

## Standard Purchasing Conditions of Lufthansa Technik Milan S.r.l. (LTMIL)

### 1. General terms

1.1. Contracts of Lufthansa Technik Milan ("LTMIL") concerning purchasing of goods and/or services such as purchase contracts and contracts for the supply of services (in the following: "Contracts") shall be concluded only on these terms and conditions ("Terms and Conditions"). The same shall also apply to Contracts concluded by LTMIL in the name of and on behalf of third parties. Any conflicting terms and conditions proposed by the party entering into a Contract with LTMIL (in the following: "Contractor") shall only apply if they have been expressly agreed in writing. Silence on the part of LTMIL shall not be construed as acceptance, even following the receipt of such terms and conditions.

1.2. The following Terms and Conditions also apply to any single order made under the same Contract of the kind described in 1.1. entered into between the Contractor and LTMIL.

### 2. Orders and Acceptance

2.1. Purchase orders made by LTMIL may be withdrawn by LTMIL at any time prior to the receipt of a written order confirmation.

2.2. Acceptance of order confirmations deviating from the order made by LTMIL must be confirmed in writing by LTMIL to become effective. Should this confirmation not be effected within a period of two (2) weeks from the receipt thereof, the Contract will be deemed not to have been concluded. Silence of LTMIL shall not be construed as acceptance or agreement. The acceptance of deliveries and services or payments shall not be deemed as an acceptance of an offer, unless said offer is expressly confirmed in writing.

2.3. The prices specified in the purchase orders of LTMIL do not include any applicable VAT, but include all ancillary expenses (including but not limited to transportation costs, customs duties, packaging and insurance costs, costs for the return and disposal of the packaging).

2.4. An acceptance by LTMIL of any offer of the Contractor shall be binding only if the acceptance is in writing.

### 3. Goods and Services, Notice of Defects and Acceptance

3.1. The place of performance of Contracts shall be the registered place of business of LTMIL in Malpensa Airport.

3.2. Premature deliveries may be rejected by LTMIL, if their acceptance is not in the best interest of LTMIL.

3.3. In the case of a continuous business relationship, LTMIL shall be entitled to perform quality audits at the premises of the Contractor during usual business hours, in particular in the event of the discovery of defects in the goods or services delivered, and, if necessary, together with representatives of the relevant aviation authority. The Contractor agrees to provide LTMIL with all necessary support and grant access to all pertinent documents, production facilities and other industrial and office premises. Any measures or changes requested by LTMIL after the audit, which are necessary for the compliance with generally accepted standards of good engineering practice or with safety regulations, shall be promptly put in place and/or carried out by the Contractor at its own expense. Should the Contractor unreasonably refuse to be audited without any legitimate reason, or should the Contractor refuse to put in place and/or carry out any change requested by LTMIL, LTMIL shall be entitled, upon reasonable notice, to withdraw from the Contract or – in the event of a continuing contractual obligation – to terminate the Contract for cause and, both in the event of a withdrawal or a termination for cause, shall be entitled to damages.

3.4. In the case of a continuous business relationship, the Contractor shall immediately inform LTMIL of any changes affecting the quality of goods and services delivered, in particular with regard to organization, location or the production/manufacturing process.

3.5. Delivery notes are to be attached to the exterior of the packaging and must specify the order number, the article description, component number, the delivery quantity and any accompanying certificates/documents as well as references to all partial deliveries. Deliveries that belong together must be labeled as such. Goods from outside of the European Union must be labeled as such. Non-compliance with any one of these obligations shall entitle LTMIL to refuse delivery unless the Contractor is not responsible for such non-compliance.

3.6. For any good delivered or service rendered by the Contractor:

- With regard to purchase contracts of goods, LTMIL shall notify any defects or discrepancies of the delivered products within 30 (thirty) days following the discovery thereof. The reporting of defects at a later date may suffice if reasonably justified by the circumstances of the particular case;
- With regard to contracts for the supply of services, LTMIL shall notify any defects or discrepancies of the rendered services within 60 (sixty) days following the discovery thereof. The reporting of defects and discrepancies at a later date may suffice if reasonably justified by the circumstances of the particular case.

3.7. The issuing of delivery receipts or payment for services rendered or goods supplied by the Contractor shall not affect, impair or operate as a waiver of any claim, any right or remedy of LTMIL.

3.8. The Contractor shall not be permitted to subcontract any obligations to supply goods or services under the Contract to third parties without the prior written consent of LTMIL.

3.9. LTMIL must be informed immediately in writing if existing components of a workpiece or other materials are replaced in the course of executing the Contract. The replaced components or materials must be kept safe for a period of 30 (thirty) days following the fulfillment completion of the Contractor's main obligations under the Contract. If LTMIL does not request the return within this period, the Contractor shall dispose of the replaced components and other materials at its own expense and responsibility and provide LTMIL with appropriate proof of disposal. The Contractor shall not use or otherwise deal with the replaced components and materials in any way. It is understood that the Contractor shall indemnify and hold harmless LTMIL for any cost, expense or damage deriving from said disposal or in any way connected thereto.

3.10. Contractor shall promptly supply LTMIL with any necessary document and information necessary to enable LTMIL to use, maintain and repair any supplied goods or services to the extent requested by LTMIL, including for example all Component Maintenance Manuals, Service Bulletins, Service Information Letters, as an electronic data file and without any additional remuneration. Subsequent changes of such information are included. Where applicable, such documentation shall be in compliance with ARINC 625 standard.

All documentation shall be addressed to:

LUFTHANSA TECHNIK MILAN Fabbricato 181, CP 367, Milan-Malpensa Airport 21019 Somma Lombardo (VA) Italy Phone: +39 02 585714 48 finance@lht-milan.com

3.11. Contractor shall inform LTMIL in written form and without undue delay if any goods ordered by LTMIL or materials necessary for provision of services ordered by LTMIL contain substances listed in the document "Restricted Substances at Lufthansa" (available under <https://www.lufthansa-technik.com/en/purchasing>). In case goods and/or materials contain such substances, LTMIL in its sole discretion shall be entitled to withdraw free of charge from the respective purchase order. Contractor shall indemnify and hold LTMIL harmless for any cost, expense or damage arising out of a late and/or a lack of notice thereof.

3.12. In the event an express acceptance of LTMIL of the work done by the Contractor is required by the Contract or by the law, said acceptance shall be binding only if it has been made by LTMIL expressly in writing. Such acceptance shall only be legally effective if signed by LTMIL. Acceptance of the work performed without reservation shall not impair, limit, waive or otherwise affect any rights or remedies or any of LTMIL's rights to contractual penalty in the event of defects that were not reasonable discoverable at the moment of acceptance and LTMIL shall be entitled to assert a contractual penalty despite acceptance until final payment has been effected.

### 4. Transportation, Default, Transfer of Risk

4.1. All delivery costs, in particular packaging, forwarding and transport insurance costs as well as the costs of returning the packaging – in so far as LTMIL requests that the packaging be returned – shall be borne by the Contractor. Should the Contractor fail to accept the returned packaging within the specified period, LTMIL may dispose of the packaging itself or employ third parties for this purpose. All costs incurred thereby shall be reimbursed to LTMIL by Contractor.

4.2. The Contractor shall notify LTMIL immediately in writing of any delays in delivery that may arise as soon as these become apparent, quoting order number and order date as well as the anticipated delivery date. The receipt of such notification shall not be deemed as an extension of the agreed delivery time unless LTMIL expressly agrees to such an extension in writing. Should no notification be issued or should the notification be incomplete, Contractor shall be held liable for any losses that may subsequently arise, except if Contractor can prove that such losses are not caused by negligence or willful misconduct.

4.3. LTMIL shall be entitled to damages for all losses arising from delays in delivery. In addition, in the event of delays in delivery, LTMIL shall be entitled to a contractual penalty amounting to 0.15 % of the Contract value per working day of delay, to a maximum of 5% of the total order value. It is understood that this contractual penalty does not impair or in any way limit LTMIL's right to damages compensation. Once paid, the contractual penalty shall be considered a partial prepayment of (and offset against) damages due in respect of such delay in performance. The right to withdraw from the order and to claim damages shall remain unaffected, even following the assertion and/or payment of the contractual penalty.

4.4. The Contractor shall bear the risk of loss, accidental destruction or accidental damage until final delivery of the goods and services to LTMIL's warehouse at the address set out in article 3.10 or the fully acceptance by LTMIL of the work performed at the place of performance. In case of delivery performed by a carrier assigned by LTMIL, the Contractor shall bear the risk of loss, accidental destruction or accidental damage until goods and services are handed over to carrier.

4.5. When transporting goods, the Contractor undertakes to observe and to be in compliance with all relevant regulations for materials relevant to flight safety. In particular, the Contractor shall observe the regulations of the ADR, GGVSE, ATA 300, IATA-DGR, ICAO-TI, IMDG code and RID governing the shipment of such goods. The Contractor shall indemnify and hold harmless LTMIL for any cost, expense or damage deriving from any non-compliance therewith.

### 5. Guarantees, Warranties and Compensation for Damages

5.1. The Contractor warrants and undertakes:

- in case of Contracts for the supply of services, that only those materials specified in the Contract or otherwise agreed in writing between LTMIL and the Contractor shall be used for the performance of the Contract and that all specifications regarding dimensions and quantity outlined by LTMIL in the Contract shall be observed. Deviations from the above shall only be permissible if LTMIL gives prior written agreement thereto;
- that all requested certificates, documents specified in the Contract or other documents which are necessary for the use of the goods or services for the purpose as provided for in the Contract or are necessary with regard to the purpose provided for in the Contract shall be supplied to LTMIL. The Contractor shall be responsible for the fact that any material certificates to be supplied comply with any applicable law, rule and regulation, included but not limited to statutory aviation regulations and LTMIL's requirements.
- that the delivered goods or services comply in full with any legal requirements and regulations, applicable from time to time, of Italy, the Federal Republic of Germany, as well as any national and international aviation regulations, in particular, flight safety regulations as well as any other relevant accident prevention, environmental or work safety regulations and generally acknowledged technical rules and principles.
- that the services are performed in a timely manner, with the utmost diligence required and in compliance with any applicable law and regulation about environmental and work safety, labor law and social security contributions, employing only qualified personnel for which the Contractor shall be the sole responsible subject;
- that the delivered goods or services do not infringe any third party intellectual or industrial property rights and are not encumbered with third party rights. The Contractor shall indemnify and hold harmless LTMIL from and against all third party claims asserted against LTMIL for infringement of third party intellectual or industrial property rights. This indemnity shall in particular extend to all and any costs incurred by LTMIL for their legal defense including any payments to be made for damages. In the event of any third party claims being filed, the Contractor shall hand over to LTMIL an appropriate collateral upon LTMIL request for an amount at least corresponding to the third party claim, increased by the 10%.

5.2. The period of limitation for all warranty claims shall be as follows

• With regard to purchase contracts of goods, for all warranty claims resulting from defective goods, the period of limitation shall be 1 (one) year calculated from the delivery thereof;

• With regard to contracts for the supply of services, for all warranty claims resulting from defective services, the period of limitation shall be 2 (two) years calculated from the delivery of the service or, if requested, from the acceptance of the service.

In the event LTMIL is requested to provide its acceptance to the goods or services delivered, said acceptance shall not cover any hidden defects and the Contractor shall remain fully liable for claims deriving therefrom.

5.3. If the law stipulates longer periods of limitation and/or a later start of the period, the law shall prevail, including in relation to claims for damages that result from or relate to death, personal injury or detriment to health or freedom. In particular, this article 5 is without prejudice to the manufacturer's liability in the event of product liability according to CEE Directive 85/374 (as subsequently amended and supplemented) for which the manufacturer shall remain fully responsible with no limitations and shall keep fully indemnified LTMIL and third parties. Furthermore, the Contractor shall remain fully and solely liable for any cost, expense and damage, both direct and indirect, deriving from any use and application of the goods delivered and/or the services rendered by the Contractor in any of the activities performed by LTMIL and the Contractor shall indemnify and hold harmless LTMIL and third parties, including customers and end-users, from any negative consequences deriving therefrom. It is understood that said Contractor's liability and obligations shall not be subject to the terms of notice set out in article 3.2 nor to the period of limitation set out in article 5.2. In any case, the Contractor shall indemnify and hold harmless LTMIL from and against all third party claims relating to defective goods or services delivered by the Contractor.

5.4. In the event of Contractor's breach of any duty and obligation connected to warranties set forth in this article 5:

- **With regard to purchase contracts of goods**, for all warranty claims resulting from defective goods, at LTMIL's own discretion the exclusive remedies shall be the following: (i) Contractor may replace the defective goods or (ii) the purchase price may be proportionally reduced according to the relevant defect or (iii) LTMIL may immediately terminate the Contract without notice and without any further obligation towards the Contractor, including payment;
- **With regard to contracts for the supply of services**, for all warranty claims resulting from defective services, at LTMIL's own discretion the exclusive remedies shall be the following: (i) LTMIL may ask the Contractor to fully cure the defect at Contractor's expenses or (ii) the purchase price may be proportionally reduced according to the relevant defect or (iii) LTMIL may immediately terminate the Contract without notice and without any further obligation towards the Contractor, including payment.

Notwithstanding the indemnification rights set forth in this article 5.4, LTMIL shall in any case be entitled to full compensation of damages. Furthermore, and without prejudice to the claim for damages, LTMIL shall be entitled to a contractual penalty amounting to 5% of the total Contract value, if the Contractor intentionally or negligently breaches any of the aforementioned obligations. Once paid, the contractual penalty shall be considered a partial pre-payment of (and offset against) damages due from the Contractor to LTMIL.

As regards to any claim for damages, LTMIL shall not be restricted to the anticipated loss incurred as a result of non-performance. The obligation to pay damages as well as the scope of indemnification shall also include, but not be limited to, all out-of-pocket expenses, fees and disbursements.

- 5.5. The Contractor shall procure and maintain appropriate insurance in respect of its activities for LTMIL, including aviation safety risk, if applicable. LTMIL is to be furnished with appropriate evidence of the same upon request – even following the fulfillment of the Contract. Should the Contractor fail to procure and maintain such insurance, LTMIL shall be entitled to call upon the Contractor to conclude an appropriate policy and furnish suitable proof thereof by an appointed date. If the Contractor does not comply with this request within the specified time limit, LTMIL shall be entitled to withdraw from the Contract and claim damages in lieu of or in addition to performance. Regardless of this fact and in addition to compensation of further damages, LTMIL shall be also entitled to a contractual penalty amounting to 5 % of the total Contract value if the Contractor fails to furnish appropriate proof within the reasonable time limit stipulated by LTMIL.
- 5.6. In the case of Contracts for work and labor and Contracts for work and material, LTMIL shall be entitled to retain a security deposit amounting to 5 % of the Contract value for the duration of the period of limitation for warranty claims, unless the Contractor furnishes security in the form of an irrevocable, directly enforceable upon first demand, all exceptions removed guarantee from a major bank or savings bank covering the duration of the period of limitation.
- 6. Invoices, Payments, Offsetting, Retention**
- 6.1. All invoices are to be prepared quoting order number, order item, date and quantity and listing the individual component and item price and issued to the address quoted in the Contract for this purpose. Invoices must comply with any applicable tax law provisions, in particular VAT rules. Invoices for part deliveries must be recognizable as such. Any invoices that do not comply with this section 6.1. shall entitle LTMIL to exercise a right of retention with regard to payment of the respective invoice amount.
- 6.2. Payments by LTMIL shall be effected within 30 days following the receipt of the relevant invoice by LTMIL, provided that the Contract has been performed in full by the Contractor (including acceptance of delivery of goods or services, if applicable) (“**Term of Payment**”). If the Contractor completes the performance of an order of goods or services before the agreed delivery date, this shall not entitle him to claim any payments to be effected earlier than the Term of Payment. Likewise, invoices for partial delivery shall only be paid following the final completion of the Contract by the Contractor.
- 6.3. LTMIL shall be entitled to set off payments. The Contractors shall be entitled neither to set off nor to retain payments unless agreed in writing by LTMIL or unless such counterclaims have been upheld pursuant to a final, binding and absolute court or arbitral decision.
- 7. Export Control Regulations**
- 7.1. The Parties hereby acknowledge that the performance due under the Contract may be subject to export control laws and regulations of the European Union, Italy, Germany and the United States (hereinafter referred to as “**Export Control Regulations**”), including compliance requirements set forth under the U.S. Export Administration Regulations (EAR), 15 CFR Parts 730-774, International Traffic in Arms Regulations (ITAR), 22 CFR Parts 120-130, and U.S. economic sanctions regulations (OFAC regulations), 31 CFR Parts 500-598).
- 7.2. Each party acknowledges its respective obligation to comply fully with applicable Export Control Regulations in connection with the performance of the Contract. As part of such obligation, the Contractor agrees to ensure that the performance due under the Contract is in full compliance with applicable Export Control Regulations. It is understood that the Contractor shall indemnify and hold harmless LTMIL for any non-compliance with Export Control Regulations and for any expenses, costs or damages deriving therefrom
- 7.3. Contractor agrees to provide to LTMIL prior to the performance due under the Contract the correct export classification of an item, e.g., the classification under the “Ausfuhrliste” of the German Federal Office of Economics and Export Control (BAFA), the relevant category in the United States Munitions List (USML) or the Export Control Classification Number (ECCN) under the Export Administration Rules (EAR), and to provide to LTMIL all necessary information related thereto, and shall otherwise provide to LTMIL any reasonable assistance requested by LTMIL to ensure full compliance with applicable Export Control Regulations. As part of such assistance, Contractor shall inform LTMIL if the performance due under the Contract will require an export license or other authorization under applicable Export Control Regulations, as well as any document that LTMIL must complete or submit in connection with obtaining such export license or authorization. The Contractor shall indemnify and hold harmless LTMIL for any expenses, costs or damages deriving from the breach of the obligations set forth in this article 7.3.
- 7.4. Contractor agrees that, whenever the performance due under the Contract requires an export license or other authorization under applicable Export Control Regulations, the Contractor will obtain such license or authorization at no cost to LTMIL and in a manner that permits delivery of the item by the time for delivery, it being understood that the Contractor shall indemnify and hold harmless LTMIL for any expenses, costs or damages deriving from the breach of the obligations set forth in this article 7.4..
- 7.5. If Contractor is the U.S. Principal Party in Interest (“USPPI”), it agrees to comply with all requirements applicable to the USPPI in U.S. export transactions. If LTMIL is the Foreign Principal Party in Interest (“FPPI”), Contractor is authorized to act and agrees to act as LTMIL’s true and lawful agent for purposes of preparing and filing any Electronic Export Information in accordance with Export Control Regulations of the United States.
- 8. Licenses**
- In case Contractor provides for LTMIL research and development services due under the Contract, all present and future rights to the obtained results, including rights to possible inventions and copyrightable works, are hereby irrevocably assigned to LTMIL free of charge and Contractor shall undertake all steps to assure the prompt transfer of such rights to LTMIL. In the event such rights cannot be transferred in full, Contractor shall grant to LTMIL free of charge an exclusive, irrevocable, worldwide, transferable and sub-licensable right to use and exploit said results for whatever purpose and applicability within the aviation industry.
- 9. Compliance**
- 9.1. The Contractor warrants and undertakes, as appropriate, that
- the Contract and the relationship created thereby and the Contractor’s activities thereunder do not and will not violate any laws related to bribery and/or corruption, including but not limited to the Organization for Economic Co-Operation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and all related and implementing legislation or put LTMIL in breach of any such laws, and further warrants that, in connection with the provision of the services or any of them, the Contractor will duly observe at all times throughout the period of the Contract all applicable laws and the terms of this Contract including the terms and conditions as stated herein,
  - neither the Contractor nor, to the Contractor’s knowledge, any other person, including but not limited to the Contractor’s employees or agents, have made, or will offer to make any loan, gift, donation or other payment of anything of value, directly or indirectly, whether in cash or in kind, to or for the benefit of any officer or employee of a government agency, department, instrumentality, government-owned company, or public international organization, political candidate, political party or official thereof, or anyone acting in an official capacity for any of the foregoing (collectively, “**Government Officials**”), or to any other person to obtain any improper advantage,
  - the Contractor will notify LTMIL of any change of ownership within 4 (four) weeks.
- 9.2. Without prejudice to any other rights LTMIL may have, LTMIL shall be entitled to terminate without previous notice fully or partially any Contract and any attachment to a Contract as well as any other contractual relationship the Parties may have if LTMIL gains knowledge or has reason to suspect that the Contractor is in breach of his obligations according to this article and/or that the information provided in the Supplier-Questionnaire is not correct.
- 9.3. LTMIL may conduct an anti-corruption audit of the Contractor’s books and records if necessary and appropriate to ensure the Contractor complies with its obligations under this article.
- 9.4. The Contractor shall indemnify and hold harmless LTMIL for any expenses, costs or damages deriving from the breach of the obligations set forth in this article 9.
- 10. Confidentiality**
- All information disclosed by LTMIL to the Contractor under the Contract and its implementation and during the negotiations leading to it is to be treated confidentially and shall not be made public or be disclosed to a third party without prior written consent by LTMIL. The Contractor agrees to use such information only for the purposes of the Contract. This does not apply as far as such information
- was already known by the Contractor or was public before its disclosure by LTMIL or
  - becomes known to the public after disclosure to the Contractor without any breach of the Contract
  - or if the Contractor is required by law to disclose the information to a third party.
- 11. Place of Jurisdiction, Applicable Law, Severability Clause, Language**
- 11.1. Unless differently agreed on by the Parties in writing, any controversy or claim arising out of or relating to the Contracts and to these Terms and Conditions, or a breach thereof, shall be subject to the exclusive jurisdiction of the Court of Milan. Notwithstanding the foregoing, LTMIL shall also be entitled to bring action against the Contractor at any other legally admissible venue, in particular at the place where the Contractor has his place of business.
- 11.2. The laws of Italy shall apply to all legal relationships between LTMIL and the Contractor. The application of the United Nations Convention on Contracts for the International Sale of Goods (CISG) is hereby excluded.
- 11.3. If any clause of the Contract or of these terms is or becomes fully or partially invalid, this does not affect the validity of the remaining clauses nor the validity of the Contract.
- 12. Privacy Policy**
- With regard to the data protection rights and obligations pursuant to the EU Regulation 2016/679, please refer to the PRIVACY NOTICE available at <https://www.lufthansa-technik.com/lufthansa-technik-milan> that shall be deemed to be an integral part of these Terms and Conditions. By accepting these Terms and Conditions, the Contractor expressly declares to have received and acknowledged in full the content of the PRIVACY NOTICE.
- 13. 231 Model**
- The Contractor acknowledges that LTMIL adopted a Model of Organization, Management and Control, a Code of Ethics and a Code of Conduct pursuant to Legislative Decree 231/2001 (the “**231 Model**”) and declares to be fully aware of the content thereof. The 231 Model is available at <https://www.lufthansa-technik.com/lufthansa-technik-milan> and it shall be deemed to be an integral part of these Terms and Conditions. By accepting these Terms and Conditions, the Contractor expressly undertakes to perform, and to cause its personell to perform, the Contract in full compliance with the 231 Model and the Legislative Decree 231/2001.
- 14. Interference Risk Assessment**
- If the Contractor need to enter LTMIL premises he acknowledges the “Interference Risk Assessment” Document (DUVRI) of LTMIL. It is responsibility of the Contractor or any third party working on behalf of the Contractor to act in full compliance with all safety measures reported in the DUVRI once inside LTMIL premises.
- 15. Disclaimer**
- The Terms and Conditions set forth herein shall apply without prejudice to any applicable law, rule and regulation governing the Contracts and the relevant goods or services whether such laws, rules and regulations are mandatory and binding between the Parties according to the laws of Italy and of the European Union. In this event, said laws, rules and regulations shall apply.

*signatures of Contractor*

**Pursuant to articles 1341 and 1342 of the Italian Civil Code, the Contractor hereby states to have duly examined and to expressly accept all the articles of this Terms and Conditions and, in particular, articles 1, 3, 4, 5, 6, 8, 9, 11, 12, 13, 14, 15.**

*signatures of Contractor*

**Current as of May 2018**