

## GENERAL PURCHASING TERMS AND CONDITIONS

**These Terms and Conditions are an integral part of a Purchase Order which has been transmitted by the Purchaser to the Supplier for acceptance by the Supplier which acceptance shall be made in accordance with these Terms and Conditions.**

The purpose of these General Purchasing Conditions is to set forth the contractual relationship between the Supplier and the Purchaser within the framework of the Supply Orders. They may be completed, clarified, or amended by special terms and conditions within the framework of a document negotiated and signed by the Supplier and the Purchaser. They may also be completed by Specifications.

The relationship between the Purchaser and the Supplier related to the Supply is governed by the following contractual documents, listed in order of decreasing priority:

- The Order;
- If applicable, the contract or the special terms and conditions of purchase;
- The General Purchasing Conditions;
- The Specifications.

It is however agreed that the Order must be performed in accordance with the provisions of the agreements concluded between the Parties, unless otherwise agreed in writing.

In the event of contradiction between two documents with a different ranking, the document with the higher ranking shall prevail.

### 1. PRICES

1.1 The agreed prices are fixed prices and exclude subsequent claims or price increases of any kind.

1.2 Deliveries are made DDP, INCOTERMS 2010, unless agreed otherwise

### 2. PAYMENT TERMS

2.1 Invoices of the Supplier shall be submitted in duplicate and shall contain all information required in the order for each delivery.

2.2 Subject to invoice verification, the Purchaser will effect payments by electronic bank transfer to the Supplier's bank account as notified to the Purchaser. The Purchaser will make payments only for those Deliveries and Services which are delivered / performed in accordance with the terms of the order.

2.3 Unless explicitly indicated otherwise, the payment term will be 45 calendar days after delivery of the Goods conditional upon receipt of a correct invoice complying with the invoicing instructions and on Aerostar not having sent a notice of Non-conformity. Payment does not constitute acceptance of the Goods. In the event of delivery and invoicing of Goods before the agreed delivery date, the payment term shall commence as originally agreed. Any dispute regarding an Order does not entitle the Supplier to suspend delivery or performance of its other obligations. Aerostar is entitled to set-off or compensate any claim Aerostar may have under an Order or any other contract on the Supplier against any amount due by Aerostar to Supplier.

### 3. DELIVERY/ACCEPTANCE, PLACE OF FULFILLMENT

3.1 Agreed delivery and performance dates and deadlines are binding. Advance Deliveries and performances as well as Deliveries and performances after the agreed delivery date are permitted only with the consent of the Purchaser.

3.2 Relevant for the timeliness of Deliveries and performances is the receipt at the receiving place specified by the Purchaser. The Supplier shall notify the Purchaser without undue delay, if and as soon as it becomes apparent that he will be unable to meet the delivery or, as the case may be, the performance date. The acceptance of a late delivery or service by the Purchaser does not contain any waiver of compensation claims.

3.3 If - in the event of delay - the Supplier cannot prove that he is not responsible for the delay, the Purchaser may charge a penalty in respect of each commenced working day of delay amounting to 0.05 % but not exceeding a total of 5% of the total value of the contract. In the event that the appropriate reservation of rights is not made at the time of acceptance of delivery, Services or rectification, this penalty may be claimed up until the date of final payment. The Purchaser shall be entitled to charge the penalty in addition to performance. Further rights and claims shall be reserved herewith.

3.4 The Purchaser is not obliged to accept partial Deliveries or Services. In the case of agreed partial Deliveries, the remaining quantity still to be delivered shall be stated in the delivery note.

3.5 Place of fulfillment for the Supplier's Deliveries or Services is the receiving place specified in the order. If no receiving place is specified and it cannot be derived from the nature of the obligatory relationship either, the branch office of the Purchaser as per the order or, in lack thereof, the company seat of the Purchaser shall be deemed place of fulfillment.

### 4. SHIPMENT, TRANSFER OF RISK, EXPORT CONTROL, OFFSET PROVISIONS

4.1 The Supplier shall package, ship, and insure the Deliveries properly and comply with all relevant packaging and shipment provisions. The Supplier shall be liable for all damages, which the Purchaser suffers because of the improper or insufficient packaging, shipping, or insurance.

4.2 Shipping papers such as e.g. delivery notes and packing slips shall be included with the Deliveries. All documents shall state the INCOTERMS, customs commodity code number, country of origin, order numbers and the identification required by the Purchaser for the order. No later than on the day of shipping, a shipping notice shall be sent to the Purchaser in advance by fax or e-mail.

4.3 Additional costs, which the Purchaser incurs as a consequence of non-compliance with the above rules, shall be borne by the Supplier.

4.4 In the case of Deliveries without installation or assembly, the risk passes when the goods are received at the receiving place specified by the Purchaser. In the case of Deliveries with installation or assembly, risk passes upon acceptance to be carried out at the place of assembly.

## 5. RISK OF THE PURCHASING IN CASE OF DEFECTS

5.1 The Supplier shall be responsible for defects of the Deliveries under a purchase agreement or a contract to produce a work for a period of three years from the transfer of risk.

5.2 The Purchaser will notify the Supplier in writing without undue delay about any defects as soon as these are determined during the ordinary course of business. Insofar, the Supplier waives the objection of late complaint of defects.

5.3 The Purchaser shall be entitled to the statutory claims for defects without restrictions. The Purchaser shall have the right, at its option, to demand from the Supplier to rectify the defect or deliver an item free of defect or, as the case may be, the production of a new work. The right to claim damages, particularly the right to claim damages instead of performance, shall remain explicitly reserved.

5.4 In addition to the statutory claims, the Purchaser may in the case of a defect, after the fruitless expiration of a reasonable period set by the Purchaser for subsequent performance, rectify the defect itself and demand reimbursement of the necessary expenses. The Purchaser may demand advance payment from the Supplier for the expenses required to rectify the defect.

## 6. QUALITY AND SAFETY, ACCESS RIGHT

6.1 The Supplier shall make no change to the form, function, technical specification and aspect of the ordered goods without buyer's prior written approval. The Supplier must inform about all changes in products. The Supplier shall comply with the recognized rules of technology, the safety regulations and the agreed technical data and standards. He shall furthermore advise the Purchaser about any special, not generally known handling and disposal requirements and shall provide for each delivered good a manufacturer's certificate or certificate of conformity (CE) within the meaning of the applicable Directives of the European Union or other statutory provisions.

Changes of the Deliveries and Services require the prior written consent of the Purchaser. The manner and nature of the cooperation on the quality sector, such as e.g. first sampling and documentation, is set forth in the respective product specification.

6.2 Employees authorized by the Purchaser and the representatives of public authorities or their delegates have access to all business premises at all times during regular business hours in which work is carried out for the Purchaser, irrespective of whether these are business premises of the Supplier or of his subcontractors, and may inspect all applicable and order-related documents for auditing purposes or to verify legal requirements. These access rights during visits shall particularly be granted to all persons authorized by the Purchaser, who are responsible for monitoring progress of the work commissioned by the Purchaser from the Supplier and for related audits, examinations, or for the qualification of the Supplier.

6.3 The representatives of customers of the Purchaser shall have access to all business premises at all times during regular business hours, where work is carried out for the Purchaser, if the Purchaser has consented.

6.4. The provider of the Purchase Order shall forward to the subcontractors all the applicable requirements by means of purchase documents, including any product related key featured (that affect the assembly, shape, operation, performance, life time, capacity to be manufactured, etc.) whenever it is necessary.

## 7. PRODUCTS LIABILITY, INFRINGEMENT OF RIGHTS OF THIRD PARTIES

7.1 The Supplier shall meticulously examine its Deliveries for defects and undertakes to do everything feasible in order to avoid any product liability. If the Purchaser is held responsible by a third party because of the defectiveness of a product and if the defectiveness is due entirely or in part to a defect of the Supplier's delivery, the Purchaser may instead of compensation of all losses also demand indemnification vis-a-vis the third party. The Supplier's obligation to pay damages shall also include the costs of a precautionary recall measure in order to prevent damage, if this is appropriate.

7.2 The Supplier shall indemnify the Purchaser against any liability based on claims that the Deliveries and Services of the Supplier intentionally or negligently infringe any third-party rights. In this case, the Supplier shall indemnify and hold harmless the Purchaser on first written demand from all cost, expenses and payment obligations arising from the infringement. The Purchaser shall refrain from concluding any agreements with the third party related to the infringement, in particular from any settlement agreement, without the Supplier's prior approval.

## 8. EMPLOYEE PROTECTION, ENVIRONMENT AND HAZARDOUS MATERIALS

8.1 The Purchaser has been certified in accordance with the international standards DIN EN ISO 14001 and BS OHSAS 18001. Bound by orders of its customers, the Purchaser is obliged to observe the terms and conditions of these standards. The Supplier shall comply with the relevant provisions concerning employee protection, environment and hazardous materials as well as on request of the Purchaser with the provisions of the standards mentioned above. The environmental goals and the environmental policy of the Purchaser are available on request.

8.2 The Supplier shall fulfill at any time all requirements according to applicable national and European law, especially but not limited to Regulation No. 1907/2006 („REACH“). The Supplier shall especially fulfill all duties imposed upon him regarding the market access requirements and the marketability, including any necessary registration as well as compliance with all duties to inform with regard to delivered substances, preparations/mixtures and/or articles as well as their packaging. Where necessary the Supplier shall fulfill the requirements by appointing an Only Representative according to Article 8 REACH. Even without any specific request the Supplier shall provide all information which the Purchaser needs to receive in order to use the Deliveries by the Supplier according, especially but not limited to information according to Articles 31 to 33 (incl.) REACH. Complete and correct provision of information shall be a prerequisite for proper Deliveries. In case of failure to fulfill these information duties the Deliveries are considered as defective.

8.3 A current version of the safety data sheet in accordance with the EU Commission Regulation 1907/2006/EEC (“REACH Regulation”) and the Directive 67/548/EEC (“Dangerous Substances Directive”) in the Romanian and English language shall be included with each delivery.

## 9. INSURANCE

9.1 The Supplier shall conclude and maintain with insurers of recognized reputation and security adequate insurance policies to cover its liabilities under the purchase orders issued by the Purchaser. At a minimum, Supplier shall maintain a General Third Party liability Insurance for an amount of no less than 5.000.000 (five million) EUR

per occurrence and in the yearly aggregate. The Supplier shall also conclude and maintain Product Liability Insurance.

The limit of coverage of such insurance shall be not less than 5.000.000 (five million) EUR per occurrence and 10.000.000 (ten million) EUR in the yearly aggregate.

9.2 The Supplier shall provide certificates of such insurance on request of the Purchaser at any time.

## 10. TRANSFER OF TITLE

Title shall pass to the Company when the first payment is made as stated in the Order. Retention of the title clauses not expressly agreed by the Company in a separate agreement shall be invalid.

## 11. TERMINATION/CANCELLATION

11.1 Notwithstanding any other provision in the Purchase Order, Buyer may terminate the Purchase Order in whole or in part at any time by giving notice in writing to Seller, which termination shall be effective upon receipt of Buyer's notice by the Supplier, which in the case of notice by telefacsimile shall be deemed to have occurred upon the transmission thereof as evidenced by the Purchaser's written record of transmission, and in the case of notice by registered mail shall be deemed to have occurred two (2) business days from the date of mailing. In the event of termination under this Article 11, Seller will immediately stop performance of the Purchase Order including any parts being performed under sub-orders and, at Buyer's option, assign all outstanding sub-orders to Buyer. Buyer shall have the right to receive upon demand all documentation, the equipment and other items associated with the purchase order in their then current state of completion and Seller shall take all steps necessary so that such receipt by Buyer occurs in a timely manner. Buyer will not be liable for any work done or expenses incurred by Seller after the effective date of termination, unless such work or expenses are authorized in advance by Buyer in writing. In the event of termination under this article, subject to Section 11.1, Buyer will pay Seller for all portions of the equipment completed in accordance with the Purchase Order as of the effective date of termination and shall reimburse Seller for its costs reasonably incurred by Seller in connection with work in progress at the effective date of termination as well as any other costs reasonably incurred by Seller directly in connection with the prompt termination of performance to the extent Seller can provide to Buyer written substantiation of such costs. However, under no circumstances shall the total of the sums payable by Buyer to Seller under the Purchase Order exceed the price.

## 12. ADDITIONAL RIGHTS ON TERMINATION FOR CONVENIENCE

12.1 If on termination of this Purchase Order for convenience, Seller has in its possession any completed portions of the equipment Buyer shall elect either to take delivery thereof and pay Seller a proportionate part of the price, or not to take delivery and pay Seller the difference (if any) between the market value thereof and the said proportion of the price at the date of termination.

12.2 If, on termination of this Purchase Order for convenience, Seller has in its possession any raw material or part-finished goods, Buyer shall elect either to require Seller to complete and deliver the same to Buyer and pay Seller a proportionate part of the price, or require Seller not to complete and deliver, and pay Seller a proportionate part of the price in respect of work properly completed less the market value thereof at the date of termination.

12.3 If, on termination of this Purchase Order for convenience, Seller has placed firm orders for any goods which are not in its possession, Buyer shall elect either to take assignment of Seller's rights and obligations under such orders or pay the cost, if any, of discharging Seller's obligations there under. Seller shall keep these costs to a minimum.

12.4 Seller shall include in all subcontracts and sub-orders a termination for convenience provision substantially the same as that contained in the Purchase Order.

### 13. REMEDIES

13.1 The remedies herein reserved to Buyer shall be cumulative, and additional to any other or further remedies provided in law or at equity. No waiver of a breach of any of the provisions of this contract shall constitute a waiver of any other breach, or of such provision.

### 14. WARRANTY AND COMPLIANCE

The Supplier warrants that the Goods:

- shall be complete, in good order, new, and free from defects in design, workmanship and material; and
- shall meet, in all aspects, without limitation the requirements and specifications stipulated and referred to in the Order including any changes and/or additions thereto; and
- shall conform to all applicable laws and regulations, including but not limited to environmental and safety regulations and those of civil aviation authorities and/or military supervisors; and
- shall not infringe on patents or other intellectual and industrial property rights or other rights of third parties.

### 15. WARRANTY CONTENT/TERM

If within 36 months after acceptance of the Goods by AEROSTAR – in the event of infringement or alleged infringement of patents or other intellectual and industrial property rights or other rights of third parties: at any time – AEROSTAR determines that the Goods no longer meet one or more of the warranties as stipulated in article 15 ('Warranty') is defined as a 'Defect', AEROSTAR will notify the Supplier of this in writing and the Supplier shall, without further costs to AEROSTAR, immediately replace or repair the Goods or acquire a transferable right of use for AEROSTAR and AEROSTAR's Customers or otherwise remedy the Defect, at AEROSTAR's discretion. If the Supplier fails to comply with this obligation The Purchaser has the right, without a requirement for further notice of default, to remedy the Defect at the expense of the Supplier. If 3 or more similar Defects occur in comparable Goods, AEROSTAR has the right to demand free of charge replacement or repair or remedy as stipulated previously in this article, of Goods that have already been delivered or are still to be delivered, even if the Defect has not yet occurred in those Goods.

The Supplier is liable for all costs and damages incurred by AEROSTAR and its Customer resulting from a Defect such as but not limited to installation, removal, (dis)assembly, testing, transport costs. At the discretion of AEROSTAR these costs and damages may be deducted from any amount due and payable by AEROSTAR to the Supplier or invoiced separately by AEROSTAR to the Supplier. Neither this article 15 nor any other article in these Terms and Conditions of Purchase excludes or limits the Supplier's liability at law.

## 16. DISPUTES AND APPLICABLE LAW

16.1. The Purchaser and the Supplier will make every effort to solve amicably, by direct negotiations, any disagreement or dispute which may arise between them under or in connection with the performance of the present agreement.

16.2. If, within 20 days of the start of these negotiations, the Parties are unable to amicably resolve a contractual disagreement, each may require that the dispute should be settled by the Romanian Courts, after Romanian laws.

16.3. The place of dispute will take place at the Bucharest Court. The proceedings will be confidential and the language of the dispute will be Romanian.

16.4. The language that governs these Terms and Conditions is English.