



AEROSUD TERMS AND CONDITIONS OF PURCHASE

All Purchase Orders placed by Aerosud Holdings (Pty) Ltd and/or Aerosud Aviation (Pty) Ltd and/or Aerosud Aerospace Systems (Pty) Ltd and/or Aerosud Innovation, hereinafter together referred to as "Aerosud" shall be subject to the following Terms and Conditions of contract:

COMMERCIAL ASPECTS:

1. The "Seller" shall mean the business, company or individual upon which the Aerosud Purchase Order is placed and named as the Supplier.
2. The "Purchase Order" (PO) shall mean the official Aerosud numbered document which shall contain, at least, the following details:
 - a. A Purchase Order Number
 - b. The date the PO was raised
 - c. A description of the items/services ordered
 - d. A quantity of items ordered
 - e. The unit of order
 - f. A price per unit
 - g. The total net price
 - h. The VAT amount (if applicable)
 - i. The total gross price
 - j. The delivery address to which the items are to be delivered
 - k. The address to which the Invoice must be sent
 - l. The date on which the items should ship or the date by which the services must be completed.
 - m. Specific Conditions of that PO which must be adhered to.
3. The Seller acknowledges that Aerosud shall bear no liability whatsoever toward the Seller for any demand placed on the Seller by any other means whatsoever except by means of an official Aerosud Purchase Order.
4. If the Seller already has a legal current contract/agreement with Aerosud any aspect in conflict between the contract/agreement and the PO, the PO shall take precedence but all other Terms and Conditions of the contract/agreement shall continue to apply.
5. If the Seller does not have a contract/agreement with Aerosud, then these Terms and Conditions shall apply and shall be governed by the laws of the Republic of South Africa. The United Nations Convention on the International Sale of Goods shall not apply.
6. The PO shall be acknowledged by the Seller within 48 hours of receipt failing which the Terms and Conditions on the PO shall be deemed to have been accepted by the Seller. Should the Seller not be in agreement with the Terms and Conditions of the PO such shall be communicated to Aerosud in writing within the 48 hour period.
7. The delivery date stated on the PO shall be the date on which the items must be ready for pick up at the Supplier's premises or, in the case of services, shall be the date by which the services shall be rendered and complete.
8. The Seller shall ship the items via the Freight Forwarder identified by Aerosud.
9. All title and risk of loss shall pass to Aerosud upon shipment providing however that such shipment is made correctly and with due diligence, to the correct shipping agent and with the correct and complete documentation having been submitted as required.
10. The Seller confirms that it shall comply with all the relevant laws of its country regarding the supply of the items or services to Aerosud and declares that Aerosud shall be free and held harmless from any legal non-conformance whatsoever in the Seller's country.
11. The Seller agrees to accept changes to the delivery dates stated in the POs including cancellation of POs which are beyond the normal delivery lead times of the items without penalty or obligation to Aerosud.
12. Any Force Majeure event experienced by the Seller that is likely to affect the timeous delivery of any items on order by Aerosud shall be communicated to Aerosud in writing within forty-eight (48) hours of the Seller becoming aware of such circumstance. Force Majeure event means:
 - natural disasters
 - war, act of foreign enemies
 - riot, civil commotion
 - strike, lockout, other labour disturbance (including those involving the SELLER's employees) or
 - any other circumstances beyond the control of the SELLER and which in the absence of this paragraph will operate to frustrate the timeous delivery of the item and/or service.
13. Delivery of items or services shall be done strictly in accordance with the PO requirements. No alternative or substitute product may be delivered without Aerosud's written consent. All items supplied to Aerosud must be factory new and the Supplier warrants that no surplus or second-hand items will be used to fulfil any PO.

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QUALITY ASPECTS:

1. The Supplier's approval as a new supplier to Aerosud of aerospace related product or service is dependant upon a satisfactory completion of a Potential Supplier Profile Questionnaire, a successful quality audit (if required by Aerosud's Quality Department) and satisfactory performance in terms quality and delivery of the first order. Continued approval is subject to ongoing satisfactory performance in terms of total quality in terms of product and/or service provided.
2. In terms of supply to Aerosud, approved suppliers shall adhere strictly to the scope of supply and conditions of their end customer approvals where the Aerosud PO states that the order is "In furtherance of a (*customer name*) contract/order". The supplier shall certify deliveries by annotating their own and end customer approval numbers on substantiation documentation eg.
 - Airbus approved suppliers in terms of their Airbus ARP ID or in the case of Airbus UK approved suppliers, legacy approval number if ARP ID is not available
 - BAE SYSTEMS contracts (BAe/AG/QC/SC1) SC10 approval number
 - Spirit AeroSystems approval numbers
3. Delivery of goods must be accompanied by a Delivery Note as well as any mandatory substantiation documentation as may be required such as Certificates of Conformance, Inspection Reports etc.
4. The Seller undertakes to package the items for transport in such a manner as can reasonably be expected to afford adequate protection to the items during transportation to Aerosud or in accordance with the specification called up on the PO.
5. All products sold by the Seller to Aerosud shall conform to the manufacturer's specifications set forth in the relevant product specification. Aerosud will inspect all items delivered to it and shall notify the Supplier promptly of any shortage, defect, damage, purchaser test failure, or any other delinquency. The Seller shall give immediate attention to the matter and shall resolve such promptly to the complete satisfaction of Aerosud. Should such delinquency not be resolved within a period of six (6) months from the date of notification to the Seller, Aerosud shall have the right to claim liquidated damages from the Seller up to the purchase price of the item.
6. Non-conforming product notification to Aerosud:
 - Non-conformance identified prior to delivery: Aerosud's written approval to ship the product shall be obtained before shipment
 - Non-conformance identified after delivery: Aerosud Quality Assurance Department and the Aerosud Buyer shall be advised of such non-conformance immediately upon discovery by the Supplier
7. Any changes to the product and/or the process definition shall be immediately notified to Aerosud's Quality Assurance Department and their written approval must first be obtained before delivery of the item.
 - 7.1 Sub-contractors to Aerosud shall not offload or further sub-contract any statement of work or any part thereof without the express written permission to do so by Aerosud.
8. The Supplier agrees that Aerosud, their Customers and regulatory authorities shall be granted the right of access at any reasonable time to all the Supplier's facilities relating to the PO product or service and to all the relevant records relating thereto. Arrangements in this regard will be made by Aerosud's Quality Department if and when required.
9. Suppliers will be sent Quality Notifications (QN's) for all non-conformance incidents. Should any significant (as defined solely by Aerosud) problems occur in either the delivery or quality of the product, Aerosud shall identify on the QN that a formal corrective action response is required. The supplier shall undertake to respond formally to Aerosud within the requested time period after receipt of the QN. The quality of the response must be to the satisfaction of Aerosud's Quality Department. An unsatisfactory response and/or resolution of the QN may result in the cancellation or suspension of the Supplier's approved status.
10. Where Aerosud relies on the Supplier's Inspection Reports as a basis of acceptance, the Supplier shall permit Aerosud to check the calibration of the Supplier's equipment relating to the manufacture or conformance verification of the product.
11. The Supplier shall disseminate the Terms and Conditions of this document to its supply chain (sub-tier suppliers) including any and all key characteristics as specified on the PO.
12. Supplier's quality management systems must satisfy the applicable requirements of the AS/EN9100 Aerospace standard and the supplier must preferably be third party AS/EN9100 certified and listed on the OASIS database. Product specific Quality Assurance Plans will be requested by Aerosud's Quality Department if required.
13. The Supplier shall inform Aerosud Quality Assurance Department of any change in its business address, name changes, significant changes to its quality systems or procedures, change of ownership or changes in the posts of any key personnel.
14. The approval by Aerosud of the Supplier does not constitute a waiver of any contractual requirements and does not guarantee acceptance of items or services supplied. Final acceptance of products or services shall be subject solely to Aerosud Quality Control acceptance.

15. Attention to Subcontractors: CATIA model data, in its native status will be used as supplied by Aerosud for the manufacture of machined or fabricated parts. No derivative data is permitted for CMM inspection of machined or fabricated parts.
16. Records that are created by and/or retained by a supplier in support of Aerosud PO's, shall be retained iaw the following requirements that may apply individually or collectively as applicable: prEN9130, Airbus AP2003, supplier QMS iaw AS/EN9100, specific contractual agreements between Aerosud and the supplier.