

## **MEGGITT GLOBAL STANDARD PURCHASING CONDITIONS**

### **1. Definitions**

In these conditions 'Buyer' means the Meggitt company that places the order (acting where relevant through a business division). 'Seller' means the person or entity with whom this order is placed. 'Goods' shall mean all deliverable goods, items, parts, products, materials or services described in this order.

### **2. Orders Authorisation and Conditions of Order**

The Buyer shall not be liable in respect of any orders other than those issued or confirmed on its official forms or approved by Buyer on its electronic ordering system. The conditions set out herein shall be the conditions of the contract. No written or printed terms inconsistent herewith or additional hereto shall be binding upon the Buyer unless expressly accepted in writing by one of its authorised officials and unless so accepted in writing delivery of the Goods shall be deemed to be an unconditional acceptance of this order. The Seller's terms and conditions will not apply to any order.

### **3. Specifications and markings**

- (a) The Goods must be supplied exactly in accordance with this order and any specification, drawing, process instruction or procedure defined therein. No variation from the requirements shall be permitted without the Buyer's written authority.
- (b) No marking not authorised by the Buyer shall appear on any part of the Goods, except, for standard products of the Seller, the manufacturer's name, address and reference number, the date of manufacture, safety information and any other information relating to the function of the Goods usually incorporated by the manufacturer or information required under the laws governing the Seller or the manufacturer.

### **4. Price**

The price payable for the Goods, including taxes, if applicable, will be the price set out in the order. Unless otherwise expressly agreed, the contract price will be a fixed price and will include the cost and risk of delivery to the Buyer's premises.

### **5. Payment Terms**

- (a) Unless otherwise agreed payment of the price will be made 60 days following the end of the month when the official tax invoice is delivered to the Buyer. The invoice in duplicate must be forwarded to the Financial Accounts Department of the Buyer at the postal address on the order, unless otherwise stated, before Buyer makes the payment.
- (b) The Buyer may withhold payment of any amount due to Seller if Buyer asserts any credit, set-off or counterclaim against Seller.

### **6. Buyer Property**

- (a) All materials, patterns, dies, jigs, fixtures and tooling together with any specifications, drawings, process sheets and the like or any other property or intellectual property whatsoever supplied to the Seller by the Buyer or to the Buyer's order, or procured or developed by the Seller specifically for the supply of Goods to the Buyer, shall be and remain the property of the Buyer and must not, without the Buyer's written consent, be used for or in connection with the production of any Goods whatsoever other than the Goods ordered by the Buyer. The Seller shall ensure that such items are always identified as the property of the Buyer and must be returned to the Buyer immediately on demand.
- (b) **Insurance**  
All the Buyer's property including that mentioned in condition 6(a) hereof together with materials and components provided free of charge by the Buyer in connection with this order must be insured by the Seller to its full replacement value against all risks until it has been received back by the Buyer or used or forwarded in accordance with its instructions.

### **7. Development Work**

If any work or the production of any Goods involves development which is funded in whole or in part by the Buyer then all rights in the development and in the results thereof will vest in the Buyer. The Seller shall execute or procure the execution of all documents as the Buyer may reasonably require in order to transfer the full benefit of any such rights.

### **8. Patent Rights etc.**

If the supply or use of any Goods under this order (other than any such Goods or things manufactured by the Seller in accordance with designs supplied by the Buyer) shall be held to constitute an infringement or an alleged infringement of any third party patent, copyright, registered design or trademark, the Buyer or any person at any time in possession of such Goods shall be indemnified by the Seller against all damages, costs, losses, charges or expenses incurred as a result of such infringement or alleged infringement and the Seller

will further, if required by the Buyer, conduct any legal proceedings which may be necessary to protect the Buyer at the Seller's risk and expense.

**9. Indemnities**

The Seller shall indemnify and hold harmless the Buyer from any loss, damage and expense, including all legal fees, incurred or sustained by the Buyer which is caused by or arises as a result of any defects in the Goods or by reason of the negligence of the Seller or the failure of the Seller to conform to the terms of this order or applicable statutory duty or regulation. Seller shall have in place general liability insurance and employer's liability insurance for amounts acceptable to the Buyer, and shall provide evidence of such insurance on request.

**10. Publicity**

All orders placed by the Buyer are strictly confidential. The Seller must not publish or cause to be published by any means whatsoever any details concerning the Goods which are the subject of this order without the Buyer's previous consent in writing.

**11. Confidentiality**

- (a) All information of the Buyer or its customers which is or may be disclosed to the Seller in the course of carrying out this order shall be treated by the Seller as strictly confidential and shall not without the prior written consent of the Buyer be disclosed to any third party or parties nor be used or copied for any purpose(s) other than for the execution of this order. The provisions of this condition do not apply to information which is or comes into the public domain otherwise than through a breach of this condition.
- (b) If this order requires or permits the entry by the Seller or its permitted or approved sub-contractor onto the Buyer's premises it is a condition of this order that the Seller and any sub-contractor and their employees shall treat as strictly confidential any technical or commercial know-how processes, specifications or other information which shall come into its knowledge in the course of such entry and any such technical or manufacturing know-how processes, specifications and other information shall not be disclosed to any third party without the Buyer's previous consent in writing. The Seller shall obtain from any such sub-contractor an undertaking in the terms of this condition.

**12. Sub-Contracting, etc.**

- (a) The Seller shall not without the Buyer's consent in writing assign or sub-contract this order or any part thereof other than for materials or for any part of the Goods of which the makers are named in the order or specification. Any such consent shall not relieve the Seller of any of his obligations under the contract.
- (b) No third party shall have the right to enforce any provision of this contract.

**13. (a) Time for Delivery and Extensions**

Time shall be of the essence of this contract. The Goods shall be delivered at the time specified in the order. Goods may not be delivered more than 5 days early. If as a result of any event outside the Seller's control the Seller is unable to deliver the Goods within the specified time then provided that the Seller shall have given notice in writing without delay of such event and his intention to claim an extension of time, the Buyer may grant the Seller such extension as the Buyer may consider reasonable. In the event of significant delay the Buyer reserves the right to terminate this order, in whole or in part, without incurring any liability to the Seller.

**(b) Deferment of Delivery and/or Stop Work Situations**

In the event of the Buyer's normal course of manufacture being interrupted, restricted, hindered or delayed by any cause whatsoever beyond its control or by any exceptional causes whatsoever, it may without additional cost defer the date or dates of delivery. Such a cause may include the Buyer being affected by a "stop work" notice; if that applies or is likely to apply then the Buyer may require the Seller to stop work immediately and to cease to incur costs in respect of this order.

**(c) Delay in Delivery**

If the Goods or any part thereof are not delivered within the time or times specified in the order or any agreed deferment or extension of such time or times the Buyer shall be entitled to the following remedies:

- (i) to recover from the Seller liquidated damages as follows: one half of one per cent (0.5%) per week for the first four weeks and one per cent (1.0%) per week thereafter of that part of the contract price which is properly attributable to the undelivered Goods and to any other Goods already delivered under the contract which cannot be effectively and commercially used by reason of the non-delivery of the said undelivered Goods. The rate shall be applied for each week or part of a week during which the order shall remain uncompleted. The Buyer shall be entitled to deduct such damages from any moneys payable by it under the terms of this order or otherwise. The total amount payable by way of damages under this condition shall in no event exceed fifteen per cent (15%) of the said contract price and such damages shall not relieve the Seller from any of its other obligations or liabilities under the contract; and/or

- (ii) cancel the order in whole or in part without incurring any liability to the Seller, except for such part of the Goods for which liquidated damages under Clause 13.(c)(i) have already been paid by the Seller; and/or
- (iii) refuse to accept any subsequent delivery of Goods; and/or
- (iv) purchase substitute items elsewhere; and/or
- (v) hold the Seller accountable for any loss and additional costs incurred.

#### **14. Delivery**

- (a) The Goods are to be delivered to the destination stated in the order. They must be delivered in good order and condition. Quantities must not exceed those ordered or specified.
- (b) Unless specifically ordered, no cases, wrappers nor packaging of any kind will be paid for. Should any cases, wrappers or packaging be ordered, charges therefore are to be shown on a separate invoice and such cases may be returned to the Seller who forthwith on receipt thereof in good order shall refund such charges.
- (c) Subject to any special instructions from the Buyer, an advice note shall accompany every delivery which shall state: the number of the order, quantity of the delivery, the quantity already delivered under the order, and the balance of the order still to be delivered.

#### **15. Quality Assurance**

- (a) The quality assurance requirements of Goods shall comply with the Seller's quality procedures as authorised by Buyer, and with Buyer's applicable quality procedures, a copy of which is available on request.
- (b) Goods delivered shall, as applicable, meet the requirements for release documentation as stated on the face of the Buyer's order for aerospace product requirements.
- (c) Seller warrants that its minimum quality standard accreditation shall be ISO9001.

#### **16. Inspection**

Authorised Buyer representatives, customers of the Buyer and other authorities shall be allowed access to the Seller's premises at mutually agreed times to carry out inspection of the Seller's quality system and Goods verification when necessary.

#### **17. Defects**

- (a) It is a condition that the Seller must replace promptly free of charge or pay the cost of local replacement of any Goods or parts thereof which may prove defective through faulty design (other than a design made or furnished by the Buyer) material or workmanship within 36 months from the date of delivery.
- (b) If any Goods supplied under this order for further processing before use shall prove to be defective whilst in the course of such processing the Seller will be liable to the Buyer for the cost of any labour expended in connection with such processing in addition to any legal rights which the Buyer may have in respect of such defective Goods.

#### **18. On-site Equipment**

The Buyer shall not be responsible for or accept any liability in respect of damage or claims resulting from the use by or on behalf of the Seller of Buyer's on-site equipment. The Buyer's on-site equipment should be used only with its prior authority and in strict compliance with its site procedures and the Seller shall indemnify the Buyer against any failure to do so.

#### **19. Termination on Notice**

The Buyer shall be entitled at any time by 14 days' notice in writing to terminate the contract and on such termination:

- (a) The Seller shall use all reasonable endeavours to assign to the Buyer on request the benefit of any sub-contract entered into by the Seller in connection with the Goods the subject of this order or to terminate any such sub-contract.
- (b) The Seller shall be entitled to be paid:
  - (i) The sums under the terms of this order in respect of work done and Goods delivered up to the date of termination.
  - (ii) Any sums which, consistent with applicable lead times, have necessarily and reasonably been paid by the Seller to its suppliers or contractors to carry out the Seller's obligations.The Seller will not be entitled to any payment other than under (i) and (ii) above.

#### **20. Termination for Cause**

The Buyer shall be entitled without liability to the Seller to terminate the contract immediately:

- (a) If the Seller fails to perform any condition or requirement of this contract and, if capable of remedy, fails to remedy such breach within 14 days of written notice; or
- (b) The Seller makes any arrangement with its creditors or enters into administration or goes into liquidation or begins proceedings for bankruptcy; or
- (c) A receiver or manager is appointed of any of the property or assets of the Seller; or

- (d) The Seller ceases or threatens to cease to carry on business; or
- (e) Any distress, execution or other process is levied on any of the assets of the Seller; or
- (f) Any similar event occurs in another jurisdiction

## **21. Safety and Environmental Regulation**

The Seller shall comply in all respects with the applicable environmental and health and safety laws and regulations and shall indemnify and hold harmless the Buyer from and against all damages costs, losses, charges, expenses or liabilities whatsoever caused by or arising out of any breach by the Seller of such laws or regulations.

## **22. Hazardous Materials**

The Seller must advise upon receipt of this order if the Goods to be supplied contain any hazardous or harmful materials requiring special handling or treatment. Seller shall comply with all applicable requirements contained in laws, regulations and directives including but not limited to national, EU, United States, state/provincial and local environmental, health and safety laws, regulations and directives relating to the supply of goods and hazardous materials (as defined below in relation to RoHS Directive). All goods and hazardous materials shall comply with the requirements set forth in the Montreal Protocol on ozone depleting substances. Upon delivery of Goods to Buyer, Seller shall notify Buyer in writing of all Substances of Very High Concern (SVHC) as identified on the "Candidate List" as published by the European Chemicals Agency ("ECHA") in accordance with Article 59.1 of the European Regulation (EC) no 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") as amended from time to time. Unless Seller notifies Buyer in writing and obtains Buyer's prior written consent, no Goods shall contain any of the Hazardous Materials pursuant to Article 2.1 and identified in Article 4.1 of the European Parliament Directive 2002/95/EC (RoHS Directive) as that directive is amended from time to time. Seller shall be responsible for all costs and liabilities relating to the recycling of Goods pursuant to the most current version of the European Parliament Directive 2002/96 /EC (WEEE Directive) as such Directive is implemented in each country to which said Goods are supplied to the Buyer. All goods and hazardous materials supplied to the Buyer shall comply with all applicable requirements under the Toxic Substance Control Act (TSCA), 15 U.S.C. 2601 et seq., and implementing regulations thereunder.

## **23. Documentation**

Where appropriate the Seller shall provide documentation including operating instructions, parts lists and comprehensive spares listings. All documentation supplied shall be in English language.

## **24. Compliance with Laws**

- (a) The Seller shall comply in all respects with all applicable laws and regulations affecting the Goods and shall indemnify the Buyer against all damages, costs, losses, charges, expenses or liabilities whatsoever caused by or arising out of any breach by the Seller of such legislation or regulation.
- (b) The Seller shall comply with all of the Buyer's mandatory customer terms that it is required to flow down to its suppliers.

## **25. Export, Import and Regulatory Compliance**

- (a) The Seller shall obtain all export authorisations and/or licences necessary for the delivery of the Goods, software or information to the Buyer at the time specified in the order. The Buyer will obtain import authorisations necessary for the import of the Goods.
- (b) Each of the Buyer and the Seller agrees to comply with all applicable governmental regulations as they relate to the import, export, transfer and re-export of information, software and/or Goods and/or Buyer or Seller property. Without limiting the foregoing, neither the Buyer nor the Seller shall disclose or deliver any information, software or Goods and/or Buyer or Seller property provided hereunder in any manner contrary to any applicable export or import laws and regulations. The Buyer and the Seller acknowledge that these laws and regulations impose restrictions on import, export, transfer and re-export to third countries of certain categories of information, software and Goods, and that authorisations/licences from the applicable regulatory agency may be required before such information, software and Goods and/or Buyer or Seller property can be disclosed or delivered hereunder, and that such authorisations/licences may impose further restrictions on use and further disclosure or delivery of such information, software and Goods and/or Buyer or Seller property.
- (c) In relation to both domestic and international transactions, the Seller shall provide the Buyer with export classification information for all Goods, Seller property, software and information delivered to Buyer. Export classification information includes the applicable export control number, the country of origin and the Harmonised Tariff Code. The Buyer will supply the Seller with similar export classification information for relevant Buyer property and/or information for which the Buyer has design authority. Buyer/Seller will promptly notify the other upon a change in classification information.
- (d) If the Seller is based in the US and will manufacture or export defence Goods for the Buyer, the Seller will first register pursuant to Section 122.1(a) of the International Traffic in Arms Regulations (ITAR) with the Directorate of Defense Trade Controls at the US Department of State.

- (e) For Goods, property or information which are subject to US export control regulations, including but not limited to ITAR, the Seller shall only engage and allow access to US citizens, permanent residents of the US, or nationals of other countries for which Seller has first requested and Buyer has obtained US Department of State or Department of Commerce approval, as applicable. This order may be immediately suspended or cancelled if unauthorised access to such Goods, property or information is allowed.
- (f) The Seller shall indemnify and hold the Buyer harmless to the full extent of any loss, damage or expense, excluding lost profits, for any failure of the Seller to comply with such laws and regulations and/or the foregoing provisions of this condition 25.

## **26. Counterfeit Goods**

- (a) All Goods provided by the Seller to the Buyer, including any that are provided by the Seller's subcontractors, must be original and genuine, and in full compliance with all of the Buyer's contract requirements, specifications, certifications, and any supporting data representing contract performance. The Seller warrants that it has received from all of its subcontractors and suppliers all data necessary to comply with this obligation and the Seller has validated all such data. The Seller will ensure that none of the Goods are counterfeit, inaccurately marked, or in any manner misrepresented.
- (b) The Seller shall operate a counterfeit control process for the Goods consistent with these provisions and reasonable commercial terms, to include AS5553A, and the Buyer shall have the right to audit, inspect and/or approve the process at any time before or after delivery of the Goods.
- (c) If any of the Goods delivered or to be delivered under this order is discovered to be a counterfeit item or suspected to be a counterfeit item, then the Buyer shall have the right to impound the item for further investigation of its authenticity. The Buyer's investigation may include the participation of third parties or governmental investigative agencies as required by law or regulations or by the Buyer's customer, or by the Buyer, in its sole discretion. The Seller shall cooperate in good faith with any investigation conducted by the Buyer, including, but not limited to, cooperation by the Seller with respect to the disclosure of all design, development, manufacturing and traceability records in respect of the item. Upon the Buyer's request, the Seller shall provide the Buyer certificates of conformance with respect to the item under investigation. The Buyer shall not be required to return the item to the Seller during the investigation process or thereafter. The Buyer shall not be liable for payment to the Seller of the price of any suspected counterfeit items under investigation.

## **27. Anti-Corruption**

The Seller warrants that it has not, in connection with the Goods or Services:

- (a) offered, given or agreed to give or receive, requested or accepted any financial or other advantage of any kind as an inducement or reward for doing or not doing any improper act or for the improper performance of any function associated with the order or the Goods or Services; or
- (b) acted in any way which would constitute an offence by the Seller or would cause the Buyer to commit an offence under any anti-bribery legislation.

If the Seller breaches the above warranty, the Buyer shall be entitled to terminate the order by written notice with immediate effect. Any termination shall be without prejudice to the accrued rights of the Buyer. The Seller shall indemnify and hold harmless the Buyer from any loss, damage and expense, including all legal fees, incurred or sustained by the Buyer which is caused by or arises as a result of a breach of this clause.

## **28. Governing Law**

- (a) The contract shall in all respects be construed according to and governed by the laws of the jurisdiction in which the Buyer's company is located, or if the Buyer is organised under the laws of a state of the United States of America it shall be governed by the law of the state of California. All disputes shall be referred to and resolved by binding arbitration under the Rules of the London Court of International Arbitration except for Buyer companies located in the United States of America for which the binding arbitration shall be administered by JAMS pursuant to its Streamlined Arbitration Rules and Procedures.
- (b) The United Nations Conventions on Contracts for the International Sale of Goods 1980 shall not apply to any aspect of this contract.

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