

PAL AEROSPACE SERVICES AIRCRAFT MAINTENANCE LLC

STANDARD TERMS AND CONDITIONS

Definitions

The following terms of definitions will be used throughout this document:

“Buyer”, means PAL Aerospace Services Aircraft Maintenance LLC (PAL), registered in the United Arab Emirates, having its registered address at, Unit 703, Ali & Sons Building, Airport Rd, Rawdhat Area, Abu Dhabi, United Arab Emirates.

“Supplier” means the person, firm, or company to whom any purchase order is addressed or with whom the contract is made.

“Sub-Tier Supplier”, a business that provides materials, assemblies, subassemblies, subsystems, or services to the Supplier for PAL Aerospace orders.

These Terms and conditions are part of our standard compliance.

1. General

As a Supplier it is understood that your organisation agrees to meet the following stipulations/EN9120 /EN9110 requirements whenever a purchase order specifies that the order is for an Aerospace / military application. These requirements are, therefore, to be considered as terms and conditions to all Aerospace / military purchases.

Origin of the Goods:

The Supplier hereby certifies that the Products to be supplied under this Purchase Order are of United States of America, Canada, Australia, United Kingdom, East Asia (Philippines, Taiwan, S. Korea, Singapore, Malaysia, and Thailand), European Union, UAE, or other authorized countries certified supplier/vendor origin as testified on Suppliers commercial invoice.

This Supplier certification shall be mentioned on the dispatch note of the goods delivered to the Buyer.

2. Acceptance of Order / Terms & Conditions

Supplier’s acknowledgement, acceptance of payment, or commencement of performance shall constitute Supplier’s unqualified acceptance of the Buyer’s Terms and Conditions. Failure to meet terms and conditions of a Purchase Order may result in delayed payment of invoice, cancellation of order, return of merchandise at Supplier’s expense, or reduction in future orders. Supplier is required to use the applicable methods, processes, and equipment as designated and flow down to sub-tier Suppliers all applicable requirements of any Purchase Order, including key characteristics where required.

The Supplier shall undertake that all Products purchased under this order are brand new and at the latest standard except if approved by the Buyer. Services performed under this Purchase Order shall be at the highest quality level as per international quality standards such as ISO 9001 / 9100 or NATO AER-Q-2110 Qualification.

3. Release of Products and Services

Each delivery against an order shall be accompanied by a Certificate of Conformance with an EASA Form1, GCAA Form 1, or FAA 8130 or equivalent (when available) that shall identify:

- a) Our purchase order and item number
- b) The description, drawing/part number and specification with issue status.
- c) Any purchaser agreed deviations.
- d) Batch/lot numbers
- e) Each Certificate of Conformance shall be signed by your quality representative.
- f) Each Certificate of Conformance (CoC) must reference the standard it has been released to as applicable (EN 9001, EN9100 series or regulatory approval number as applicable)

Failure to comply may result in rejection.

- 4. Any Special Processes required by a purchase order must be performed by suitably qualified personnel.
- 5. Supplier shall immediately notify the Buyer of any change request that affects any aspect of the current Purchase Order including, but not limited to existing terms and conditions, costs, items ordered, specifications on the items ordered, or schedule of delivery. Only the individual raising the Purchase order for the Buyer has the authority to make a change to the Purchase Order via a formal change order.
All articles ordered to PAL specifications shall comply with Specification, Revision Control, Part Substitution as of the purchase order unless otherwise specified by the PAL. Part substitution is not authorized without PAL Aerospace's prior written consent, including part number, description and drawing revision, where applicable.
- 6. The Buyer reserves the right to review and approve the Supplier's Quality Management System if service or product issues arise.
- 7. Work in progress and/or end items may be inspected at your works by the Buyer and/or our customer, Quality Assurance representative or regulatory authority for compliance with drawings and specifications. Final acceptance shall be by the Buyer.
- 8. Any special processing covered by the Purchase order must use and record a system for validating the process.
- 9. All suppliers should target zero defects in products and services provided to the Buyer and the supplier should when asked, provide the statistical measurement information of on time delivery and product conformity to the Buyer.
- 10. All suppliers shall work within a quality management system. Accreditation to an AS/EN 9100 series standard is preferred but not essential.

11. The Buyer reserves the right to nominate either at its own discretion or that of its customer to nominate external providers.
12. The supplier must notify the buyer of changes in product and/or process, changes of suppliers, and changes of manufacturing or maintenance or repair facilities. The supplier must not select an unapproved supplier without written acceptance from the buyer. PAL may at any time by written order make changes or additions within the general scope of this purchase order in or to drawings, designs, specifications, and instructions for work, methods of shipment or packing, or place of delivery.

If any such change causes an increase or decrease in the cost of or the time required for performance of this purchase order, Supplier shall notify PAL in writing immediately and an appropriate equitable adjustment will be made in the price or time of performance, or both, by written modification within fifteen days after Supplier's receipt of notice of the change or within such other period as may be agreed to in writing by the Parties. Nothing herein shall excuse Supplier from proceeding with the purchase order as changed.

PAL may at any time by written order make changes or additions within the general scope of this purchase order in or to drawings, designs, specifications, and instructions for work, methods of shipment or packing, or place of delivery. If any such change causes an increase or decrease in the cost of or the time required for performance of this purchase order, Supplier shall notify PAL in writing immediately and an appropriate equitable adjustment will be made in the price or time of performance, or both, by written modification within fifteen days after Supplier's receipt of notice of the change or within such other period as may be agreed to in writing by the Parties. Nothing herein shall excuse Supplier from proceeding with the purchase order as changed.

Changes to Product or Process by Supplier: Changes to design, materials, processes, or manufacturing location shall not be implemented without written approval by PAL. Written notification is required for any significant changes to Supplier's Quality Management System (QMS) on record at the time of approval, Certification Status, Management location or ownership. The Supplier's system shall assure that the latest applicable drawings, specifications, technical requirements, purchase order information, and changes thereto will be available at the time and place of Supplier's acceptance of material. All changes shall be processed in a manner which will assure incorporation on the affected supplies at specified affectivity points.

Part Obsolescence: The Supplier will immediately notify PAL in writing of any material or component(s) used in the fabrication or assembly of products supplied to PAL. A timetable of obsolescence as well as any recommended substitution or other solution to address the obsolescence should also be included in the notification if known.

13. The buyer shall obtain the suppliers approval for nonconforming product disposition.

14. Counterfeit Goods Prevention, supplier agrees and shall ensure that Counterfeit Goods are not contained in Goods delivered to the buyer through the implementation of policies that include prevention, detection, and risk mitigation methods to protect against the use of Counterfeit Parts. Supplier shall purchase parts directly from the Original Equipment Manufacturer (OEM) or with traceability back to the OEM. A certificate of conformance shall accompany each shipment of Goods delivered. When requested by the buyer, the Supplier shall provide Authorised Supplier documentation that authenticates traceability of the parts to the applicable Authorised Supplier. In the event Supplier becomes aware or suspects that it has furnished Counterfeit Parts, it shall immediately notify the Buyer. If Goods delivered under the purchase order are, or include, Counterfeit Parts, Supplier shall promptly investigate, analyze, and report in writing to Buyer whether such Counterfeit Parts should be replaced with genuine parts conforming to the requirements of this Order, or whether an alternative solution is recommended to meet the Order requirements at Supplier's sole expense.

The parties shall then agree upon the appropriate course of action. Furthermore, the supplier is required to notify the Buyer of any changes to a product and/or process and to obtain approval from the Quality Manager or a Director before delivery will be accepted.

15. Flow down to external providers, applicable requirements including customer requirements; The EN9120 /EN9110 Standard requires that all applicable customer/regulatory/EN9120/EN9110 requirements in this purchase order including key characteristics, where applicable, must be flowed down to sub tier suppliers. Flow-down of Requirements (Sub-Tier Supplier): Where critical processes, characteristics, or features are performed outside the Supplier's facility, the Supplier is responsible for ensuring Sub-Suppliers have an adequate Quality Management System and flow-down of applicable material, processes and testing requirements as defined by PAL Aerospace and/or their customer.

16. Records related to supplies against the purchase order are to be retained by the supplier and made available on request for verification. Suppliers must maintain all quality records for a minimum of 10 years unless otherwise stated. Where documents are held by the supplier then these shall be retained as part of their document retention procedure or as specified by contract. The Supplier shall maintain adequate records of production, inspections, tests, material certifications and all relevant quality records that provide evidence of conformity to contract requirements and have these records be available for review by PAL for a minimum of ten (10) years from completion of the purchase order contract.

17. PAL reserve the right of access of our representatives, our customers, and any regulatory authorities to applicable areas of all facilities, at any level of supply chain involved in the order and to all applicable records.

18. Ensure that employees and subcontractors are aware of their contribution to product or service conformity and safety together with the importance of ethical behavior.

19. All Products shall be supplied in accordance with the Purchase order and any technical data requirements specified.

20. Termination: Without limiting PAL's rights to cancel this order for default of Supplier by;

- a) failing to deliver within the specified time.
- b) failing to comply with the contract.

PAL may terminate all or any part of the work under this order and process claims therefore for its inconvenience in accordance with the provisions set forth in current Federal procurement regulations. Supplier shall submit a claim for equitable adjustment within 30 days of receipt of termination notice.

21. Delivery shall be strictly in accordance with the mutually agreed delivery schedule set out or referred to in this order. If Supplier's delivery shall fail to meet schedule, PAL, without limiting its other rights or remedies, may direct expedited routing, and any excess cost incurred thereby shall be debited to Supplier's account.

Unless otherwise stated on the relevant PO, the Delivery Point for Products and Services shall be DAP the BUYER's Premises.

Products ordered through this Purchase Order shall be delivered within the lead-time mentioned in the Required Date Column or Need Date:

DAP Delivery (Supplies)

The Supplier shall notify the Buyer by E-mail of the expected date of arrival of the Supplies in the Buyer's country fourteen (14) Days in advance.

The actual arrival date of the Supplies in the Buyers Premises shall be confirmed by E-mail to the Buyer with a three (3) Days prior notice with copy of the shipping document.

The corresponding Supplies shall be delivered in Buyer Premises where the Buyer has thirty (30) Days to inspect them.

22. Shipping Instructions, in accordance with the carrier's tariffs to obtain the lowest applicable freight rate. Do not insure or declare value on shipments unless required. When a shipment is subject to freight rates dependent upon value, annotate the airway bill to show that the shipment is released at the maximum value, which applies to the lowest freight rate provided in the applicable tariffs. Consolidate all shipments to be forwarded on one day. Articles furnished more than the quantity specified or in excess of any agreed upon overage will be retained by PAL at no additional cost unless Supplier notifies PAL before forty-five (45) days after shipment that it desires the return thereof. Supplier shall reimburse PAL for the full cost of returning such over-shipment or a minimum charge of US\$50.00; whichever is higher. No notification will be given to Supplier of any over-shipment unless the value thereof exceeds US\$100.00. No extra charge for packaging shall be allowed unless specifically noted herein. Goods shall be packaged to ensure safe arrival at destination. The container within which the shipping documentation, certifications, test data, and inspection data shall be clearly marked. PAL's order numbers and symbols, and identification numbers must be plainly marked on all invoices, packages, airway bill, packing lists, and shipping orders. Certificates as defined in AC 571-024 requirements must accompany the shipment certifying that the articles listed comply to the contract, drawing, specifications and other applicable documents. The Certificate must be validated by an authorized quality representative and include Purchase Order number, part numbers & revisions, quantity, and batch numbers as applicable, shipped in new packaging.

- 23. Hazardous Materials** shall be properly identified and included on the Material Safety Data Sheet submitted under this contract. Supplier shall supply PAL Aerospace warning labels and instructional materials appropriate to warn persons that come in contact with the material of the hazard and its effects.
- 24. Electrostatic Discharge Damage (ESD) Protection:** Components and assemblies that are susceptible to electrostatic discharge damage shall be handled and packaged to prevent ESD damage. All units which contain ESD sensitive devices shall be wrapped in a static shielding barrier in direct contact with and fully surrounding the unit. Containers shall be marked as containing ESD devices.
- 25. Calibration:** A system for the control and maintenance of measuring and test equipment in accordance with N.I.S.T. or equivalent shall be implemented and maintained. The Calibration System shall be documented, accountable, traceable, and provide for initial and re- calibration during the life of the equipment to traceability to National or International Standards.
- 26. Segregation of Lots:** The Supplier will not co-mingle different date codes or production lots, nor combine resubmitted parts with new production parts. Parts may be submitted in one shipment provided the different lots are identified and segregated when transporting time and temperature sensitive product a report recorder must be provided.
- 27. Control and Identification of Items with Limited Shelf Life:** Items with limited shelf life shall be marked on the item, package, or container with the manufactured date, storage temperature, special handling requirements, and expiration date of the items. All identification markings shall be placed in accordance with applicable specifications. Items which have less than 90% shelf life from manufacturing date remaining will not be delivered or accepted without prior approval.
- 28. Nonconforming Material:** The Supplier shall not ship or perform material review action on nonconforming material with the intent of delivering nonconforming material without written authorization from PAL. PAL reserves the right to reject nonconforming products. Furthermore, the supplier shall notify PAL if a product or article has been released and subsequently found not to conform to the applicable design data within 24 hours.
- 29. Inspection:** The Supplier shall perform 100% inspection or sampling as appropriate for workmanship, damage, foreign material, plating/finishing anomalies, and other visible defects prior to delivery to PAL. When suppliers use sampling inspection as a means of product acceptance, the sampling plan shall be justified based on recognized statistical principles and appropriate for use. Inspection/test which cannot be readily examined in the completed products must be performed at the appropriate in-process stages of manufacturing. Adequate records of inspection/test must be maintained by the supplier.

- 30. Traceability:** The supplier is required to provide traceability for all production assemblies and manufactured parts for use in production delivered to PAL and all such assemblies and parts must be controlled and uniquely identified of its components. Serial numbers, batch numbers, manufacture history and delivery data must be suitably recorded with all data to support traceability. All parts must be in new condition with full trace to the manufacturer. New surplus parts are not allowed unless clearly stated on the purchase order.
- 31. Warranty:** Supplier warrants that all articles, material, and work furnished hereunder will be free from defect in material and workmanship and will conform to applicable specifications, drawings, samples and/or descriptions furnished by PAL. The warranties of Supplier shall run to PAL and/or its customers for one (1) year from the date of delivery. PAL shall provide written notification of any defect discovered within sixty (60) days of delivery of such Product. Supplier's only obligation and PAL's sole remedy under this warranty shall be limited to the repair or replacement of the nonconforming warranted product, or any part thereof, solely at the option of PAL.
- 32. Price Warranty:** Supplier warrants that the price charged for the supplies/services specified in this order are equal or better than the selling price(s) that Supplier charges its most favored customer for the same or similar items, whether sold to the Government or to any other purchaser taking in account the quantity purchased and the terms and conditions of sale for a substantially similar quality and quantity of parts.
- 33. Taxes:** Supplier shall list separately on its invoice any such taxes and shall make appropriate adjustments to afford PAL the benefit of any refund or reduction in such taxes.
- 34. Payment:** The total compensation for the Work and Goods, as applicable, are set out in this Purchase Order. The compensation as set out in this Purchase Order shall be inclusive of all expenses incurred by Supplier, and of all fees for any subcontractors or suppliers engaged by Supplier in relation to this Purchase Order. Supplier shall ensure timely payment of all such subcontractors and suppliers. Upon satisfactory completion of the performance of this Purchase Order by Supplier, Supplier shall deliver to PAL an invoice setting out on the Purchase Order number, the outstanding balance owed, and the calculation of the entire compensation and applicable payments and credits. PAL may withhold or set off against any payment due to Supplier any charge, liability or indebtedness owed by Supplier to PAL or which under this Purchase Order is to be paid by or charged to Supplier. PAL may, as a condition of making final payment due to Supplier, require Supplier to execute and deliver a full and final release and discharge in favor of PAL, as requested.
- 35. Setoff:** PAL shall have the right at all times to set-off any confirmed and accepted amounts due or payable to Supplier hereunder against any claim or charge PAL Aerospace may have against Supplier
- 36. Right of Entry:** PAL hereby reserves the right of entry to the Supplier's and Sub- Supplier's facilities for the purpose of reviewing procedures and/or inspection of purchased item(s). This Right of Entry shall extend to PAL Aerospace's customers, Government, or other regulatory agencies. Adequate notification to the Supplier shall be provided in advance of the visit.

- 37. Indemnification:** To the extent that either Party's agents, employees, or subcontractors enter upon premises occupied by or under the control of the other Party, or any of its customers, or suppliers, in the course of the performance of this purchase order, such Party shall take all necessary precautions to prevent the occurrence of any injury (including causing death) of any persons, or of any damage to any property, arising out of acts or omissions of such agents, employees, or subcontractors; and, except to the extent that any such injury or damage is due directly and solely to the other Party's negligence. Either Party shall indemnify defend, and hold the other Party, it's officers, employees, and agents, harmless from any and all costs, losses, expense, damages, claims, suit, or any liability whatsoever, including attorney's fees, arising out of any or omission of such Party, it's agents, employees, or subcontractors.
- 38. Proprietary Drawings and Data:** Supplier shall keep confidential all information, drawings, specifications, or data and return; and upon request, furnished all documents requested by PAL. Supplier shall not divulge or use such information, drawings, specifications, or data for the benefit of any other party. Except as required for the efficient performance of this purchase order or make copies or permit copies to be made without the prior written consent of PAL. Supplier shall thereafter make no further use, whether directly or indirectly, of any such data or any information derived there from without written consent. The obligations of this clause shall survive the completion, cancellation, or termination of this purchase order.
- 39. Special Tooling:** Dies, tools and patterns specially developed for and used in the manufacture of the articles herein ordered shall be furnished by and at the expense of Supplier and shall be kept in good condition and; when necessary, shall be replaced by Supplier without expense to PAL Aerospace. PAL Aerospace may at any time become the owner and entitled to possession of any or all such special tooling acquired or manufactured specially for use in the performance of this order if any portion of the cost of such special tooling is separately stated or included in the price of articles, material or work covered by this order upon Supplier being reimbursed the unpaid amount of Supplier's cost of such special tooling.
- 40. Hold Harmless:** To the fullest extent permitted by law, Supplier shall indemnify and hold harmless PAL and its agents, directors, shareholders and employees, from and against any and all claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from performance of work, provided that such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property, but only to the extent caused by the negligent acts or omissions of Supplier, anyone directly or indirectly employed by them or anyone whose acts they may be liable, regardless of whether or not such claim, damage, loss or expense is caused in part by a party indemnified hereunder.

41. Security and Confidentiality:

This Purchase Order is confidential between the Parties and shall not without the prior written consent of the other party, be disclosed by either Party in whole or in part except in so far as may be necessary for either Party to carry out its obligations under this order

Supplier shall hold confidential all technical data and information supplied by or on behalf of Buyer whether security classified or not and shall not reproduce any such technical data or information or divulge the same to any third party without the prior written consent of the other Party.

Supplier shall accord to any data or information which bears Buyer's country security classification the equivalent degree of security protection given to such matter.

The Supplier, its agents, subcontractors and employees undertakes for any reason or by any means, not to disclose, divulge, make known or handover any information, news, pictures, drawings, designs, maps, coordinates or any matters related to the contractual terms and related military or civil locations, without prior written consent of the Buyer.

In case the Supplier, its agents, subcontractors and employees fail to comply with above, a committee of BUYER's experts will decide the damages resulted by the failure of the SUPPLIER and estimate the compensation without prejudice to criminal responsibility.

The Supplier and its specialists undertake to maintain confidential to the UAE adhoc security information which come to their knowledge during the performance of their duties.

The completion or cancellation of this Purchase Order will not release the Supplier from its respective obligations under this Article.