

GENERAL PURCHASING CONDITIONS FOR AEROSPACE AND DEFENCE MATERIALS AND SERVICES

PATRICOMP OY

1. GENERAL

These conditions are applicable for all the purchase orders issued by Patricomp Oy (hereafter PATRICOMP) for aerospace and/or defence materials and services.

2. THE CONTRACT

The Purchase Order together with these conditions forms the contract between PATRICOMP and the person, firm or company (hereafter Supplier) stated in the Purchase Order, concerning the delivery of the goods and/or services specified in the Purchase Order.

3. TERMS AND CONDITIONS

The conditions set out in the Purchase Order, Purchase Order Amendment related thereto and together with any conditions or instructions endorsed on any such document or otherwise given to the Supplier by PATRICOMP in writing and any drawing and specification issued by PATRICOMP are the only terms and conditions that govern the contract between PATRICOMP and the Supplier for the goods and/or services being the subject of the contract. No other terms and conditions shall have any effect to the contract.

4. ACCEPTANCE OF THE PURCHASE ORDER

a) The supplier will be deemed to have accepted a Purchase Order, a Purchase Order Amendment or other documents referred in chapter 3, either by returning to PATRICOMP the acknowledgement copy signed by an authorized representative of the Supplier or upon the expiry of five days from the time of despatch by PATRICOMP of the relevant document unless notification has been received by PATRICOMP within that time of the Suppliers inability to comply therewith. Such notification may be made by email, but must be confirmed forthwith in writing.

b) The acceptance shall constitute an undertaking by the Supplier to effect delivery of the goods and/or performance of the services set out in the Purchase Order at such times, in such quantities and in such manner as specified therein and/or in chapter 3.

c) However, with the exception of Purchase Orders which specify precise quantities for the delivery or services for completion, the Purchase Order does not of itself give the Supplier authority to incur any expense whatsoever Raw material purchase authorizations, fabrication instructions and delivery requirements will, where applicable, be given on Release Authorizations.

5. CARRYING

All goods are to be sent free carrier (unless otherwise specified) to such delivery points PATRICOMP specifies and shall be packed to be protected from damage and deterioration during handling, transportation and storage or in accordance with PATRICOMP's requirements (if separately agreed).

6. DELIVERY DOCUMENTS

a) An advice note bearing PATRICOMP's Purchase Order Number shall be included in each shipment of goods dispatched by the Supplier, a separate advice note being included for each separate Purchase Order covered by the shipment.

b) A Certificate of Conformity and Material certificate (in English or Finnish language), containing results of testing (as applicable to relevant specifications) assuring that the goods conform with the requirements stated in the Purchase Order or any documents referred thereto shall be included in each shipment of goods dispatched by the Supplier. The Certificate of Conformity shall be signed by an authorized representative of the Supplier. In case the Supplier is not the original manufacturer of the goods, manufacturer's Certificate of Conformity and full traceability shall be available when requested.

7. TRACEABILITY

The goods shall be traceable all the way down to the manufacturing data of the raw materials and the services down to any special process data.

Supplier shall retain all the necessary traceability documents, including (but not limited to) measuring reports, process records, mechanical/chemical test reports etc. when applicable.

8. PART NUMBERS

Part numbers, where applicable, shall always be quoted in correspondence, advice notes, invoices and other documents related to a Purchase Order.

9. INVOICES

a) A priced invoice bearing PATRICOMP's Purchase Order Number shall be posted by the Supplier on the date of despatch in respect of each shipment of goods despatched, a separate invoice being sent for each separate Purchase Order Number covered by the shipment.

b) The price or prices specified in the invoice shall be prices net of value added tax and no additional charges will be accepted for packing, boxing, fixing, crating, carrying, insurance, other taxes, labour or for any other item whatsoever unless any additional charge on that account is authorized by PATRICOMP on the Purchase Order.

10. PAYMENT

Payment will be made in respect of each invoice subject to the terms of this contract no later than 90 days after date of invoicing unless other arrangements have been agreed in writing by PATRICOMP. Payment shall be deemed to be made by PATRICOMP upon despatch of the relevant bank transfer(s).

11. QUALITY

PATRICOMP, its customers, the relevant Airworthiness Authorities and Military Authorities shall be entitled to perform audits of the Supplier's processes to verify that the quality procedures, deemed necessary by PATRICOMP, its customers or the relevant Authorities, for the manufacturing of the goods or performance of the services, being the subject of the Purchase Order, are in place and complied with. In these audits the Supplier shall be obliged to present the auditors the necessary data/records for the above verification, with the exception of

data/records including confidential competitor data. Supplier shall have necessary approvals for quality system and manufacturing processes.

12. ACCEPTANCE, INSPECTION AND REJECTION OF THE GOODS OR SERVICES

a) At PATRICOMP's option, all goods and services may be inspected by PATRICOMP, its customers or the relevant Authorities on and/or after delivery or performance and any item which is rejected on any such inspection shall not be chargeable and will be on receipt by the Supplier of notification of PATRICOMP's rejection at the Supplier's risk and expense and returnable (at the Suppliers option) at the Suppliers expense. If notwithstanding any such inspection PATRICOMP elects to keep any item subject to carrying out such improvements or modifications as PATRICOMP may deem necessary, the cost of the work involved shall be debited to the Supplier. Inspection by PATRICOMP, its customers or the relevant Authorities shall not relieve the Supplier under clause 18 hereof.

b) If goods are delivered in excess of the quantity due for delivery, the same will not be accepted or paid for unless PATRICOMP elects in writing to that effect and will be entirely at the Supplier's risk if no such election is made and will be returnable (if the Supplier so requests) at the Supplier's expense.

13. PROPERTY AND RISK

Property in the goods shall not pass to PATRICOMP before PATRICOMP has inspected or had a reasonable opportunity to inspect the goods. Risk shall pass upon the delivery by the Supplier of the goods to the point specified by PATRICOMP but shall repossess to the Supplier immediately upon any notification to the Supplier of rejection by PATRICOMP of the goods or as otherwise specified in these conditions.

14. DELIVERY AND PERFORMANCE AT PATRICOMP'S REMEDIES

Just on time is the essence of the contract, and the Supplier shall perform the contract in every respect in accordance with PATRICOMP's instructions. All goods and services shall be in every respect up to the sample (where a sample has been given) and of the description and specification stated and up to the standard of previous approved supplies and services (if any) and shall in any event be in every respect fit for the purpose for which they are required and as indicated by their description and specification and shall be fit for use worldwide (or, otherwise, for use in such territory or territories as may be agreed specifically in writing by PATRICOMP). If the Supplier shall delay the delivery of the goods and/or services or in any other way fail to perform the contract PATRICOMP shall have the right, without prejudice to any other remedies available to it, to cancel or modify any outstanding Purchase Order or part of it and make any such arrangements for the performance of the contract as it sees fit and debit the Supplier with the costs of so doing. PATRICOMP shall be under no liability to the Supplier as the result of any action taken by it under this clause.

15. CORRECTIVE ACTIONS

If the Supplier in any respect fails to fulfill the contract requirements and PATRICOMP in writing requests for Supplier's corrective actions to eliminate the cause for the nonconformity, defect or other undesirable situation in order to prevent its recurrence, the Supplier shall promptly investigate the cause for the non-conformity and take all reasonable actions to eliminate it. A request for corrective action received from PATRICOMP shall be responded by the Supplier within fourteen (14) calendar days after the receipt of the request, unless earlier response is specifically requested. The response shall address corrective action implemented (or to be implemented) together with the effectiveness of the correction. In case the final corrective action cannot be initiated or positively determined within the fourteen calendar days, an interim reply reporting the current status of investigation and a date for the firm reply shall be furnished.

Supplier has to inform PATRICOMP immediately if any non-conformities regarding to products and/or processes already delivered are noticed on suppliers' quality control. Supplier must provide exact description of non-conformity and all corrective actions to prevent such incident in the future.

Supplier must inform PATRICOMP prior or immediately when detected, any of such changes in organization, product and/or process definitions that differs from status Supplier, product or process was qualified. PATRICOMP shall be entitled to perform re-audit and/or re-evaluation of the Supplier's processes (as mentioned in chapter 11) to verify that the quality procedures for the manufacturing of the goods or performance of the services are in place and complied corresponding to PATRICOMP's quality objectives.

Patricomp is entitled to cancel Suppliers approval if Supplier cannot show evidence of it's capability to correspond to PATRICOMP's quality objectives.

16. CANCELLATION OR MODIFICATION

If, for any other reason, PATRICOMP wishes to cancel or modify a Purchase Order it shall have the liberty to do so at any time but on so doing it will take over and pay an agreed price for any goods and/or services the manufacture and/or performance of which is completed in accordance with the contract. In relation to any goods or services in process of manufacture or performance PATRICOMP and the Supplier shall agree what action if any PATRICOMP shall take or what payment if any PATRICOMP shall make in respect thereof. In any event, the maximum liabilities which may be imposed by the Supplier upon PATRICOMP shall be on the basis of deliveries due in accordance with the agreed schedule, up to the date of cancellation.

17. FORCE MAJEURE

If PATRICOMP's process of manufacture is stopped, delayed or impended by fire, flood, explosion, strike, lockout or any other form of industrial action, war hostilities, civil disturbances, governmental demand, regulation or prohibition, failure or delay on the part of any other supplier or by force majeure, or any other cause beyond the control of PATRICOMP any Purchase Order may be modified or cancelled by PATRICOMP as regards such part thereof as has not been executed by delivery to, or performance for, PATRICOMP of goods or services specified in such event, no liability shall attach to PATRICOMP by reason of such modification or cancellation.

18. LIABILITY FOR DEFECTS OR BREACH OF CONTRACT

Without prejudice to the rights of PATRICOMP under any condition, warranty or other terms to be implied by statute of common law under any term of this contract the Supplier shall indemnify PATRICOMP against any liability claim proceedings costs or damage (including any liability or loss incurred by PATRICOMP resulting from the failure of or stoppage of or interference with the production or manufacture of any equipment, goods or stock) caused by any defect in any goods supplied or work done by the Supplier or arising out of or caused by the execution of the contract or arising out of or caused by any breach by the Supplier of the contract terms. In connection with any such liability, claims, proceedings, costs, loss or damage, the Supplier shall provide all such facilities, assistance and advice as PATRICOMP may request for the purpose of contesting the same and further shall if so requested by PATRICOMP accept as final and binding the decision of the Court of Helsinki in relation to the same and indemnify PATRICOMP against all legal costs and fees in connection therewith.

19. WARRANTY

If PATRICOMP and the Supplier have agreed a form of warranty in relation to the goods and/or services of the contract, such warranty shall not restrict or affect in any ways PATRICOMP's right under the statute of common law or as set out in these conditions.

20. SPECIAL TOOLING

a) All tools, jigs, dies, fixtures, moulds, patterns, plant and/or equipment (hereafter called tooling) which is supplied or paid in full by PATRICOMP under the terms of the contract shall remain the property of PATRICOMP and shall be delivered to PATRICOMP on request. All material produced from the tooling referred to in this sub clause shall be supplied at the price agreed for production material irrespective of the plant or division of PATRICOMP requiring such material.

b) Where PATRICOMP is liable to contribute less than the whole cost of any tooling used in the fulfillment of the contract it shall be the property of the Supplier subject of the right of PATRICOMP at any time to acquire property in the tooling by giving to the Supplier written notice to this effect. The Supplier will at the request and cost of PATRICOMP immediately deliver the tooling to PATRICOMP at PATRICOMP's expense and property in the tooling shall pass to PATRICOMP upon such delivery and PATRICOMP shall pay the supplier within ninety days such amount as will bring the total amount paid by PATRICOMP up to the full cost of such tooling to the Supplier PROVIDED THAT if a liquidator or a receiver is appointed by or in respect of the Supplier, the property in such tooling shall pass to PATRICOMP immediately prior to the appointment of the liquidator or receiver and PATRICOMP shall have the right to pay such liquidator or receiver for the balance outstanding on such tooling upon the same terms as provided above.

c) The Supplier shall during the currency of the contract at the Supplier's expense maintain all tooling (referred to in sub clauses 20 a) and 20 b)) in first class condition subject to fair wear and tear and immediately replace such items which are lost or destroyed. The Supplier shall adequately insure all such tooling against loss, damage or destruction and none of the tooling shall be removed from the Supplier's premises or disposed or be made the subject of any mortgage, debenture or similar charge by the Supplier without the prior written approval of PATRICOMP. The Supplier shall maintain a list of tooling subject to these conditions and shall ensure that the tooling is readily identifiable at all times.

d) No such tooling as is mentioned in this clause shall be used in the production, manufacture or design of any goods or material other than those contracted for pursuant to a Purchase Order or Release Authorization issued by PATRICOMP.

e) The Supplier assumes entire responsibility for designs, building and installing any such tooling as referred to in this clause and the Supplier will ensure that the said tooling will be fit for the purpose for which it is required, and comply with the performance requirements and specifications of PATRICOMP. Plans and designs of the said tooling shall be submitted to PATRICOMP before manufacture, but such submission will not relieve the Supplier of its responsibilities hereunder.

21. PATENTS

a) The Supplier warrants that goods and parts of goods not of PATRICOMP design do not infringe any patent, trademark, registered design or any other like protection or the provisions of any statutory instrument or regulation for the time being in force in any country and agrees to indemnify and hold harmless PATRICOMP against all judgments, decrees, costs and expenses resulting from any infringement and agrees that the Supplier shall upon receipt of a request from PATRICOMP and at the Supplier's own expense defend or assist in the defense of any action which may be brought against PATRICOMP of those selling or using any of PATRICOMP's products by reason of any such infringement or alleged infringement. If the holder of any industrial property right which has been infringed by the Supplier requires, that PATRICOMP shall enter into a license agreement to cover PATRICOMP's use of goods which infringe such industrial property right, the Supplier shall indemnify PATRICOMP against all costs and fees arising in connection with such license agreement.

b) In no case will PATRICOMP be under any liability to the Supplier in respect of any actual infringement of patents or other rights of third parties in relation to the supplies specified herein, their manufacture, testing or sale, except to the extent, if any, that such infringement occurs by reason of PATRICOMP's designs of manufacturing or testing methods specified by PATRICOMP.

c) Subject to the terms of any specific agreement reached with the Supplier, the Supplier agrees that if in the course of the contract any invention is made either by the Supplier or in conjunction with PATRICOMP which is capable of forming the subject of a patent or registered design or any similar industrial property right, the Supplier shall advise PATRICOMP forthwith and PATRICOMP shall have the option either to make such application as it sees fit in its name and at its expense for any industrial property right or to require the Supplier to take the necessary action at its expense and to grant to PATRICOMP under license as PATRICOMP may require under such industrial property right. The provisions of this sub clause, unless otherwise agreed, do not relate to proprietary or industrial standard items.

22. SALES TO THIRD PARTIES

The Supplier agrees not to sell items made to PATRICOMP's specification to any person, firm or company except with PATRICOMP's permission in writing. The Supplier agrees to refer to PATRICOMP's Spare Parts on all enquiries for replacement.

23. BREACH OF CONTRACT OR LIQUIDATION

PATRICOMP shall have the right to terminate the contract with the Supplier forthwith if:

a) The Supplier shall fail to remedy any breach of these conditions within thirty (30) days of written request from PATRICOMP specifying the nature of the breach and requiring its remedy.

b) The Supplier shall go into liquidation, whether voluntary or compulsory (save for the purposes of amalgamation or reconstruction) or have a receiver of its assets appointed in any other way cease to carry on business in the normal way. Any such termination shall be without prejudice to the rights of PATRICOMP subsisting at the date of such termination. In the event of such termination PATRICOMP shall have the right to enter upon the premises of the Supplier in order to remove any of PATRICOMP's property and the Supplier and/or its liquidator or receiver shall ensure that all necessary assistance is afforded to PATRICOMP in order to effect such entry and removal.

24. LIABILITY FOR CLAIMS

In the event of the enclosed Purchase Order involving the carrying out of work by the Supplier and/or premises of PATRICOMP, the Supplier will keep PATRICOMP indemnified against:

a) All fines, penalties, loss (including loss of profits) and costs incurred by reason of the Supplier's breach of any statute by law or regulation.

b) Any liability, loss (including loss of profit) claim or proceedings whatsoever under the statute of common law in respect to personal injury to death of any person whomsoever, in respect of any injury or damage whatsoever to any property real or arising as a result of any act or omission of the Supplier or as a result of the negligence of the Supplier. The Supplier will adequately insure against its liability arising out of the provisions of this clause and will produce to PATRICOMP, on demand, the policies of insurance with current renewal receipts therefore.

25. END CUSTOMER REQUIREMENTS

Patricomp's end customer requirements to be complied with are referred in PC-DOC-420 available at www.patricomp.fi (→ About us → For suppliers). Patricomp's customer quality requirements shall be cascaded to the supply chain. Requirement documents are available on request.

Distributor shall comply with EN/AS/JISQ 9120 requirements and applicable customer requirements.

26. CONFIDENTIALITY

The Supplier agrees not to inform this contract or any details of it to any person, firm or company except with PATRICOMP's permission in writing.

27. CLAUSE HEADINGS

The clause headings are inserted for convenience only and do not affect the construction of these terms and conditions.