

FFEI Limited

GENERAL TERMS AND CONDITIONS OF PURCHASE

Revision No: 1.2

Date: May 2017

1. Definitions

In these Conditions:

- 1.1 “Goods” and “Services” means the goods, materials, machinery, plant, equipment or, as appropriate, the work or services specified or described in the Order, whether original, substituted or additional and any part or parts thereof.
- 1.2 “Company” means FFEI Limited.
- 1.3 “Supplier” means the person or organisation to whom the Order is addressed.
- 1.4 “Order”. In respect of any part, means in the case where:-
- (a) the Blanket Order Procedure for ordering the part applies, issue of an RSS that refers to the part but excluding from the definition of ‘Order’ any request for the part contained in the third and subsequent weeks of the RSS; and
 - (b) in all other cases, including for a non-recurring purchase, issue of a signed purchase order on the Company’s standard purchase order form by the Customer to the Supplier.
- 1.5 “Conditions” means these general terms and conditions of purchase.
- 1.6 “Blanket Order” in respect of any part means the issue of a purchase order number for the supply of that part, supplied in writing by the Company to the Supplier and which is open in terms of time and quantity of parts to be supplied.
- 1.7 “Blanket Order Procedure” in respect of any part means the ongoing procedure for ordering that part which shall comprise initially the issue of a Blanket Order followed by periodic issue of an RSS that refers to the part.
- 1.8 “RSS” or “Repetitive Supplier Schedule” in respect of any part means a report in the form of a table, or otherwise, covering a given time period (normally between 8 to 16 weeks) divided into weekly segments and specifying the Company’s requirements for the part in the first two weeks of the RSS and its anticipated requirements for each of the subsequent weeks.

2. Terms

- 2.1 All the terms of the contract between the Company and the Supplier relating to the Goods and Services are contained in or referred to in these Conditions. These Conditions shall take precedence over any other terms and conditions, representations, proposals, agreements and/ or warranties whether oral or written proposed by the Supplier prior or subsequent to the date of the Order or implied by trade, custom or course of dealing. In particular, any conditions of sale printed on or referred to in any written

acknowledgment by the Supplier shall have no effect. The Order shall not be deemed fulfilled until all safety information required by Section 4.5 is supplied.

3. Contract

The issue of the Order by the Company shall be deemed to have been accepted by the Supplier and to constitute a contract if the Supplier commences to perform the Order or if the Order is not objected to in writing by the Supplier within 5 working days of receipt. Any changes made by the Supplier to the Order will have no validity or effect unless agreed to in writing by the Company. The Supplier shall not decline to perform any Order for parts that are placed under the Blanket Order Procedure or which are purchased on a regular basis by the Company from the Supplier unless (i) the quantity requested in the Order is unexpectedly and unusually high having regard to any previously supplied forecasts, or if none, the pattern of trading in the part over the previous few months or (ii) the Supplier has withdrawn the part by having given not less than 6 months written notice which has expired on or before the date of the Order. The acceptance of the Order is limited to and conditional upon acceptance by the Supplier of these Conditions.

4. Conformity

- 4.1 All Goods supplied must conform in all respects with relevant specifications, drawings and other documents supplied by the Company together with all technical or other notes on or in such documents. All such documents provided to the Supplier in relation to the Goods shall form part of this Order.
- 4.2 Where no such documents are supplied, the Goods shall be of first class materials and workmanship throughout and must be suitable for the specified and/or reasonable requirements of the Company and shall not in any case be inferior to the standard laid down in any appropriate current British or international standards.
- 4.3 All Services supplied must conform in all respects with the terms and requirements of the Order and shall be executed with reasonable care and skill by properly qualified and experienced persons.
- 4.4 The Supplier acknowledges that in respect of any drawings, designs, specifications, samples, descriptions, or similar matter, submitted by the Supplier, the Company is relying on the Supplier's skill and expertise. The Company's approval or acceptance of any drawing, design, specification, sample or description shall not in any way relieve the Supplier of any of its obligations in respect of the above conditions or warranties.
- 4.5 The Supplier warrants that the design, construction, quality and performance of the Goods to be supplied under the Order comply in all respects with all relevant requirements of any statute, statutory rule or order, or other instruments having the force of law which may be in force at the time when the same are supplied. These Conditions will be deemed not to have been fulfilled if essential information to ensure safety in the use of the Goods is omitted. In particular the information related to any material or substance included in any supplied item or supplied as a substance shall be sufficient to ensure, so far as is reasonably practicable, safety in use, storage, handling and disposal.
- 4.6 The Company reserves the right to break the seal of any Goods supplied under warranty, without prejudice to its right of reliance upon such warranty.

- 4.7 Deviation from any of the specifications, drawings and other documents forming part of the Order, including the substitution of alternative parts shall not be permitted without the Company's prior written consent.

5. Inspection

- 5.1 Before delivery, if it is practical to do so, or unless agreed otherwise in writing by the Company, the Supplier shall inspect and test all Goods to ensure that such Goods meet the specifications and requirements of the Order. The Company reserves the right to repair or modify at the Seller's expense or, (whether before, on or after delivery) to reject any Goods which do not comply with such specifications and requirements or are otherwise defective. Rejected Goods will be returned to the Supplier at the Supplier's risk and expense, whereupon the Supplier shall forthwith at the Company's option either replace such rejected Goods with Goods which comply with the requirements of the Order without cost to the Company or repay to the Company the purchase price, together with any costs of transportation and packing. If the Supplier shall fail to replace any rejected Goods within a reasonable time, the Company shall have the right to purchase replacement goods from another source or sources, and any additional expenditure over and above the contract price reasonably incurred by the Company in obtaining the replacement goods shall be paid by the Supplier to the Company.
- 5.2 In the event that the Company, for any reason, returns any Goods to the Supplier, the Company will notify the Supplier of the quantities returned. Immediately upon receipt of such notification, the Supplier will verify the quantities of the returned Goods. If the Supplier wishes to dispute the quantities notified by the Company as having been returned it shall immediately notify in writing the relevant Purchasing Officer in the Company's Procurement Department and in any event not later than three days after receipt of the returned Goods. Failure by the Supplier to so notify the Company of disputed quantities shall be interpreted as confirmation by the Supplier of its agreement with the quantities notified by the Company.
- 5.3 If required by the Company, the Supplier shall provide a certificate defining the exact specification achieved for each unit of the Goods.
- 5.4 The exercise of any right of rejection under this condition shall not prejudice any other rights of, or remedies available to the Company.
- 5.5 The Company reserves the right to inspect and test at the premises of the Supplier or of any sub-contractor, at all reasonable times, all Goods during the course of their manufacture and processing and prior to their delivery to the Company but no such inspection or test shall constitute an acceptance or approval of the Goods or shall affect the Company's right of rejection under this condition.
- 5.6 If required by the Company, the Company reserves the right to perform verification at the Supplier's premises. The Company shall state the intended verification activities and method of product release in the purchasing information.

6. Goods Specific to the Company and Sub-Contracting

- 6.1 Goods produced to the Company's design or with tools supplied for the purpose by the Company shall not be supplied to any third party without the Company's prior consent in writing.
- 6.2 The sub-contracting of work by the Supplier shall not exceed 20% of the Order value except with prior written agreement of the Company. Any such

consent to sub-contracting shall not relieve the Supplier of any obligation to comply with these Conditions or the Order.

- 6.3 The Supplier shall ensure that sub-contracts in connection with this Order shall be subject to substantially the same terms and conditions as the Order.
- 6.4 If the Supplier obtains manufacturing services or components from a third party, including subsidiaries or affiliated companies, the Supplier represents and warrants that final assembly will be under the control of the Supplier.
- 6.5 The Order shall not be assigned or transferred in any other manner to a third party without the Company's prior consent in writing.

7. Delivery and Title

- 7.1 Delivery of the Goods supplied under this Order shall take place at the delivery address stated in the Order upon their receipt carriage paid (unless the Order indicates that carriage is chargeable to the Company) and securely packed in accordance with these Conditions. If the Goods are incorrectly delivered, the Supplier will be liable for any additional expense involved in handling and delivering them to the correct destination.
- 7.2 Time of delivery is of the essence of the Order and shall be as stated in the Order or as specified in accordance with Section 7.5. Where stated in terms of delivery within a period, each period shall run from the date of the Order unless expressly stated otherwise. Without prejudice to any other of the Company's rights under this condition, the Company reserves the right to reject the Goods if all or any part of the same are not delivered on the specified date.
- 7.3 The Supplier shall immediately notify the Company of any anticipated delay in the delivery or dispatch of the Goods or in the completion of the Services and, without prejudice to the Company's rights and remedies under the Order or at law, the Company shall also be entitled to terminate the Order if delay in delivery or despatch or completion of Goods or Services exceeds 28 days from the time contracted for delivery, despatch or completion of Goods or Services as the case may be.
- 7.4 Should the Company's normal course of business be disorganised, interrupted, restricted, hindered or delayed by any industrial dispute or by any cause beyond its control, it shall be entitled to direct that delivery of the Goods or any part thereof shall be postponed without compensation to the Supplier or any sub-contractor of the Supplier until after the end of the disorganisation or other matter as aforesaid and delivery shall be suspended accordingly.
- 7.5 The Company reserves the right upon written notice to reschedule any delivery date to either an earlier or later date. If earlier, the Supplier shall do its utmost to meet the new requirements. If later, the Supplier shall store the Goods at its own risk and expense and take all reasonable steps to safeguard them and prevent any deterioration in their condition until delivery.
- 7.6 Should the delivery requirements change such that there are significant adverse cost/schedule effects on the Supplier, then the Supplier shall immediately notify the Company. Failure to do so within one calendar month of the written notice, will preclude the Supplier from making any claims on the Company. Where cost/schedule effects are agreed, these will be formalised in writing between the Company and the Supplier.

- 7.7 Title to the Goods shall pass to the Company upon their delivery in accordance with these Conditions without prejudice to any right of rejection which may subsequently accrue to the Company under these Conditions.

8. Engineering Changes

- 8.1 At any time, the Company may, upon written notice, introduce a change to the design specification of the Goods ("Engineering Change"). It will be the responsibility of the Supplier to provide the Company with information detailing the full stock and on-order liability resulting from the change and to agree with the Company, in writing, how liability will be apportioned between the Supplier and the Company. Failure to provide all relevant information within one calendar month of receiving notice of the change, will preclude the Supplier from making any future claims on the Company. Where Engineering Change effects are agreed, these will be formalised in writing between the Company and the Supplier.
- 8.2 If the Engineering Change results in a new Order being raised, then the previous order will be automatically terminated, with the Supplier having the same obligations regarding cost/schedule effects as set out in Section 7.7.

9. Warranty

- 9.1 The Supplier warrants that all Goods supplied under the Order will work or be free from defects for a period of 18 months from date of delivery to the Company. The warranty includes all the costs of replacement or repair, at Company's option, of faulty items which will be fully born by the Supplier. In addition the Supplier will bear the costs of shipping defective items from the Company or end user to Supplier, and of replacement/repair items from Supplier to Company or end user (including costs of attendance of Supplier personnel). The said warranty period of 18 months will be extended by the period of time taken by the Supplier to effect the repair or replacement. For the avoidance of doubt, where a new part is supplied as a warranty action, then that part will attract a fresh 18 month warranty from the date of delivery.
- 9.2 It is a condition of the Order that the design, construction and quality of the Goods will comply in all respects with any statutory rule or regulation which may be in force at the time of delivery and that the Goods will be fit and suitable for the purpose intended by the Company, will be of good quality and of good material and workmanship and will be free of defects.

10. Packing

- 10.1 The price of the Goods supplied under the Order will be inclusive of secure packaging and proper markings, which will ensure the Goods both reach the Company in good condition and also comply with the other reasonable standards of packaging prevailing at the time of delivery.
- 10.2 The Company shall not be responsible for returning or for the cost of returning any such packaging or packaging materials.

11. Prices

- 11.1 Notwithstanding the date on which delivery is effected or any other circumstances arising after the date of this Order, all prices shown in the Order shall remain fixed unless otherwise agreed in writing.

- 11.2 Unless otherwise agreed in writing by the parties, all packing, carriage and other costs of delivery, together with all customs duty, other duties, value added, sales and other taxes shall be to the account of the Supplier.
- 11.3 All prices for the Goods and Services shall be as stated on the Order or as may be agreed in writing by the Company, save that if no such price is stated or agreed, the price shall be the lowest price currently quoted or charged at the date of the Order by the Supplier for those Goods and Services, but in no event higher than the price most recently charged to the Company by the Supplier for those Goods and Services.

12. Payment

- 12.1 Subject to anything to the contrary in the Order, payment becomes due for the Goods or Services on the sixtieth (60th) day following the day on which the Goods are delivered or the Services have been provided to the Company or on which the Supplier's invoice is received (if later).
- 12.3 If the Company makes any claim in respect of the Order, the Company shall be entitled to withhold the amount of the claim from any sum(s) payable by the Company. The total amount withheld shall not become due until the resolution of such claim and then only to the extent that the amount withheld exceeds the final amount of the claim. The Company may at any time set off against sums otherwise payable under this Order any amount owed by the Supplier or any of its affiliates to the Company.

13. Shipment Advice and Invoicing

- 13.1 Each shipment of Goods against the Order shall be accompanied by a delivery note which refers to the items by Order number; part number (if any) description of the part and the quantity delivered; and the Supplier's name and telephone contact person and number.
- 13.2 Separate invoices for each consignment stating all discounts and showing net totals are to be furnished for each Order and sent to the Company at the address named in the Order, on the same day as the Goods are dispatched. Invoices shall contain the following information: Purchase Order Number, Item Number, Description of Item, Quantities, Unit Prices and extended totals in addition to any other information specified elsewhere herein.
- 13.3 Payment of invoices shall NOT constitute acceptance of Goods or Services, and shall be subject to set-off and adjustment for errors, shortages, defects in the Goods or Services, or other failure of the Supplier to meet the requirements of this Order or other breach of contract by the Supplier.

14. Drawings and Tooling etc.

- 14.1 Drawings, plans, specifications, patterns, dies, moulds, jigs, tools, test equipment, materials, technical data and any other proprietary information (hereinafter called "Working Materials") provided to the Supplier as free issue or on loan in connection with this Order shall be and remain the property and/ or copyright of the Company.
- 14.2 All Working Materials prepared or obtained by the Supplier are the property of the Company unless the Supplier can show conclusively that the materials have not been included in the price of the Goods.
- 14.3 The Supplier shall maintain all Working Materials in good condition and shall insure the same at its own cost against all risks while in its custody. The Company reserves the right to enter the premises where any such Working

Materials are housed to inspect progress in the preparation of the Goods and, if necessary, to remove such Working Materials. The Supplier undertakes to allow the Company reasonable access in this respect.

- 14.4 The Supplier shall indemnify the Company from and against all actions, claims, demands, costs, charges, damages, expenses and liabilities resulting from any loss or damage to, or disclosure of, any Working Materials, howsoever caused.
- 14.5 Disposal of Working Materials by the Supplier shall only be in strict accordance with the Company's written instructions and the Supplier shall not, without the Company's prior written consent, use or disclose or knowingly permit the use or disclosure of Working Materials for any purpose other than fulfilling the Order.

15. Patents, Copyright, Trade Mark and Design Rights

- 15.1 The Supplier warrants that it has the right to license any and all intellectual property rights in any part of the world in the Goods or Services and, as part consideration for this Order and without further cost to the Company, the Supplier hereby grants to the Company an irrevocable non-exclusive, royalty-free right and license to all industrial, intellectual or other proprietary rights of the Supplier as necessary for use, sale, manufacture or distribution by the Company or by any other party authorised by the Company of any of the Goods and Services. The Supplier shall notify the Company at the time of acceptance of this Order of all such proprietary rights which are applicable to any of the Goods and Services.
- 15.2 The Supplier shall fully indemnify the Company from and against all actions, claims, demands, costs, charges, damages, expenses and liabilities arising from or incurred by reason of any infringement or alleged infringement, of any patent, copyright, registered design, trade mark or trade name or any other intellectual property rights in any part of the world arising from the use or sale by the Company, its agents or any of its customers of the Goods or the products thereof.
- 15.3 This indemnity shall not apply to Goods made to the Company's design or where infringements result from the assembly of Goods supplied by the Company.

16. Quality and Health and Safety

- 16.1 The Supplier shall, as a minimum requirement, operate a documented Quality and Health and Safety policy. The quality system shall be to a standard acceptable to the Company. The Company shall have the right to participate in the Supplier's quality audits or to carry out its own quality audits of the Supplier and its sub-contractors. The Supplier will ensure that action is taken to resolve all non-conformance issues arising from the audits within the specified timescales.
- 16.2 The Company shall monitor Supplier performance using industry standard measures, including but not limited to On Time Delivery, and Parts Per Million failures. Any measures specific to the Supplier will be communicated in the purchasing information.
- 16.3 The Supplier shall be responsible for the competence of personnel performing activities affecting product quality.
- 16.4 The Supplier is responsible for the verification and approval of manufacturing methods, processes and equipment and maintaining records

of this activity. If the Company requires specific methods to be employed this will be communicated in the purchasing information.

- 16.5 Where the Supplier is a regular supplier of parts to the Company, he shall at his cost co-operate with and assist the Company in maintaining its ISO14001 accreditation.

17. Indemnity

The Supplier shall fully indemnify the Company from and against all actions, claims, demands, costs, charges, damages, expenses or liabilities in respect of:

- 17.1 personal injury, death, or damage to property arising out of or in the course of the provision of Services or supply of Goods under the Order save where such injury, death or damage is the direct result of any act of neglect or omission by the Company or its employees. For this purpose, the Supplier shall:
- 17.1.1 maintain adequate insurance to cover its liability in respect of personal injury, death, or damage to property arising out of, or in the course of the performance of the Order. The amount of such insurance shall in no case be less than £500,000 for any one incident unless otherwise agreed in writing between the parties and such insurance shall be placed with a reputable insurer. The Supplier shall produce all relevant insurance policies and premium receipts to the Company when requested;
- 17.1.2 maintain adequate Employer's Liability Insurance with a reputable insurer, and shall produce all relevant policies and premium receipts to the Company when requested;
- 17.1.3 ensure that its employees, servants and agents have read and comply with site or other regulations including the rules governing health and safety at work. The Company will provide any relevant rules and regulations on request from the Supplier;
- 17.2 loss or damage or injury whatsoever and wheresoever arising caused to the Company or for which the Company may be liable to third parties due to defective workmanship in, or the unsound quality of, Goods supplied under the Order.
- 17.3 consequential loss or damage or loss of profits sustained by the Company or for which the Company may be liable to third parties as a result of failure by the Supplier to supply the Goods or perform the Services in accordance with the terms of the Order.

18. Bankruptcy

- 18.1 In the event of any distress or execution being levied against the Supplier, or any act of bankruptcy or any arrangement or composition with creditors or any offer thereof on the part of the Supplier, or of any resolution or petition for the winding up of the Supplier or the appointment of a receiver, liquidator or administrator of the Supplier or the equivalent of any of the above, the Company may either:-

- 18.1.1 cancel the Order summarily in writing without compensation to the Supplier; or
 - 18.1.2 give any such receiver, liquidator, administrator or other person the option of carrying out the Order.
- 18.2 The exercise of any of the rights granted to the Company under this condition shall not prejudice or affect any right of action or remedy which shall have accrued or shall accrue thereafter to the Company.

19 Confidentiality

- 19.1 All Orders placed by the Company are strictly confidential and the Supplier shall not publish or cause to be published any details concerning any Goods or Services supplied under any Order without the previous consent in writing of the Company.
- 19.2 Any information deriving from such Goods or Services or from any Working Materials supplied by the Company or otherwise communicated to the Supplier shall not be made use of or divulged to any third party without the prior written consent of the Company.
- 19.3 The Supplier shall ensure that its employees, sub-contractors or agents shall observe and be bound by the terms of this Condition in the same way as the Supplier.
- 19.4 The Supplier shall fully indemnify the Company against any breach of this Condition 19 whether by the Supplier, its employees, sub-contractors or agents and shall forthwith on demand return or procure the return to the Company of all Working Materials and of all other information relevant to the Goods or Services supplied to it, together with all copies of the same.

20. Gratuities

The Supplier warrants that it has not offered and will not offer or give to any employee, agent or representative of the Company any gratuity with a view towards securing business from the Company or influencing such a person with respect to the terms, conditions or performance of any contract with or order from the Company. Any breach of this warranty shall be a material breach of each and every contract between the Company and the Supplier.

21. Applicable Law

- 21.1 Unless otherwise agreed in writing by the parties, the contract arising from an Order shall be governed by English Law and for the sole benefit of the Company be subject to the non-exclusive jurisdiction of the English Courts.
- 21.2 The remedies provided herein are in addition to and not in substitution for any rights or remedies which may be available to the Company from time to time, whether express or implied, under statute, at law or in equity.

22. Waiver

The failure to exercise, or delay in exercising, a right or remedy under the contract arising from an Order shall not constitute a waiver of any rights or remedies and no single or partial exercise of any right or remedy under this contract shall prevent any further exercise of the right or remedy or the exercise of any other right or remedy.