

Standard Purchasing Terms and Conditions

1. General

1.1 These General Terms and Conditions shall exclusively apply to each purchase contract entered between Rosen Aviation (“Buyer”) and the Supplier, unless expressly modified in writing by the Buyer and the Supplier. The rights and remedies of Buyer provided in these Terms and Conditions shall not be exclusive, and are in addition to those provided by law or in the order.

1.2 In accordance with applicable “Conflict Minerals” law, supplier must have policy and or traceability process in place to determine whether its products contain Tin, Tantalum, Tungsten or Gold (“3TG”) originating from the DRC (Democratic Republic of Congo) and adjoining countries.

1.3 All items supplied under the terms of the purchase order shall be certified by the Seller to be in compliance with the requirements and standards of the Occupational Safety & Health Act of 1970. In addition, where required, hazardous material data sheets will be supplied on all applicable products. Failure of Buyer to contest a citation resulting from non-compliances of these items will not relieve the Seller of liability under this warranty.

1.4 Seller shall have full and exclusive liability for payment of any and all contributions or taxes for unemployment insurances, old age benefits, pension, or annuities now or hereafter imposed by Federal, State or Local Governments which are measured by wages, salaries, or other remunerations paid to persons employed by Seller on work performed under any order to which these Terms and Conditions apply. Seller shall comply with all laws and regulations related to assumption of liability for such contributions and taxes, and shall reimburse Buyer for any such contributions or taxes which Buyer may be required to pay.

1.5 With respect to any work performed on premises owned or controlled by Buyer, the Seller shall provide safety protection for workmen on and around the project in accordance to all applicable Federal, State, and Local laws and regulations prior to commencement of work. Should Seller fail to provide such protection, the Buyer has the option to terminate the order without expense of liability or to order work ceased without penalty to Buyer until such protection is provided.

1.6 Seller shall indemnify and save harmless the Buyer from and against all losses, liabilities, claims, or demands whatsoever (including without limitation, costs and expenses in connection therewith) arising out of any personal injury or death or damage to or loss or destruction of property in any manner occasioned by, or attributable to, or related to the performance of any work or the reliability of any product covered by this order and performed or supplied either by Seller, his sub-contractors, or the employees of either.

1.7 Buyer, at his option, may require Seller to supply evidence of insurance, satisfactory to Buyer, covering the liabilities and indemnification included in Paragraphs 1.4, 1.5 and 1.6, however failure of Buyer to request such evidence, shall not relieve Seller of the responsibility to obtain such insurance, nor of liabilities provided for in these paragraphs.

1.8 Seller shall acknowledge acceptance of purchase orders and provide firm delivery.

1.9 The purchase order, including referenced drawings, specifications and other supporting documents, and the Terms and Conditions identified herein contain the entire agreement between Buyer and Seller.



Standard Purchasing Terms and Conditions

1.10 In the performance of the order, Seller shall comply in full with all applicable regulations and requirements set forth by Federal, State, Municipal and local laws and rules.

2. Requests for quotations

2.1 All requests for quotations and all information furnished in this context by or on behalf of the Buyer may contain industrial secrets, shall be treated with confidentiality and may only be used to prepare for the submission of a quotation. Except where required in preparing for the submission of a quotation or where permitted, any kind of reproduction or publication, shall be prohibited in any shape or form.

2.2 Reference to Seller's quotation does not imply acceptance of any terms or conditions therein.

2.3 Drafts will not be honored by Buyer under any circumstances

3. Prices, charges, invoices and payment

3.1 All prices and charges shall be deemed to include all direct and indirect costs of whatever kind. The prices do not include any duties, taxes and surcharges the Supplier may be obliged to pay.

3.2 Unless otherwise agreed upon in writing between the Parties, all prices are FOB – Ship point in accordance with the Incoterms 2010.

3.3 Seller shall have full and exclusive liability for payment of any and all contributions or taxes for unemployment insurances, old age benefits, pension, or annuities now or hereafter imposed by Federal, State or Local Governments which are measured by wages, salaries, or other remunerations paid to persons employed by Seller on work performed under any order to which these Terms and Conditions apply. Seller shall comply with all laws and regulations related to assumption of liability for such contributions and taxes, and shall reimburse Buyer for any such contributions or taxes which Buyer may be required to pay.

3.4 Once the Buyer has acquired title to the goods, the Supplier shall send its invoices (in duplicate copy) to the address specified by the Buyer in its order, quoting, Purchase Order number, Seller part number, the Buyer's part number where applicable, item description, quantity, and unit of measure. Unit of measure shall match that reflected on the purchase order.

3.5 Payment of Seller invoices will not be made until applicable purchase materials and shipping documents and material certification are received at specified destination.

3.6 Discount periods shall begin on the date of Buyer's receipt of acceptable invoices, shipping documents and material certifications, or date of material delivered to specified destination, whichever occurs last.

4. Quality, testing and inspection

4.1 The goods delivered must be free from all special third-party charges, limitations and rights, including limitations and rights which result from or are connected with intellectual property rights. The Supplier shall hold the Buyer harmless against third-party claims in this respect, wherever and whenever such claims might be instigated, and also against any and all damage and costs which the Buyer might incur in this connection.



Standard Purchasing Terms and Conditions

- 4.2 Buyer shall be entitled to test and/or inspect the goods for, amongst other things, damage, quantity, quality and weight. If through failure to satisfy this inspection, material is found to require additional inspection, the Seller shall be responsible for those expenses incurred by the added inspection, and for corrections made to the material at destination, as deemed necessary by Buyer.
- 4.3 Buyer, Buyer's customer, Federation Aviation Administration (FAA) or other applicable Civil Aviation Authorities (CAA's) reserve the right to inspect applicable raw, in-process, or finished materials at Seller's facility at any operation, with a minimum prior verbal or written notice of 24 hours.
- 4.4 The warranty period is (12) months from accepted delivery of the product. Unless prior agreements have been made.
- 4.5 Supplier warrants that all products shall (i) comply with the technical specifications, tolerances, quality standards, and purchase order requirements required by the Buyer; (ii) be free from defects in design, material, workmanship and any other defect and/or fault and/or error; (iii) be properly functioning; (iv) comply with all applicable laws, governmental regulations and ordinances concerning technical specifications, prevention of injuries to persons, environment, safety, in force in USA; (v) not infringe any intellectual property right of third parties.
- 4.6 If, for any reason specifications are omitted or are incomplete according to Seller practices, Seller shall so advise Buyer before order is processed.
- 4.7 Buyer reserves the right to return in whole or part of full credit, at expense of Seller, any shipments failing to meet Buyer inspection criteria. Replacement material shall be an option for the Buyer.
- 4.8 In the event that a Corrective and Preventative Action Report is issued to Seller due to defective material, Seller agrees to document root cause and corrective action plan in accordance with the provided Corrective and Preventative Action Report form.
- 4.9 Supplier shall notify the Buyer of any changes to their quality management system.
- 4.10 Supplier shall comply with and flow down any quality requirements as listed in Rosen's Supplier Quality Assurance Requirement (SQAR), ESD control, FOD prevention, applicable Quality Code on purchase order or special requirements to sub-tier suppliers.
- 5. Nonconforming product**
- 5.1 In the event that Seller, through no fault of the Buyer, produces product that does not conform to requirements, Seller shall take action to correct nonconformities through rework, remanufacture or other means to bring product into conformance. Seller shall never knowingly ship product that does not conform to requirements without first obtaining Buyer's written authorization.
- 5.2 In addition to the right of replacement and repair of the defective products, the Buyer shall also be entitled to:
- i. Reject, in whole or in part, the batch of the defective products;



Standard Purchasing Terms and Conditions

- ii. Ask Supplier to take, at its own risk and expense, all required actions in order to make the Products in accordance with the technical specifications and with the standard quality reference as well as to eliminate all defects;
- iii. Ask the Supplier a price reduction;
- iv. Ask the Supplier to pay a sum equal to the twenty percent (20%) of the Order's value
 - a. Whenever the Supplier has not returned the report of Non-conformity duly signed and filled in;
 - b. Upon the occurrence of the same Non-conformity after the Supplier had that it had been corrected.

5.3 Transportation costs related to the shipment of the Products and/or batch of Products to be repaired or replaced by the Supplier shall be borne by the Supplier.

5.4 If the nonconformity is not detected until after shipment, the Seller shall notify the Buyer in writing within 24 hours of detection with all information necessary to identify, contain and correct the nonconformity (part number, quantity affected, serial number, lot number, purchase order number, nonconformity, recommended corrective action, timing of actions to be take, etc.)

6. Changes

6.1 Buyer shall have the right, by written change notices to Seller, to make changes in, or additions to, drawings, specifications, instructions, quantities, or deliveries for materials or services covered by this order, and Seller agrees to comply with such change notices. If such change notices cause material or performance cost to increase or decrease, equitable adjustment in price and delivery time will be made in writing as negotiated by Buyer and Seller within two days of Seller's receipt of change notice.

6.2 Seller is not authorized to make any changes in design, materials, manufacturing process, or firmware without prior written authorization by Rosen. In all cases first article samples and specifications detailing the change are required prior to granting change approval. Written changes may be communicated via US Mail, Courier, FAX, or email.

7. Cancellations

7.1 Buyer shall have the right to terminate this order in whole or part at any time by written notice. In the event of such termination and only when termination is not the result of Seller's default, the Buyer's obligation for cost of materials and labor to Seller shall be determined in accordance with the following notice.

(A) Rosen Aviation Specific Design Products – For those products that are produced in accordance with Buyer specifications that would reasonably be considered custom in nature due to the predominate degree of uniqueness that significantly differentiates it from other products being produced by the Seller, the obligation for cost of materials and labor to Seller shall be determined as follows;



Standard Purchasing Terms and Conditions

- i. Pre-production Labor – Buyer shall be responsible for direct labor costs authorized by Buyer and generated by Seller specifically for the purchase order, pro-rated over the current order quantity.
- ii. Raw Materials – Buyer shall be responsible for the cost of applicable raw material stock purchased by Seller specifically for the purchase order. In the case of materials in which the Seller has on firm sub-contract order, Buyer may at its option either take an assignment of Seller's rights under such orders, or pay the costs, of selling or discharging Seller's obligations under such orders.
- iii. Semi-processed Materials – Buyer shall be responsible for semi-processed materials applicable to the purchase order at a proportion of contract price based on the stage of completion of such materials.
- iv. Finished Materials – Buyer shall be responsible for finished materials at contract price.

(B) All Other Products – Buyer and Seller shall negotiate in good faith to address any costs that may arise due to the termination of such products on the purchase order.

7.2 Buyer responsibility for labor and materials as outlined above is limited to those quantities released by Buyer for manufacture and delivery within a reasonable future time period. In no instance shall total termination cost to Buyer exceed the total contract price for applicable items. All termination costs claimed by the Seller shall be documented and submitted to Buyer and all materials and results of all labor paid for by Buyer as a result of order termination become the full express property of the Buyer to dispose of as optioned by Buyer.

7.3 This paragraph (7) shall not limit any legal right of the Buyer to cancel this order without penalty to Seller for reasons of Seller default. Buyer further reserves the right to cancel this order without further liability for articles not accepted by Buyer in the event Seller becomes insolvent or makes an assignment for the benefit of creditors, or commits an act of bankruptcy or reorganization proceedings.

8. Delivery and Shipments

8.1 Unless otherwise approved by Buyer, delivery shall not be made more than 5 days prior to required date specified in this order. Acceptance of advance or past due shipments is at Buyer's discretion. Seller shall provide sufficient labor force and facilities, and shall work such hours as may be required to assure compliance with the established delivery dates in the order.

8.2 All shipments shall be made in accordance with instructions specified in the order unless otherwise directed by Buyer.

8.3 All shipments shall be made prepaid or collect at Buyer's discretion and applicable freight charges (FOB-ship point), including pertinent freight date, shall be included on respective material invoice as a separate item. It is understood that on f.o.b. destination shipments, freight charges are included in the material prices indicated in the order, and that no further freight charges to Buyer will apply.

8.4 Costs of premium freight required by Buyer on past due shipments shall be the responsibility of Seller.

9. Protection of intellectual property right (patent infringement)

9.1 If any claim be made or suit brought against the Buyer or the Buyer's immediate customer for infringement of any patent or patents of others because of the use or sale of the equipment or any part thereof



Standard Purchasing Terms and Conditions

purchased under the order, Seller by acceptance of the order, and after being given written notice of such claim or suit, shall assume the defense of same and shall pay all costs and expenses incurred in connection therewith, and shall indemnify Buyer harmless from its use.

9.2 Seller also agrees to, at Seller's own expense, either (i) procure for the Buyer or its customer the right to continue using said equipment or part, or (ii) replace the same with non-infringing alternative, or (iii) modify if in a manner satisfactory to the Buyer or its immediate customer so it becomes non-infringing or (iv) remove the equipment or part and refund the purchase price, transportation and installation cost.

10. Packaging and labeling

10.1 Packing, packaging, boxing, labeling, and cartage are included in material prices specified in this order, and no additional charges for these services will be made to Buyer unless otherwise indicated in the order. Package multiple shall be specified by the Buyer unless otherwise agreed upon. Product will be properly protected from damage, deterioration and electrostatic discharge where applicable.

10.2 Age sensitive material must be marked with expiration date where applicable in accordance to SQAR and Quality Code.

10.3 Parts of the Buyer's design and Seller's packaging must be labeled per print. In the event labeling is not identified in a print, refer to the off-the-shelf labeling requirement. Off-the-shelf components and packaging must be labeled with the following items: Rosen Aviation part number, Rosen Aviation PO number, quantity, revision, Seller's work order/Lot number or other unique identifier of the Seller's choosing.

11. Buyer-Owned Property

11.1 The following provisions, unless otherwise agreed in writing, shall apply to any and all tools, tooling, patterns, equipment, materials, or other property used in the manufacture of goods for Buyer or in the performance of the order, that are either supplied to Seller by Buyer or have been acquired by Seller and specifically paid for by Buyer. All such property will hereafter be referred to as Buyer-owned.

11.2 Seller shall have the right to use Buyer-owned property without payment for usage as required in the performance of the order, or other work for Buyer, but shall not use Buyer-owned property in the performance of any other work without prior written Buyer approval.

11.3 Title to all Buyer-owned property shall at all times remain with Buyer, whether or not such property is attached to real estate. Title to such property which is procured or manufactured by Seller for Buyer shall be fully vested in Buyer upon payment for same by Buyer.

11.4 Seller shall, on written request of Buyer, properly pack and ship Buyer-owned property to such destinations as designated by Buyer.

11.5 Seller shall, at his expense, perform all maintenance work, repairs, and replacements necessary with respect to applicable Buyer-owned property so that such property remains suitable for use intended.

11.6 The risk of loss or damage to all Buyer-owned property shall be with Seller from the time when such property is delivered to Seller until that property is removed from Seller's cognizance as directed by Buyer in



Standard Purchasing Terms and Conditions

writing. Proof of adequate insurance coverage on Buyer-owned property shall be provided to Buyer by Seller upon written Buyer request.

11.7 Buyer shall not be liable for loss, damage, detention, or delay resulting from causes beyond its control, with respect to any Buyer-owned property to be delivered to Seller by Buyer.

11.8 Seller shall assume and shall indemnify Buyer against any and all liability for damage to property or injury to or death of any persons arising from, incidental to the presence, or use of Buyer-owned property, whether such damage, injury, or death be caused by defects by the property, negligence in the use thereof, or otherwise.

11.9 Buyer-owned property shall be clearly labeled as such.

11.10 Seller shall, upon receipt of written request, provide Buyer with current listing of Buyer-owned property in his or her sub-contractors possession, indicating complete description, quantities, and property conditions.

12. Dissolution (Default)

12.1 Buyer shall be entitled to dissolve any agreement and related purchase orders in whole or part by written Notice of Default to Seller in any of the following circumstances subject to provisions of Paragraph 8 (B).

i. If Seller fails to make delivery of materials or to perform contracted services within the time specified on the order.

ii. If Seller fails to perform to any of the other provisions of this order such as to endanger the timely supply of acceptable material or service.

iii. In either of these two circumstances the Seller does not fully make necessary corrections within a period of ten days after receipt of notice from Buyer specifying such circumstances.

12.2 Except with respect to defaults of its sub-contractors, Seller shall not be liable for excess cost if the failure to perform in accordance with the order arises out of causes beyond the control and without fault or negligence of the Seller. If the failure to perform is caused by default of a sub-contractor, and if that default is beyond the control of both Seller and its sub-contractor and without fault or negligence of either, the Seller shall not be liable for excess costs for failure to perform, unless the material or service to be furnished by the sub-contractor was obtainable from other sources in sufficient time for Seller to meet required schedules.

12.3 In the event that Buyer terminates an order as a result of Seller defaults as described in Paragraph 8(A), the Buyer may procure similar material or service from alternate sources as deemed suitable by Buyer. Seller shall promptly and with necessary care, package and ship Buyer-owned materials, tooling, specifications, or other properties as directed by Buyer in writing.

12.4 Buyer retains this option of purchasing finished materials, partially finished materials, or raw materials applicable to the terminated order. Payment for finished materials shall be negotiated by Seller and Buyer. Payment for raw materials shall be at Seller's cost.

12.5 Seller shall hold Buyer free of all liabilities pertaining to this order in the event of termination resulting from Seller default as described in Paragraph 12.1.



Standard Purchasing Terms and Conditions

13. Rights and Obligations after termination

13.1 In the event of early termination of the contract: (i) the Buyer shall have the right to cancel all placed Orders which have been confirmed but not yet executed; (ii) the Parties shall perform all payments or deliveries due at the time of termination and shall comply with all warranty terms until the warranty has expired.

13.2 The provisions of sections 9 and 14 of these terms and conditions shall survive the Termination.

14. Confidentiality

14.1 Seller understands and agrees that the Buyer's designs, specifications, formulas and manufacturing information is proprietary data and shall not be utilized for purposes other than those intended in the order.

14.2 Seller shall not sub-contract all, or substantial part of the order without written approval of Buyer, with the exception of procurement of raw materials or standard commercial parts.

14.3 With the termination and /or dissolution of an agreement, the Supplier shall immediately send all the carriers of this information and all copies thereof to the Buyer.

14.4 The Supplier shall also ensure that these obligations are also imposed on its own employees and any independent third parties involve, in any way, in the performance of this agreement.

15. Governing law and settlement of disputes

15.1 This Subcontract shall be governed by and construed and enforced in accordance with the laws of the State of Oregon, without regard to its choice of law rules, but including the provisions of the Uniform Commercial Code of said State. This Subcontract specifically excludes the provisions of the 1980 United Nations Convention on Contracts for the International Sale of Goods and the U. N. Convention on the Limitation Period in the International Sale of Goods, as amended by Protocol. Supplier warrants that it will comply with all federal, state, and local laws, including, but not limited to, any statute, rule, regulation, judgment, decree, order or permit applicable to its performance under this Subcontract including but not limited to any environmental, employment, health or safety agency regulations.

15.2 Rosen Aviation and Supplier shall use their reasonable efforts to resolve any and all disputes, controversies, claims or differences between Rosen Aviation and Supplier, arising out of or relating in any way to this Subcontract or its performance, including, but not limited to, any questions regarding the existence, validity or termination of the Subcontract ("Disputes"), through negotiation between the Parties. If a Dispute cannot be resolved by the functional representatives of Rosen Aviation and Supplier, it shall be referred up through management channels of the Parties or their respective designees, for further negotiation. Any Dispute that arises under or is related to this Subcontract that cannot be settled by mutual Subcontract of the Parties shall be resolved only as provided below. Pending final resolution of any Dispute, Supplier shall proceed with performance of this Subcontract according to Rosen Aviation' instructions so long as Rosen Aviation continues to pay amounts not in dispute. The existence and content of the arbitral proceedings and any rulings or award shall be kept confidential by the Parties and members of the arbitral tribunal except (i) to the extent that disclosure may be required of a Party to fulfil a legal duty, protect or pursue a legal right, or enforce or challenge an award in bona fide legal proceedings before a state court or other judicial authority, (ii) with the consent of all Parties, (iii) where needed for the preparation or presentation of a claim or defense in this arbitration, (iv) where such information is



Standard Purchasing Terms and Conditions

already in the public domain other than as a result of a breach of this clause, or (v) by order of the arbitral tribunal upon application of a Party.

A. **As to all Suppliers, U.S. based and Foreign based:** U.S. based Suppliers are those Suppliers who have their principal place of business located within the United States. Foreign based Suppliers are those Suppliers who have their principal place of business located outside the United States. In the event that any claim, dispute or controversy arising out of or in connection with this Subcontract including, without limitation, any question regarding the existence, validity, breach or termination of such this Subcontract, cannot be resolved by the Parties themselves through negotiation, the Parties agree to attempt to resolve such claim, dispute or controversy by non-binding mediation through knowledgeable representatives of each Party. The Parties shall cooperate in the selection of a qualified mediator and shall split evenly all costs of such mediation.

B. **As to U.S. based Suppliers:** In the event that any such claim, dispute or controversy cannot be resolved by and between Rosen Aviation and any U.S. based Supplier through negotiation and/or mediation within sixty (60) days after such dispute arises, either Party may refer such claim, dispute or controversy to final, binding resolution by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules. The tribunal shall consist of three arbitrators. Within 15 days after the commencement of arbitration, each Party shall appoint one person to act as arbitrator and, within 10 days after the latest date upon which each such arbitrator shall have been appointed, the two selected arbitrators shall appoint a third arbitrator. If the arbitrators appointed by the Parties are unable or fail to agree upon the third arbitrator, the third arbitrator shall be appointed by the American Arbitration Association. The place for arbitration shall be Chicago, Illinois.

C. **As to Foreign based Suppliers:** In the event that any such claim, dispute or controversy cannot be resolved by and between Rosen Aviation and any Foreign based Supplier through negotiation and/or mediation within sixty (60) days after such dispute arises, either Party may refer such claim, dispute or controversy to final, binding resolution by arbitration under the Rules of the International Chamber of Commerce. The tribunal shall consist of three arbitrators. Within fifteen (15) days after the commencement of arbitration, each Party shall appoint one person to act as arbitrator and, within ten (10) days after the latest day upon which each such arbitrator shall have been appointed, the two selected arbitrator's shall appoint a third arbitrator. If the arbitrators appointed by the Parties are unable to or fail to agree upon the third arbitrator, the third arbitrator shall be appointed in accordance with the Rules of the International Chamber of Commerce. The place of the arbitration shall be in the State of Oregon, USA. The language of the arbitration shall be English.

D. **Judgment:** Judgment upon the award rendered by the arbitrators under either paragraph (a) or (b) above may be entered in any court having jurisdiction thereof, and the Parties agree the award will be final, in writing, and binding and cannot be made subject to any review, appeal or other recourse. Both Parties waive and relinquish the right to refer such claim, dispute or controversy to any other jurisdiction. The arbitrators will have no authority to award punitive, special, incidental, indirect or consequential damages whatsoever including, without limitation, damages for loss of use or business interruption. Each Party shall bear its costs of arbitration except that the arbitration tribunal shall award to the prevailing Party its reasonable attorney's fees.