any notice sent by either Party shall not be valid if it is sent by e-mail, fax, SMS or any other electronic means other than as set out in this Agreement.
- 17.6.6 This clause does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.
- 17.7 **Third party rights.** No one other than a party to the Contract shall have any right to enforce any of its terms.

18 GOVERNING LAW AND JURISDICTION

- 18.1 These Terms and Conditions and all non-contractual obligations arising out of or in connection with them shall be governed by and construed in accordance with English law.

- 18.2 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with these Terms and Conditions (including a dispute regarding the existence, validity or termination of these Terms and Conditions) (a "Dispute").
- 18.3 The Supplier agrees that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly the Supplier will not argue to the contrary.
- 18.4 Without prejudice to any other mode of service allowed under any relevant law, the Supplier shall provide an agent for Service in England and Wales as its agent for service of process in relation to any proceedings before the English courts in connection with these Terms and Conditions and agrees that failure by a process agent to notify the Supplier of the process will not invalidate the proceedings concerned.

19 ARBITRATION

- 19.1 Subject to Clause 18 any Dispute may be referred to and finally resolved by arbitration under the Arbitration Rules (the "Rules") of the London Court of International Arbitration.
- 19.2 The arbitral tribunal shall consist of one arbitrator. The seat of arbitration shall be London, England and the language of the arbitration shall be English.
- 19.3 Save as provided in Clause 18.4, the Parties exclude the jurisdiction of the courts under Sections 45 and 69 of the Arbitration Act 1996.
- 19.4 Avtrade may by notice in writing to the Supplier require that all Disputes or a specific Dispute be heard by a court of law. If the Avtrade gives such notice, the Dispute to which that notice refers shall be determined in accordance with Clause 18.
- 19.5 This Clause 19 is for the benefit of the Avtrade only. As a result, the Avtrade shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Avtrade may take concurrent proceedings in any number of jurisdictions.