

GENERAL CONDITIONS FOR THE PURCHASE OF GOODS OR WORK

These General Conditions together with the terms and special conditions appearing on a purchase order ("Order") ("Order Conditions") are the only express conditions on which Rolls-Royce plc ("RRplc") procures goods ("Goods") or work ("Work") specified on an Order from the person to whom the Order is addressed ("Vendor"). The Vendor will accept an Order by acknowledging receipt or beginning performance.

1. **Conformity with Order** - Goods and Work will be supplied strictly in accordance with the Order Conditions. The Vendor will not depart from the Order Conditions, including any drawings and/or specifications identified by the Order Conditions, without RRplc's prior written authorisation.
2. **Delivery and Passing of Title** -
 - a) The Vendor will only be excused delay in delivery or performance if it reasonably demonstrates to RRplc that such delay has been caused by circumstances outside its control and if it has notified RRplc in writing within five (5) calendar days on becoming aware of such circumstances. RRplc may terminate an Order in whole or in part where the Vendor is so excused if such delay becomes substantial. In any event the Vendor will notify RRplc in writing on becoming aware of any circumstance that may cause any failure to comply with the Order Conditions. For the avoidance of doubt; strikes, lockouts and other industrial action or disputes specific to the Vendor and/or its subcontractors or agents, shall not constitute an excusable delay.
 - b) All risk of loss or damage to parts, components, modules and/or engines ("Supplies"), sent to the Vendor for the performance of Work, shall pass to the Vendor on delivery to the Vendor and shall not pass from the Vendor until re-delivery to RRplc or RRplc's customer or agent, as instructed on the Order. Title shall at all times remain with RRplc or RRplc's customer as appropriate.
 - c) For Goods, title and risk shall pass to RRplc upon receipt at the destination set out on the Order.
 - d) The Vendor shall, at no additional charge to RRplc, pack all Supplies in accordance with RRplc's 'Supplier Advanced Business Relationship' ("SABRe") where the face of the Order does not state otherwise, so as to ensure delivery in an undamaged and serviceable state. The Vendor shall be liable for all loss or damage, and any related expenses or claims, arising out of its failure to meet such packaging requirements.
 - e) When Supplies are returned to the destination set out in the Order they shall be accompanied by the following as appropriate:
 - a. Airworthiness approval tag bearing the relevant aviation authority approval reference number;
 - b. Work report;
 - c. Investigation report if requested on the Order; and
 - d. Shipping documents.
 - f) RRplc, RRplc's customer or an aviation authority may visit the Vendor's premises at all reasonable times to examine Goods and to monitor the progress of Work.
 - g) The Vendor will provide information relating to progress in accomplishing the Order.
 - h) Without prejudice to RRplc's other rights and remedies, RRplc may reject Goods or Work, at any time, if they do not conform in whole or part with any Order Conditions at time of delivery.
3. **Price and Payment** - The price stated on a Contract for any Goods and Work shall be a fixed price inclusive of all duties, levies and taxes in the country of the Vendor, excluding value added tax or equivalent tax. Following the delivery of Goods and/or completion of Work, the Vendor will send invoices to RRplc's Accounts Department at the address on the Order in a format to be agreed with the relevant RRplc Accounts Department. RRplc will electronically transfer payment to the Vendor on the first Friday seventy five (75) days following receipt of invoice, provided that the Vendor has supplied such Goods or Work in accordance with the Contract and the invoice is accurate. If such Friday is not a normal banking day then electronic transfer of payment will be on the next banking day. The Vendor shall use all reasonable endeavours to submit invoices to RRplc within seven (7) calendar days of despatch of Goods or completion of Work. If an invoice is received later than thirty (30) days following such despatch or completion, then RRplc shall have the right to treat such invoice as void and the Vendor shall cancel such invoice upon request from RRplc, submitting no further invoices against such Order. Notwithstanding the foregoing, where an invoice is received after thirty (30) days, then RRplc shall use its reasonable endeavours to accommodate such late invoice through use of a supplementary invoice with its end customer, where possible.

RRplc may deduct the amount of any bona-fide contra accounts or other claims which RRplc may have against the Vendor from any payments due to the Vendor under any contract.
4. **Proprietary Rights Liability** - If any allegation is made or any claim asserted against RRplc that any act done by RRplc, in relation either to Goods, Supplies, or Work constitutes a violation or infringement of any intellectual property rights held by a third party, the Vendor will indemnify RRplc against and save RRplc harmless from any loss or damage arising out of such allegation or claim unless the allegation or claim is the direct result of the Vendor following a design or process originated and furnished or imposed by RRplc.
5. **RRplc Property** - All materials which RRplc supplies free of charge and any items which RRplc has paid for in full or which RRplc may have loaned or supplied to the Vendor for the execution of the Order will be at the Vendor's risk until returned to RRplc. The Vendor will retain such items in good condition after completion of the Order, will not dispose of them except in accordance with RRplc's written instructions nor allow such items to be used other than for the purpose of the Order. The Vendor will ensure that such items are at all times identified as "The property of Rolls-Royce plc" and do not become the subject of any encumbrance. The Vendor will deliver such items to RRplc or account for them upon request by RRplc. The Vendor shall indemnify RRplc against all costs, expenses and damages which RRplc incurs or suffers by reason of the Vendors failure to carry out its obligations under this Clause 5.
6. **Supply of Personnel** - Any personnel which the Vendor provides to carry out Work will at all times be deemed to be employed by the Vendor. The Vendor will ensure that any such personnel will comply with RRplc's Health, Safety, and Environment rules whilst on RRplc's premises. Further, the Vendor shall, whenever requested to do so by RRplc, provide documented evidence of payment for labour and related charges and shall remain solely liable for the payment of such charges to its employees. The Vendor shall defend and hold RRplc harmless from any and all liabilities related to complaints, claims and actions brought by employees of the Vendor or by any public or union entities, including but not limited to civil liability indemnification, and shall

indemnify RRplc for all losses, damages, and expenses deriving from such complaints, claims and/or actions.

7. **Proprietary Information** - RRplc and the Vendor (the "Parties") will exchange drawings, operating or maintenance instructions and any other technical information necessary for the execution of the Order. The Parties will treat all such information and any information relating to either Party's business or products in confidence and will not, without the prior written consent of the issuing Party, disclose it to any third party, use or copy it other than for the execution of the Order. This Clause 7 does not apply to information which is in or comes into the public domain other than through a breach of this Clause. Subject to Clause 13 below, upon request by the issuing party, the receiving party will return any such information issued to it. This Clause 7 will survive termination of the Order.
8. **Publicity** - The Vendor will not refer to RRplc's name, trademarks or products in connection with any publicity without the prior written permission of RRplc. This Clause 8 will survive termination of the Order.
9. **Termination of Order** - Without prejudice to any of RRplc's rights and remedies RRplc may terminate the Order in whole or in part at any time by giving the Vendor notice in writing whereupon all Work on the Order will cease. RRplc will pay a fair and reasonable price for justified 'work-in-progress' at the time of termination and the Vendor will assist RRplc in ascertaining the extent of such 'work-in-progress'. Payment of such price will be in full and final satisfaction of any claims arising out of such termination. Upon payment, RRplc will notify the Vendor whether to deliver to RRplc or retain at their premises until further notice, any Goods or Work completed or in progress. The amount payable under this Clause 9 will not in any event exceed the total amount that would have been paid to the Vendor had the Order not been terminated. In the event of termination the Vendor will submit a claim no later than 2 months following such termination. RRplc may terminate without liability if the Vendor has entered into liquidation, made a general agreement with its creditors, had an administrator or administrative receiver appointed over the whole or part of its assets, or commits any material breach of any of its obligations under these conditions or the Order which it fails to rectify within 14 days of written notice of that breach (no notice period shall apply for a breach of delivery terms).
10. **Supply of Data and Drawings** - If RRplc or its licensees require manufacturing data and drawings relating to the Order the Vendor will supply them.
11. **Law** - Orders and these General Conditions will be subject to and interpreted in accordance with the Laws of England and subject to the exclusive jurisdiction of the English Courts.
12. **Warranty & Liability** - The Vendor warrants to RRplc that all Goods or Work delivered hereunder will conform to the Order Conditions and will be free from defects in material, workmanship and design (where the Vendor has responsibility for design) for a period of six (6) years from delivery to the address specified on the Order, or for a period of four thousand (4000) operating hours from first use by the end customer, whichever occurs first. The Vendor further expressly warrants that if Goods or Work are deemed to be a non-conforming item by RRplc, then without prejudice to RRplc's other rights and remedies under these General Conditions or at Law the Vendor will promptly, at the Vendor's own expense, either (at RRplc's option) repair or replace such Goods or rectify any such non-conformity or defects. Alternatively, or if the Vendor fails to repair or replace any non-conforming item within a timeframe agreeable to RRplc, but in no event later than fifteen (15) days, from receipt of RRplc's claim including reasonably detailed information therefor, RRplc may, without prejudice to its other rights and remedies, choose to keep the non-conforming item and RRplc will be entitled to adjust the Order price of such item in a manner that is reasonable under the circumstances. The Vendor shall reimburse RRplc for expenses and costs incurred as a result of the non-conforming item and all damages that were suffered by property other than the non-conforming item. The Vendor undertakes to indemnify RRplc for any costs, expenses, damages and/or losses incurred by RRplc or RRplc's customer arising out of the replacement or repair of the Goods or Work, including any direct costs associated with the nonconforming Goods or Work, including but not limited to costs associated to any stoppage, packaging, shipping, re-installation, labour, delivery charges and also including any associated special, incidental, consequential or indirect damages that may be incurred by RRplc or RRplc's customer. RRplc reserves the right to request evidence of the Vendors insurance coverage from time to time. In the event of a dispute in respect of liability for a defect the Vendor shall nevertheless proceed with the repair or replacement and delivery if so requested by RRplc. If it is subsequently agreed that the Vendor is not liable, any payment for repair or replacement shall then become payable by RRplc.
13. **Development Work** - If any Work or the production of any Goods involves research or development which is wholly or partly funded by RRplc then all rights in the results will belong to RRplc.
14. **Waiver** - Failure by RRplc at any time to enforce any Order Condition or take action in respect of any breach will not be construed as a waiver by RRplc of such Order Condition and is without prejudice to any other rights and remedies available to RRplc in respect of such breach.
15. **Quality Control Requirements** - The Vendor shall comply in all respects with RR9000:SABRe and shall comply with the requirements of the appropriate aviation authority. Unless expressly authorised in writing by RRplc, the Vendor shall not incorporate PMA parts or non-OEM approved repairs during its performance of Work.
16. **Conflict** - In the event of any conflict between these General Conditions and any terms or special conditions on the Order, the latter will prevail.
17. **Assignment & Amendment** - The Vendor will not assign or transfer any of its rights and obligations under the Order. Any such purported assignment will be null and void. Nothing in these General Conditions shall be construed as creating any rights in respect of any third parties under, as a result of, or in connection with these General Conditions. No amendment shall be made to the Order Conditions without the express written consent of both Parties.
18. **Prior consent of RRplc for subcontracting** - The Vendor undertakes to perform itself or have its employees perform the Work provided in the Order, except if RRplc has previously agreed in writing to allow the Vendor to subcontract all or part of the Work to third parties. The Vendor warrants that such subcontractor shall be considered as having assumed each and every term and condition hereof and as having taken up the exact same obligations and responsibilities as the Vendor

pertaining to the portion of the Order subjected to subcontracting and the Vendor shall remain fully responsible for said obligations should the subcontractor fail to observe all or part of these obligations.

19. **Remedies for turnaround time failure and delayed delivery** – For Supplies sent to the Vendor for the performance of Work; in the event that re-delivery to RRplc is delayed beyond the agreed turnaround time detailed on the Order, and the Vendor is not excused liability for such delay, then without prejudice to RRplc's other rights and remedies RRplc may require the Vendor to supply immediately and free of charge a replacement unit of supplies identical to that which is undergoing Work. Such replacement must be acceptable to RRplc and the requirements of RRplc's customer. If the Vendor is unable or unwilling to supply acceptable replacement supplies and as a consequence thereof RRplc from its own resources issues replacement supplies, the Vendor shall reimburse RRplc the difference between the cost to RRplc for those replacement supplies and the price that RRplc is liable to pay for the Work conducted by the Vendor on the delayed Supplies undergoing Work. For the delivery of Goods; the Vendor acknowledges that time is of the essence for engine build commitments. Accordingly, the Vendor shall be liable to and shall reimburse RRplc for any costs incurred by RRplc, which shall include any costs incurred by RRplc to RRplc's customer, through failure to achieve lead time commitments on the Goods.

Notwithstanding the above, and without prejudice to its generality, if delivery of Goods or Supplies is delayed beyond the delivery date set out on the Order then RRplc shall have the right to receive liquidated damages from the Vendor to compensate for internal costs only at the rate of 1% (one percent) of the Order value of the Goods or work delayed for each complete day of delay up to a maximum of 10% (ten percent). The Vendor and RRplc agree that such liquidated damages represent a reasonable pre-estimate of the internal costs that RRplc is likely to suffer as a result of such delay and agree that such liquidated damages may be combined with non-internal costs under this Clause 19 or otherwise.

Product Support - The Vendor undertakes that for a period of time consistent with the reasonable life expectation of the Goods to make available as necessary and appropriate according to the nature of the Goods spare parts and detailed maintenance, repair and overhaul manuals or a repair service at reasonable prices.

20. **Severability** - If any provision of these General Conditions is declared by any judicial or other competent authority to be void, voidable, illegal or otherwise unenforceable, or indications to that effect are received by either of the Parties from any competent authority, the Parties shall amend that provision in such reasonable manner as achieves the intention of the Parties without illegality.
21. **Data Protection** - The Vendor undertakes that, in relation to these General Conditions or any Order, it shall, in respect of all Personal Data provided to it by RRplc, comply strictly with all requirements of the Data Protection Act 1998 as if it were the Data Controller of such personal data. The phrases "Personal Data" and "Data Controller" shall bear the meanings attributed to them in the Data Protection Act 1998. The Vendor shall indemnify RRplc against all losses, costs, expenses, damages, liabilities, demands, claims, actions or proceedings that RRplc may incur arising out of any breach of this Clause 21.
22. **Freedom of Information Act** – The Vendor and RRplc agree that the information to be provided pursuant to these General Conditions and in particular pursuant to Clause 7 above are to be submitted in confidence and is of the kind contemplated by Sections 41 and 43 of the Freedom of Information Act 2000. If the Vendor receives a request for information under the Freedom of Information Act 2000 or under any legislation in any jurisdiction which places a legal obligation on the Vendor to disclose all or part of such information to a third party, the Vendor shall immediately notify RRplc in writing of the details of any information requested by a third party, the date such request was made, and, if permitted by law, the name of the person making the request. The Vendor will, prior to any disclosure being made, consult with RRplc in good faith in relation to any proposed disclosure of information provided to it by RRplc and give due consideration to the comments of RRplc. To facilitate such consultation, the Vendor shall provide RRplc with a copy of all information which it is proposing to disclose ("Subject Information"), not less than 5 calendar days prior to its disclosure.

Notwithstanding any disclosure by the Vendor of any of the Subject Information, whether pursuant to the Freedom of Information Act 2000 or otherwise:

- a. the Vendor and the information disclosed shall in all respects remain subject to these General Conditions and any consultation as aforesaid shall be without prejudice to the rights of RRplc to seek legal redress in respect of any such disclosure; and
- b. if RRplc considers that the Subject Information should not have been disclosed, the Vendor shall notify the party to which it provides the Subject Information that RRplc regards such information as confidential and, to the extent permitted by law, provide RRplc with the name and address/registered office of such party.