

General Terms and Conditions of Purchase of DMS Enterprise GmbH

These General Terms and Conditions have been prepared in English only for information purposes. When in doubt about meaning and intention of any provision herein, then the German version shall take precedence over the English version.

§ 1

General provisions

- 1.1 All supplies, services and offers by the suppliers of DMS Enterprise GmbH (hereinafter called "DMS") shall be exclusively based on these General Terms and Conditions of Purchase. These General Terms and Conditions of Purchase shall be considered an essential part of all contracts concluded with the suppliers of DMS with respect to their offered supplies or services. They shall also apply to all future supplies, services or offers to DMS, even if they have not been agreed severally again. Contract Language shall be German.
- 1.2 Any terms and conditions of the suppliers of DMS or a third party shall not apply, even if DMS does not object to their applicability in each individual case. Even if DMS should refer to a letter containing or referring to terms and conditions of the supplier or a third party, then this shall not indicate agreement to the applicability of said terms and conditions.
- 1.3 Any individual arrangements with the supplier in an individual case shall apply only if agreed in writing. Legally binding declarations and notifications to be provided by the supplier to DMS after concluding the contract (e.g. imposing deadlines, notifications of defect, cancelation or price reduction) shall also be given in writing to be effective.

§ 2

Orders and purchase orders

- 2.1 If the offers by DMS do not contain an express commitment period, DMS shall commit itself to a commitment period of one week beginning on the date of the offer. The date of receipt by DMS of the declaration of acceptance shall be the determining factor for the timely acceptance of the offer.
- 2.2 DMS shall be entitled to change the date and time and place of delivery as well as the type of packaging anytime within a period of at least three calendar days prior to the agreed date of delivery by sending a written notification. The same shall apply to changes of product specifications, if they can be implemented into the regular production processes of the supplier or the manufacturer without substantial additional effort. However, in this event, the notification period shall be at least seven calendar days. DMS shall compensate the supplier for any accrued, proven and reasonable additional costs resulting from these changes. In the event of such changes resulting in delivery delays that may not be avoided with reasonable effort within the supplier's regular production or business processes, then the originally agreed date of delivery shall be postponed accordingly. The supplier shall, following careful assessment, notify DMS in writing of the anticipated additional costs or delivery delay in due course of time prior to the date of delivery, but at least within five working days after receipt of DMS' notification according to the terms of clause 1.

- 2.3 The supplier shall deliver to DMS the exact product specific article number as stated in the concluded contract. DMS shall accept a different article number (for instance PMA) or a technical equivalent only after prior consent in writing.
- 2.4 If DMS is unable to use the ordered products within their business processes anymore due to reasons arising after the contract has been concluded, then DMS shall be entitled to terminate the contract anytime by sending a written notification stating the reason. In this event, DMS shall compensate the supplier for the already rendered services or delivered supplies.
- 2.5 The supplier shall be obliged to implement a quality management system and to repair or deliver items in accordance with the legal provisions (EASA / FAA) and individual approvals (21G, 145). Furthermore, the supplier shall also be obligated to, if required, engage the external providers named or accepted by us including those for procedures (e.g., specific processes), and to communicate changes to processes, products or services including alterations with their external providers or the manufacturing plant. The supplier shall also be obligated to forward to the external providers the requirements to be met, including customer requirements.
- 2.6 Provide notification regarding non-conforming processes, products or services and obtain the approval for further processing; prevent the use of parts of doubtful origin, not accepted or counterfeit parts.
- 2.7 If applicable, the supplier shall be obliged to provide certificates of conformity, test reports or official release notes to DMS, and to retain documented information taking into account the periods of retention and disposal requests.
- 2.8 The supplier is obliged to grant DMS, their customers and regulating authorities the right to access the concerned areas of all facilities and the corresponding documented information on every level of the supply chain, and to make sure that all persons are aware of the following aspects:
 - Their contribution to product or service conformity
 - Their contribution to product safety
 - The importance of ethical behaviour

§ 3

Prices and payment terms

- 3.1 The price stated in the purchase order shall be considered binding. All prices shall be considered including applicable value added tax, unless the value added tax is stated separately.
- 3.2 If not agreed otherwise in each individual case, the price shall include all services and ancillary services of the supplier as well as any ancillary charges (e.g. proper packaging, transportation charges including any potential transport and liabilities insurance). The supplier shall take back any packaging material upon request by DMS.
- 3.3 The agreed price shall be due for payment within 30 calendar days after delivery and service has been completed (including any potentially agreed acceptance) and receipt of a proper invoice. If DMS is paying within 14 calendar days, then the supplier shall grant a cash discount of 3% based on the net invoice amount. In the event of bank transfer, the payment shall be

considered on time, if the bank transfer order by DMS is received by DMS' house bank before the payment period has expired; DMS shall not be held responsible for any delays by the bank institutes involved in the payment transaction.

- 3.4 DMS shall not owe any interest payable after due date. The annual default payment interest rate shall amount to five percentage points above the prime rate. Applicable legal provisions shall apply to the occurrence of defaulting by DMS, whereas however, as an exception from these provisions, a written reminder by the supplier may be required in every case.
- 3.5 DMS shall be entitled to the right of offsetting and withholding payments as well as the plea of a nonfulfilled contract as provided by applicable laws. DMS shall be especially entitled to withhold due payments, if DMS still has valid claims from incomplete or defective services against the supplier.
- 3.6 The supplier shall be entitled to the right of offsetting and withholding payments only in the event of legally determined or undisputed counterclaims.

§ 4

Term of delivery and delivery, passing of risk

- 4.1 The supplier shall not be entitled to let at third party (e.g. subcontractor) render the services owed under the contract without prior consent by DMS in writing. The supplier shall bear the risk of procuring his services, if not agreed otherwise in the individual case (e.g. sale of goods on stock).
- 4.2 The period of delivery (date of delivery or term of delivery) stated in the purchase order shall be binding. Deliveries ahead of schedule shall be acceptable if agreed prior to the date of delivery in writing.
The supplier shall notify DMS in writing, if the goods to be delivered are dangerous goods, irrespective of their specific classification.
- 4.3 The supplier shall be obliged to notify DMS without delay in writing of circumstances occurring or becoming apparent, which may prevent the supplier from keeping the term of delivery.
- 4.4 If the exact date on which the delivery has to be effected at the latest can be defined on the basis of the contract, then the supplier shall be in default upon expiry of that date, without DMS being required to send a reminder.
- 4.5 In the event of a default of delivery, DMS shall be entitled to any unconditional legal claims, including canceling the contract and indemnification instead of accepting the services, after the futile expiry of a reasonable period of grace.
- 4.6 In the event of default of delivery, DMS shall be, after prior threat in writing, entitled to claim a contractual penalty of 0.5% or a maximum of 5% of the individual contract value, for each commenced week of the default of delivery period. The contractual penalty shall be offset with the damage caused by defaulting to be indemnified by the supplier.
- 4.7 The supplier shall be entitled to partial deliveries if agreed in writing prior to the date of delivery.
- 4.8 The risk shall pass on to DMS only after the goods have been handed over to DMS at the agreed destination, also if shipment has been agreed.
- 4.9 A packing list shall accompany the delivery, stating the date (preparation and shipment), content of the shipment (article number and quantity) as well as DMS' purchase order

identification (date and number). DMS shall not be liable to any delays in processing and payment resulting from a missing or incomplete packing list.

A corresponding shipment notification with the same content shall be sent to DMS separately, aside from the packing list.

§ 5

Confidentiality and retention of title

- 5.1 DMS shall retain the right of title and copyright to any illustrations, schedules, drawings, calculations, operating instructions, product descriptions and other documents. Any such documents shall only be used to render the contractually agreed services and shall be returned to DMS upon fulfillment of the contract. Any such documents shall be kept confidential from third parties, also after fulfillment of the contract. The obligation of confidentiality shall expire only, if the contents of said documents have become common knowledge.
- 5.2 The aforementioned provisions shall apply mutatis mutandis to any goods and materials (e.g. software, finished or semi-finished products) as well as tools, templates, specimen, and other items, which DMS provides to the supplier for manufacturing. Such items shall be – if they are not yet used in the manufacturing process – stored at the expenses of the supplier and adequately insured against damage and loss.
- 5.3 The transfer of ownership of the goods to DMS shall be unconditional and without regard to the payment of the purchase price. In the event of DMS accepting an offer of the supplier to transfer the ownership on the condition of the payment of the purchase price in an individual case, then the supplier's retention of title shall expire at the latest upon payment of the purchase price for the delivered goods. DMS shall be entitled to resell the goods even before payment of the purchase price in the context of a proper business transaction, based upon assignment in advance of the resulting claims (alternatively, a basic retention of title extended to the resale shall apply). Any other type of retention of title shall be excluded, in particular the extended retention of title, the forwarded retention of title and the retention of title extended to the further processing of the product.

§ 6

Warranty claims

- 6.1 In the event of defects, DMS shall be entitled to the unconditional claims as provided by applicable law. However, notwithstanding those provisions, the warranty period shall be 36 months.
- 6.2 According to the provisions of applicable laws, the supplier shall be liable to the goods having the agreed properties upon passing of the risk to DMS. The suppliers shall in particular ensure to DMS a remaining minimum shelf life of at least 75% and also a remaining expire date of at least 75%. The agreed properties shall be defined as the product properties indicated in the product descriptions, which – in particular by naming or referring to them in the purchase order by DMS – are part of the individual contract or have been included into the contract in the

same fashion as these General Terms and Conditions of Purchase. There shall be no difference whether the product description has been prepared by DMS, by the supplier or the manufacturer.

- 6.3 Notwithstanding § 442 Section 1, Clause 2 BGB (German Civil Code), DMS shall also be entitled to unconditional claims due to defects, if the defect has been unknown to DMS upon concluding the contract due to gross negligence.
- 6.4 Concerning the commercial obligation to examine the goods and to give notice of defects, the legal provisions (§ 377, 381 HGB (German Commercial Code)) shall apply under the condition, that DMS' obligation to examine shall be limited to those defects, that come to light upon visual inspection including the delivery documents at the time of the incoming goods inspections as well as those that come to light during a sampling procedure quality control (e.g. transport damages, wrong or short delivery). There shall be no obligation to examine the goods if an acceptance procedure has been agreed. Furthermore, the extent to which an examination is feasible in accordance with a proper business transaction shall be taken into account, based on the circumstances of each individual case.
- 6.5 The obligation to give notice of defects to DMS for defects discovered at a later time shall remain unaffected. For each individual case, the notification of defect shall be deemed without delay and on time, if it is received by the supplier within six working days.
- 6.6 The supplier's expenditures accrued for the purpose of examination and rectification of the defect (including any potential assembly and disassembly costs) shall be borne by the supplier, even if it is discovered that no defect existed. The liability for indemnification by DMS in the event of unjustified claims to rectify a defect shall remain unaffected; DMS shall be held liable only insofar, as DMS has recognized or not recognized based on gross negligence that no defect existed.
- 6.7 In the event of the supplier not complying with his obligation of supplementary performance – by choice of DMS either by rectifying a defect or delivering nondefective goods (replacement delivery) – within a reasonable time limit set by DMS, then DMS shall be entitled to rectify the defect themselves or claim from the supplier compensation of the necessary expenditures or a reasonable advance payment. In the event of the supplementary performance proving unsuccessful by the supplier or unreasonable for DMS (e.g. due to particular urgency, danger to the safety of operation or a threat of disproportionate damages), then no setting of a grace period shall be required; DMS shall notify the supplier without delay, if possible in advance, of any such circumstances.
- 6.8 Furthermore, in the event of a defect in quality or a defect of title, DMS shall be entitled to reduce the purchasing price or to cancel the contract as provided by applicable laws. Additionally, DMS shall be entitled to a compensation of damages and expenditures as provided by applicable laws.

§ 7

Product liability

- 7.1 The supplier shall be liable to all claims resulting from bodily damages or material damages raised by third parties, that can be attributed to a defective product supplied by him and shall be obliged to hold harmless DMS from any liability resulting therefrom. Should DMS be

obliged to carry out a product recall from third parties due to an error of a product delivered by the supplier, then the supplier shall bear all costs involved with this product recall.

- 7.2 The supplier shall be obliged to take out a product liability insurance at his own expenses with a limit of indemnity of at least 10 million Euro, which, if not agreed otherwise in the individual case, does not need to cover the risk of product recall or punitive damages or similar damages. The supplier shall provide a copy of the liability insurance policy to DMS upon request.

§ 8

Intellectual property rights

- 8.1 The supplier shall vouch for the fact that no third party intellectual property rights in countries of the European Union, North America or other countries in which he manufactures his products or has them manufactured, are infringed in connection with the supply of his products.
- 8.2 The supplier shall be obliged to hold harmless DMS from all claims which third parties might raise against DMS resulting from the infringement of commercial intellectual property rights as provided in section 1 and shall compensate all necessary expenditures resulting from these claims. This claim shall be valid irrespective of any fault by the supplier.

§ 9

Spare parts

- 9.1 The supplier shall be obliged to keep on stock spare parts for the delivered products for a period of at least seven years after the delivery.
- 9.2 In the event of the supplier intending to discontinue the manufacturing of spare parts for products delivered to DMS, he shall notify DMS without delay after making this decision. The date pertaining to this decision shall be – subject to section 1 – at least six months prior to the actual discontinuation of the manufacturing.

§ 10

Confidentiality

- 10.1 The supplier shall be obliged to keep confidential all terms and conditions of the purchase order as well as any information and documents supplied for this purpose (with the exception of any publicly accessible information) for a period of three years after concluding the contract and to only use this information and documents to execute the purchase order. Upon request, the supplier shall return this information and documents to DMS without delay after completion of the inquiries or the execution of the purchase orders.

- 10.2 The supplier shall not be allowed to indicate the business relationship on advertising material, brochures, etc. without prior written consent by DMS.
- 10.3 The supplier shall place his sub suppliers under the same obligation as provided in this article.

§ 11

Other provisions

- 11.1 Sole place of jurisdiction for all disputes resulting from or in connection with this contract shall be Hamburg, Germany. The laws of the Federal Republic of Germany with the exception of the UN Convention on Contract for the International Sale of Goods and the rules of Conflict of Law of German international civil law shall apply.
- 11.2 Prior to any raising of claims by way of legal action, both parties shall be obliged to participate in an arbitration process before an arbitrator to be named by the Chamber of Commerce of Hamburg, Germany. The costs for engaging such an arbitrator shall be borne by both parties in equal shares half-and-half.
- 11.3 In the event of the contract or these General Terms and Conditions of Purchase not covering certain issues, then those legal provisions shall be considered agreed to cover these issues, which the contracting parties would have agreed to based on the economical objectives of the contract and the purpose of these General Terms and Conditions of Purchase, if they had been aware of these issues not being covered.