

**Standard Purchasing Conditions of
Lufthansa Technik Aktiengesellschaft (LHT AG)**

1. General terms

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

1.2. The following condition also apply to future Contracts of the kind described in 1.1. between the Contractor and LHT AG even if not expressly agreed upon.

2. Offer and Acceptance

2.1. Offers made by LHT AG, especially purchase orders, may be withdrawn by LHT AG at any time prior to the receipt of a written order confirmation.

2.2. Acceptance of order confirmations deviating from the order must be confirmed in writing by LHT AG to become effective. Should this confirmation not be effected within a period of two weeks, the Contract will be deemed not to have been concluded. Silence 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 the offer is expressly confirmed.

2.3. The prices specified in the purchase orders of LHT AG 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 LHT AG 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 shall be the registered place of business of LHT AG in Hamburg.

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

3.3. In the case of a continuous business relationship LHT AG 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 LHT AG 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 LHT AG after the audit, which are necessary for the compliance with generally accepted standards of good engineering practice or with safety regulations, shall be 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 LHT AG, LHT AG 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 LHT AG 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 LHT AG to refuse delivery unless the Contractor is not responsible for such non-compliance.

3.6. LHT AG shall be deemed to have satisfied its statutory obligations of timely inspection and notification of defects and damages as provided for by German commercial law if evident defects are reported within two weeks following delivery and any hidden defects are reported within two weeks following their discovery. The reporting of defects at a later date may suffice if 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 LHT AG.

3.8. The Contractor shall not be permitted to subcontract any obligations to supply goods or services under the Contract to third parties.

3.9. LHT AG 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 days following the fulfillment completion of the Contractor's main obligations under the Contract. If LHT AG does not request the return within this period, the Contractor

shall dispose of the replaced components and other materials at its own expense and provide LHT AG with appropriate proof of disposal. The Contractor shall not use or otherwise deal with the replaced components and materials in any way.

3.10. Contractor shall supply LHT AG with all Component Maintenance Manuals, Service Bulletins, Service Information Letters and any other information necessary to enable LHT AG to use, maintain and repair any supplied goods or services to the extent requested by LHT AG 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 AG
TECHNICAL DOCUMENTATION DEPTM
HAM OC DSC
Building Nr. 116; Room 160
Weg beim Jaeger 193
22335 Hamburg
Germany
TECHNICAL.DOCUMENTATION@LHT.DLH.DE

3.11. Contractor shall inform LHT AG in written or text form and without undue delay if any goods ordered by LHT AG or materials necessary for provision of services ordered by LHT AG 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 LHT AG shall be entitled to withdraw from the respective purchase order.

3.12. In case of Contracts for work and labor and Contracts for work and material, an express acceptance is required. Any acceptance of any work shall be binding only if it has been made expressly in writing. Such acceptance by LHT AG shall only be legally effective if signed by two members of LHT AG staff authorized to represent the company. Acceptance of the work performed without reservation shall not impair, limit, waive or otherwise affect any rights or remedies or any of LHT AG's rights to contractual penalty. LHT AG 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 LHT AG 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, LHT AG may dispose of the packaging itself or employ third parties for this purpose. All costs incurred thereby shall be reimbursed to LHT AG by Contractor.

4.2. The Contractor shall notify LHT AG 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 LHT AG 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. In case LHT AG requests Contractor to provide a direct integration with the respective tool (Aeroexchange [AeroRepair Tool], OneAero [MRO Tracker Tool], SPEC2000, SPEC2000 via Aeroexchange) in order to ensure a full automatic processing of relevant purchasing and logistics data and Contractor does not provide such requested integration, Contractor accepts LHT AG's calculation of delay in delivery using available alternative data or estimated data.

4.4. LHT AG shall be entitled to damages for all losses arising through delays in delivery, if all legal requirements for such claims are met. In addition, in the event of delays in delivery, LHT AG 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. 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.

4.5. The Contractor shall bear the risk of loss, accidental destruction or accidental damage until final delivery of the goods and services to LHT AG or the acceptance by LHT AG of the work performed at the place of performance. In case of delivery from the United States performed by a carrier assigned by LHT AG, the Contractor shall bear the risk of loss, accidental destruction or accidental damage until goods and services are handed over to carrier.

4.6. When transporting goods, the Contractor undertakes to observe 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.

5. Guarantees, Warranties and Compensation for Damages

5.1. The Contractor warrants and undertakes:

- that only those materials specified in the Contract or otherwise agreed shall be used and that all specifications regarding dimensions and quantity outlined by LHT AG in the Contract shall be

observed. Deviations from the above shall only be permissible if LHT AG 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. The Contractor shall be responsible for the fact that any material certificates to be supplied comply with the applicable statutory aviation regulations and LHT AG's requirements.
- that the delivered goods or services comply with the legal regulations of the Federal Republic of Germany as well as 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 delivered goods or services do not infringe any third party intellectual or industrial property rights and are not encumbered with third party rights. In case of negligent or intentional conduct, the Contractor shall indemnify LHT AG from and against all third party claims asserted against LHT AG for infringement of third party intellectual or industrial property rights. This indemnity shall in particular extend to all and any costs incurred by LHT AG for their legal defense including any payments to be made for damages. In the event of any third party claims being lodged, LHT AG shall be entitled to demand from the Contractor appropriate security up to, but not exceeding the anticipated loss.

Statutory warranty rights apply. Furthermore, LHT AG 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 prepayment of (and offset against) damages due from the Contractor to LHT AG.

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

- for all warranty claims resulting from defective goods or services, the period of limitation shall be three years calculated from the delivery (purchase contracts) or acceptance (contracts for work and labor, contracts for work and material) at the place of performance;
- for all warranty claims resulting from defects of buildings and from defective goods that are used for a building in accordance with its customary use and that result in the deficiency of the building, the period of limitation, in contrast to the above, shall be six years calculated from the acceptance or delivery.

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.

5.3. Furthermore the Contractor shall indemnify LHT AG from and against all third party claims relating to defective delivery of goods or services by the Contractor, unless Contractor is not responsible for the defect.

5.4. As regards any claim for damages, LHT AG 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 LHT AG including aviation risk, if applicable. LHT AG 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, LHT AG 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, LHT AG shall be entitled to withdraw from the Contract and claim damages in lieu of or in addition to performance. Regardless of this fact, LHT AG shall be 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 LHT AG.

5.6. In the case of Contracts for work and labor and Contracts for work and material, LHT AG 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 guarantee from a major German 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 LHT AG to exercise a right of retention with regard to payment of the respective invoice amount.

6.2. Payments by LHT AG shall be effected within 30 days following the complete fulfillment of the Contract by the Contractor (including acceptance according to sec. 3.12. if applicable) and the receipt of the invoice by LHT AG. If the Contractor completes an order before the agreed delivery date, this shall not entitle him to claim any payments to be effected earlier than 30 days after the agreed delivery date. Likewise, invoices for partial delivery shall only be paid following the final completion of the Contract.

LHT AG shall be entitled to retain a 3 % discount from Contractor's claim for all payments made within two weeks following the complete fulfillment of the Contract and receipt of the invoice.

6.3. LHT AG shall be entitled to set off payments. The Contractors shall be entitled neither to set off nor to retain payments unless such counterclaims are not disputed or have been upheld pursuant to a final and absolute court 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, 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.

7.3. Contractor agrees to provide to LHT AG 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 LHT all necessary information related thereto, and shall otherwise provide to LHT AG any reasonable assistance requested by LHT AG to ensure full compliance with applicable Export Control Regulations. As part of such assistance, Contractor shall inform LHT AG 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 LHT AG must complete or submit in connection with obtaining such export license or authorization.

7.4. Contractor agrees that, whenever the performance due under the Contract requires an export license or other authorization under applicable Export Control Regulations, it will obtain such license or authorization at no cost to LHT AG and in a manner that permits delivery of the item by the time for delivery.

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 LHT AG is the Foreign Principal Party in Interest ("FPPI"), Contractor is authorized to act and agrees to act as LHT'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 LHT AG 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 assigned to LHT AG and Contractor shall undertake all steps to facilitate the transfer of such rights, unless the services are provided free of charge. In the event such rights cannot be transferred in full, Contractor shall grant to LHT AG an exclusive, irrevocable, worldwide, transferable and sub-licensable right to use and exploit the 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 OECD convention on combating bribery of foreign public officials in international business transactions and all related and implementing legislation or put LHT AG 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 LHT AG of any change of ownership within four weeks.

9.2. Without prejudice to any other rights LHT AG may have, LHT AG 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 LHT AG 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. LHT AG 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.

10. Confidentiality

All information disclosed by LHT AG to the Contractor under the Contract and its implementation and during the negotiations leading to it are to be treated confidentially and shall not be made public or be disclosed to a third party without prior written consent by LHT AG. 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 LHT AG 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. In the event that Contractor is a merchant (Kaufmann), the courts of Hamburg, Germany, shall have exclusive jurisdiction over any disputes arising out of or in relation to the Contract. LHT AG 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 law of the Federal Republic of Germany excluding German conflict of law rules shall apply to all legal relationships between LHT AG 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.

11.4 In case of any inconsistencies between the English and the German version of these terms and conditions the German version shall prevail.

Current as of April 2017