

General Conditions of Purchase of the Diehl Aviation Gilching GmbH

I. Validity of the Conditions of Purchase, orders

1. Our General Conditions of Purchase ("General Terms and Conditions of Business - GTCB") below are exclusively valid for the current contract and for all following contracts, unless otherwise agreed in writing in an individual case.
2. Deviating declarations and general business conditions of the supplier shall not oblige us even if we do not expressly object to them or if they are not expressly inconsistent with our General Terms and Conditions of Business ("GTCB"). The receipt of supplies or services shall not signify our consent to the general business conditions of the supplier under any circumstances.
3. Orders shall be confirmed by the supplier in writing within 3 workdays after receipt of the order or accepted by unconditional execution. Execution of part of the order is deemed acceptance of the entire order.
4. We shall only accept the quantities or units ordered. Any overdeliveries or underdeliveries are permitted only after obtaining our prior written consent. Otherwise, after setting a deadline in vain for the subsequent delivery of the underdelivered part, we are entitled to refuse to accept delivery at the supplier's expense. Any costs and damage caused as a result thereof shall be borne by the supplier.
5. The supplier shall immediately notify us of any changes to the product and/or process definition (e.g. type of composition of the processed material, the constructional execution, the manufacturing process or the plants used for manufacturing) compared to similar supplies and services provided to us up until now. The changes require our written approval.

II. Prices and terms of payment

1. The agreed prices are fixed prices.
2. Unless provided by law, a price adjustment after conclusion of contract is permitted only if proof is furnished that the supplier's costs are increased as a result of our change requests. The supplier must take account of our change requests to a reasonable extent and immediately notify us of any increase entailed in the supplier's costs.
3. The prices include dispatch costs, packing and any and all public charges incurred by the delivery, particularly customs duties, however excluding value-added tax. Value-added tax shall be shown separately in the invoice at the statutory rate.
4. Payments shall be made, at our choice, either within 14 days with 3% discount or within 90 days net, calculated from the date of receipt of the invoice and after delivery of the goods.

III. Secrecy

1. The Parties undertake to treat all undisclosed, commercial and technical details of which they gain knowledge on account of their business relations as business secrets.
2. Technical documents, drawings, models, templates, samples and similar items provided by us may not be handed over to unauthorised third parties or made accessible to them in any other manner. The duplication of such items is permitted only for the purpose of company requirements and to the extent specified by copyright regulations. Authorised third parties, e.g. subcontractors, shall be obligated accordingly.
3. The supplier may name us as a reference or name publications by us or our trademarks only if we have given our prior written consent thereto.

IV. Subcontracts with third parties

Subcontracts require our prior written approval.

V. Delivery period

1. Agreed delivery dates are binding. The date on which we receive the goods is deemed the delivery date. The deadline for deliveries with erection or assembly and for services is deemed met if these are provided in a state ready for acceptance by such date. Readiness for acceptance also requires that the supplier has enclosed the necessary quality certificates. The supplier is obliged to immediately notify us in writing if it becomes aware of circumstances revealing an anticipated non-observance of a delivery date.
2. If a delivery date is not observed, we are entitled to grant the supplier reasonable additional time. Reasonable is defined as a period of no more than 14 days. If delivery is not made during the additional time either or if additional time is unnecessary, we are entitled to withdraw from the contract irrespective of any fault on the part of the supplier or its vicarious agents.
3. Our right to claim damages or the reimbursement of expenditures incurred in vain due to a delay in delivery based on the intent or negligence of the supplier or its vicarious agents shall not be affected by any withdrawal.
4. In the event of a delay in delivery we are entitled to demand a contractual penalty of 0.3% of the net order value of the delayed performance per day, however a maximum of 5% of the net order value of the delayed performance, if appropriate by taking account of higher damage calculated based on statutory provisions, the right to assert which is reserved. The supplier's right to furnish proof to us that no damage at all or significantly lower damage was caused by the delay is reserved.

VI. Terms of delivery

1. The supplier bears the risk of accidental loss and the accidental deterioration of the goods until delivery at the agreed delivery address.
2. Every delivery must be notified before dispatch; the invoice is not deemed to be notification of dispatch. All notifications due to an order, in particular the notification of dispatch and invoices (in duplicate) must contain the following:
 - a) our order number
 - b) our COM. number
 - c) type of dispatch, number of units, markings and weight.
3. If the supplier has reserved proprietary rights to the items of delivery, this reservation applies only until payment of these items, unless we have already gained proprietary rights as a result of processing, union or mixing. We shall not accept any current account reservations or extended group reservations of ownership by the supplier. The assignment of our receivables due from the resale of these items within the scope of an extended reservation of title is also excluded. We are not obliged to protect the supplier's rights as reserved ownership in any manner whatsoever in relation to third parties.

VII. Prohibition of assignment, set-off, right of retention

1. The supplier can only assign receivables due from us after obtaining our prior written consent.
2. The supplier can only set off its counterclaims against claims to which we are entitled based on the business relations if such counterclaims have been accepted by us or declared legally valid by a court of law.
3. The supplier can only exercise a right of retention if this is based on the same contract.

VIII. Liability for defects

1. The supplier warrants that the delivered goods are free from defects in accordance with the rules set out below. Even without any special agreement in this context, a defect has occurred especially if the goods do not comply with the respective accepted international state of the art.
2. In the event that the goods have defects, we are entitled to the statutory rights and claims to subsequent performance, rescission or reduction of the purchase price as well as damages or the reimbursement of expenses incurred in vain without any deductions. We are also entitled to grant the supplier an additional reasonable period for subsequent performance and after the lapse of the period in vain, to rectify the defect ourselves or have it rectified by third parties at the supplier's expense. For the expenses required to rectify the defect, we may demand an advance payment. As a basic principle, we charge a flat rate of EUR 200,00 as a result of the costs incurred due to defects in deliveries.
3. If defects occur in a part delivery and the assumption is justified that further part deliveries will also have defects, we are entitled to refuse to accept further deliveries and to exercise the rights and claims named above for the entire order, unless the supplier immediately furnishes proof that further deliveries will not have the same or similar defects.
4. Section 377 of the German Commercial Code (*HGB - Handelsgesetzbuch*) applies subject to the proviso that the notification according to paragraph 1 and paragraph 3 of this provision is made within 2 weeks (period for complaints) after the inspection of the incoming goods or discovery of the defect. We are entitled to restrict our incoming goods inspection to reasonable spot checks. In other respects, incoming goods inspections are restricted to externally detectable damage and deviations in quantity. A confirmation of the receipt of incoming goods and payment of the purchase price shall not be deemed approval of the delivery.
5. Our claims based on defects in the goods delivered become time-barred in accordance with statutory provisions. However, in the event of liability for defects of title, limitation occurs at the earliest 3 years after delivery.
6. The supplier warrants that its supplies and services will not infringe patents, utility models, trademarks, company names, copyrights or other industrial property rights of third parties in Germany or in any other country to which deliveries are to be made according to the supplier's knowledge. Should claims be filed against us by third parties based on an infringement of such rights, the supplier shall fully indemnify and hold us harmless from any and all such claims, insofar as it is responsible for the property right infringements.
7. If claims are filed against us based on a fault in the product pursuant to statutory provisions which cannot be altered by mutual consent with third parties, the supplier shall fully indemnify and hold us harmless from these claims, even without proof of fault, to the extent the supplier would be directly liable itself. In this case, the damage to be compensated also includes the costs incurred due to or in connection with a product recall carried out by us. As far as possible and reasonable, we shall notify the supplier in advance of the content and scope of the product recalls to be carried out and give it the opportunity to comment on the matter. To protect against the risks stated, the supplier must take out a reasonable product liability and product recall insurance and furnish proof thereof to us upon demand. The supplier shall carry out quality assurance which complies with the latest state of the art in terms of type and scope and furnish proof thereof to us upon request. The supplier shall conclude an appropriate quality assurance agreement with us upon demand.
8. The supplier shall immediately notify us of defects in products or defective products after gaining knowledge thereof – in case of supplies for aviation equipment within 72 hours.

IX. Protection of our property

1. Equipment manufactured on the basis of our data, drawings or models etc. or with our assistance, parts thereof as well as documents, samples, models etc. provided to the supplier are our intellectual property. The supplier undertakes to take the necessary precautions so that these items cannot be copied by third parties. Nor shall the supplier copy the items ordered itself or have these copied. This also applies if the transaction is not conducted at all or is conducted incompletely or the contract is dissolved prematurely.
2. We can demand that the items under our ownership are surrendered to us without the supplier being able to assert a right of retention to such items. The supplier shall store these items free of charge on our behalf, although it must insure the items appropriately at its expense.

X. Inventory availability and parts stock

The supplier must ensure that there is an inventory availability / parts stock for the normal service life of its performance but at least for the duration of 15 years from execution of the order. Even if the supplier no longer has a duty to maintain a parts stock for the performance provided to us, the supplier shall notify us of its intended stoppage of its inventory availability / parts storage in due time to ensure that parts can be delivered to us to build up our own parts stock.

XI. Right of access

Upon acceptance of this order, the supplier grants us or our customer, its customers and the aviation authorities a right of access to its business establishment during customary hours of business.

XII. Environmental Protection and Safety

1. The Supplier is obliged to observe statutory regulations on environment, occupational health and safety. The Purchaser is entitled to review adherence to this regulation by way of an appropriate audit.
2. The Supplier takes care that the detrimental effects on the environment are kept to a minimum and also regarding subsequent use and disposal (life-cycle-management).
3. The supplier will ensure that ethical conduct and principles of DIEHL compliance will be respected. The DIEHL compliance guideline can be found at DIEHL website (<https://www2.diehl.com/group/en/diehl-group/company/compliance>)

XIII. Basis of the contract

1. The place of performance of the obligations under this contract for both parties is Gauting near Munich, Federal Republic of Germany, unless otherwise agreed.
2. In case of any and all contractual and non-contractual disputes with our supplier, it is agreed that Munich Regional Court I (*Landgericht München I*) shall have local and international jurisdiction exclusively. However, we are also entitled to bring legal action at the official business location of the customer. For any cross action by the customer, the jurisdiction named in sentence 1 remains applicable.
3. Solely German substantive law, excluding the UN Convention on the International Sale of Goods, governs the contractual and non-contractual legal relations with our supplier.
4. Should one of the above conditions be invalid, this shall not affect the validity of the remaining provisions. The Parties are bound to replace the invalid provision by a legally valid provision which most closely approximates the commercial sense and purpose of the invalid provision.

Status as per: 04/2018