

General Terms and Conditions of Purchase

Art. 1 Scope of Application / Form

(1) Contracts dealing with purchase transactions, particularly purchase contracts, contracts for work, contracts for work and materials, service contracts or other contracts concerning the provision of goods and services ("Purchase Contracts") shall be concluded by us according to the following General Terms and Conditions of Purchase ("General Terms and Conditions"). This shall also apply to Purchase Contracts concluded by us in the name and on behalf of third parties. These General Terms and Conditions shall, however, only be applicable vis-a-vis businessmen within the meaning of Section 14 of the German Civil Code (*BGB*), legal entities of public law or special funds under public law.

(2) Our General Terms and Conditions shall apply under the exclusion of any other terms or conditions. Deviating or contradicting terms shall not be accepted by us - they shall only apply if we have given our explicit written consent in this respect. An absence of communication on our part must not be considered as acceptance, not even after we have received such terms and conditions or if we accept contractual goods and services without any reservation although we have acquired knowledge of deviating or contradicting terms.

(3) The acceptance or the execution of our order shall be regarded as acceptance of our General Terms and Conditions. In the event that our contract partner refuses to accept individual provisions in these General Terms and Conditions, it shall be obliged to explicitly object thereto in writing.

(4) Unless explicitly otherwise agreed upon, the General Terms and Conditions in their version valid at the time of our order or in any case in the version at last notified to our contract partner in text format shall apply as framework agreement also to future contracts of the same type without any requirement on our part to refer to them again in each individual case.

(5) Individual agreements made in specific cases (including side agreements, amendments and modifications) shall in any case have priority over these General Terms and Conditions. Subject to counterevidence, a written contract or our written confirmation shall be decisive with respect to the contents of such agreements.

(6) Legally relevant declarations and notifications with respect to concluded Purchase Contracts (e.g. setting of deadlines, reminders, rescissions) must be sent to us in writing, i.e. in written form or text format (e.g. letter, e-mail, fax message). Statutory provisions on formalities and additional verifications, especially in case of doubt concerning the legitimation of the person issuing the declaration, shall remain unaffected.

Art. 2 Offer / Acceptance

(1) Our offers, especially contracts and orders, shall be non-binding and may be revoked by us at any time until receipt of a written order confirmation.

(2) Our contract partner shall be bound to accept our offers within a reasonable term, in any case within a period of not more than two weeks in writing or to execute them without any reservation. A delayed acceptance/confirmation shall be regarded as new offer and shall be subject to our written acceptance.

(3) Order confirmations deviating from our offers shall be subject to our written confirmation. If this confirmation fails to be given within a term of two weeks, the Purchase Contract shall be deemed to have not come into existence. An absence of communication on our part must not be regarded as consent or acceptance. A receipt of goods or services or payments on our part shall not replace a consent or statement of acceptance.

(4) The prices indicated in our offers shall be prices net of statutory VAT, if applicable, but shall include any and all subsidiary costs (especially transportation costs, customs duties, packaging costs, insurance costs, costs for returns and disposal of packaging).

(5) The preparation and submission of offers by the contract partner shall be free of charge for us. The contract partner shall be bound to a submitted offer for a term of two weeks as from the day following the receipt of the offer by us.

(6) Our acceptance of offers submitted by the contract partner shall exclusively be subject to a written statement on our part.

Art. 3 Period of Delivery and Performance / Delay

(1) All deadlines and/or time periods for delivery and performance indicated in the purchase order shall be binding. The contract partner shall be obliged to give us immediate notice - at least in text format - about any threatening or existing failure to observe a deadline, its cause and the estimated duration of the delay after having become aware of it. The occurrence of the delay shall remain unaffected thereby. If such notice fails to be given or to be given completely, the contract partner shall be liable for any damage incurred by us as a result thereof, unless the contract partner did not act culpably.

(2) Goods or services delivered or rendered prematurely may be refused if such deliveries are not in our interest.

(3) Without our prior written consent, the contract partner shall not be entitled to make partial deliveries.

(4) We shall at any time be entitled to extend the period of delivery or performance and to change the place of delivery/performance as well as the kind of packaging by giving written notice in this respect no later than 7 calendar days prior to the date agreed upon. The same shall apply with respect to changes of product specifications, always provided that they can be implemented within the framework of the ordinary production and performance process without considerable additional efforts; in this case, the period of notice, as provided for in the preceding sentence, shall amount to not less than 14 days. Any additional, reasonable and proven costs incurred by the contract partner due to such changes shall be reimbursed by us. In the event that such changes result in delays which cannot be avoided by the contract partner by means of reasonable efforts to be taken within the framework of ordinary production and business processes, the date of delivery or performance initially agreed upon shall be postponed. After careful assessment, the contract partner shall give us notice - in text format - of the additional costs or delays expected by it in due time prior to the date of delivery or performance, but in no case later than 3 working days after receipt of our notice given according to sentence 1.

(5) If our contract partner fails to deliver or perform or does not deliver or perform in due time or if it is in delay in any other manner, our rights - especially our rescission right and right to claim damages - shall depend upon statutory regulations. The provisions in paragraphs 6 and 7 shall remain unchanged.

(6) If the latest possible day of delivery or performance can be determined on the basis of the purchase order, the contract partner shall be deemed to be in delay upon expiry of such date without any necessity for us to send a reminder.

(7) Irrespective of our further statutory claims and after having sent a prior written warning to our contract partner, we shall in case of a delay be entitled to request payment of a contractual penalty at a rate of 0.5 % of the respective net contract value for each week of default commenced, but in the aggregate in no case more than 5 % of the net order value. The contractual penalty shall not be deducted from the damages for delay.

Art. 4 Performance / Delivery / Risk Transfer / Delay in Acceptance / Acceptance

(1) Without our prior written consent, the contract partner shall not be entitled to have the goods or services owed by it supplied or rendered by third parties or to subcontract any order placed by us. The contract partner shall bear the procurement risk related to its goods and services, unless otherwise agreed upon on a case-by-case basis. A permitted subcontracting or involvement of third parties on the part of the contract partner must in each case take place under inclusion of these General Terms and Conditions.

(2) Deliveries to us within Germany shall be made "free domicile" to the place indicated in the purchase order. If no place of destination has been specified and nothing else has been agreed upon, delivery shall be made to our place of business in Hamburg. The respective place of destination shall also be the place of performance for delivery and subsequent performance, if any (obligation to provide).

(3) Consignments shall be accompanied by a delivery note indicating the date (date of issue and date of dispatch), the contents of the consignments (article description, part number and quantity), a designation of enclosed certificates/documents and our order-ID (date and number). Goods not coming from the territory of the European Community shall be marked as such. Separately from the delivery note, a corresponding dispatch note with the same contents must be sent to us. In case of violations of one of the preceding obligations we shall be entitled to refuse acceptance, unless the infringement was not caused by a fault of the contract partner. If the delivery note is missing or incomplete we shall not be liable for any processing or payment delay resulting therefrom.

(4) The risk of accidental destruction or accidental deterioration of the subject matter shall be transferred to us when we take delivery at the place of performance. If an acceptance of goods or services has been agreed upon, it shall be decisive for the transfer of risks. In any other respect, too, statutory regulations provided for in statutory provisions applicable to contracts of work and materials shall apply *mutatis mutandis* in case of an acceptance of goods or services. Delivery or acceptance shall also be deemed to have taken place if we are in delay in acceptance.

(5) With respect to a delay in acceptance on our part, statutory provisions shall be applicable. The contract partner shall, however, also be obliged to offer its goods or services explicitly to us if a certain or definable calendar time period has been agreed upon with respect to an act or a participation on our part (e.g. provision of material). If we are in delay, the contract partner shall be entitled to request compensation of any additional expenses incurred by it according to statutory provisions (Art. 304 of the German Civil Code (BGB)). If the contract deals with an item to be produced by the contract partner and for which the latter is not liable (individual production), the contract partner shall only have further rights if we have obliged ourselves to collaborate and are liable for a failure to do so.

(6) An issue of receipts or the payment for goods or services delivered or rendered by the contract partner shall not imply a waiver of warranty or other claims, if any.

(7) If existing components of a workpiece or of any other material are replaced in the course of contract execution, immediate notice in text format must be given to us in this respect. The replaced old components or materials shall be retained for a period of 30 days after complete fulfillment of the major performance obligations owed by the contract partner. If we do not request surrender during this period, the contract partner shall destroy the old components and other materials at its own expense and provide us with evidence of such destruction. Any other disposal of whatever kind shall in any case be excluded.

(8) The contract partner shall be obliged to provide us - free of charge and to the extent requested by us - with any and all maintenance manuals, service notifications, service information letters and other information necessary for us in order to be able to use, maintain, service or repair the object of delivery or service ("Documentation"). This obligation shall also refer to modifications of such documents made at a later time. If applicable, the Documentation shall correspond to the ARINC 625 standard. The Documentation must be addressed to:

avionic design GmbH, Technische Dokumentation, Wragekamp 10, 22397 Hamburg, Germany,
doku@avionic-design.de

(9) In case of contracts for work or contracts for work and materials, acceptance of goods or services shall be required. An acceptance of the work shall exclusively be made by means of an explicit written statement on our part. An unconditional acceptance of the work shall not result in a loss of warranty rights or any other rights or contractual penalty claims. Irrespective of an acceptance of a work, possibly forfeited contractual penalties may be asserted by us until final payment.

Art. 5 Use in the Aviation Industry / Special Duties

(1) Avionic Design GmbH is a supplier to the aviation industry. Supplied products shall, *inter alia*, be used as constituents for aircraft components. Against this background, especially the quality agreements and special duties listed hereinafter shall apply.

(2) Goods and services delivered to us must exclusively be supplied or rendered in line with EN 9100 or DIN EN 9001 or at least on the basis of the indications given by the contract partner in the course of the supplier information issued upfront.

(3) Apart from its duty to deliver and perform faultlessly, the contract partner shall above all be obliged

- to exclusively use the materials designated in the Purchase Contract or otherwise agreed upon and to adhere to the dimensions and quantities specified by us according to the Contract. Deviations shall only be permitted after having obtained our prior written consent;
- certificates, documents as well as any other paperwork which have been ordered in the Purchase Contract and are necessary for making use of the goods or services as intended according to the Contract or the necessity of which can be derived from the contractual intended use of the goods or services shall also be delivered. The contract partner shall be responsible that any material-related certificates comply with aeronautical regulations and with the requirements specified by us;
- to ensure that goods or services come up to the statutory provisions applicable in the Federal Republic of Germany as well as to national and international aeronautical regulations, particularly safety regulations as well as other relevant accident prevention provisions, environmental regulations or occupational health and safety regulations and to generally accepted engineering standards;
- to ensure that goods and services do not infringe industrial property rights of third parties and are not encumbered with third party rights;
- to plan, implement and control processes, appropriate to the organization and the product, for the prevention of counterfeit or suspect counterfeit part use and their inclusion in product(s) delivered to Avionic Design GmbH.

(4) The contract partner shall be obliged to grant us and our customers as well as the representatives of regulatory authorities access to all production and administration facilities related to our purchase order upon request and the right to inspect any production-related records, documents and data carriers within 1 week after request.

(5) The contract partner shall be obliged to retain quality-relevant documents and records for a period of 10 years.

(6) The contract partner undertakes not to make any changes at or allow any deviations from product or process definitions and not to make changes with respect to its suppliers and the location of the production facility without our prior written request.

(7) The contract partner shall be obliged to give us notice of any non-compliant products. A disposition of non-compliant parts shall be subject to our written consent.

(8) Discontinuations of articles already delivered shall be communicated in writing in due time so that the time period for placing a final order in this respect amounts to not less than six months.

(9) The contract partner shall be obliged to inform us immediately in writing or in text format if the articles or materials ordered by us for goods or services ordered by us contain substances which are included in the "List of Restricted and Declarable Substances" (enclosed to these General Terms and Conditions as [Annex 1](#)). In the event that goods and/or materials contain such substances, we shall be entitled to cancel the respective order or Purchase Contract.

(10) In case of long-term business relationships, the contract partner shall immediately inform us about any changes in its company, especially in the organization, with respect to the site or the manufacture/production which may have an influence on the quality of goods or services.

(11) In case of long-term business relationships, we shall be entitled to carry out quality audits with respect to the contract partner - if appropriate, also with representatives of the competent aviation authority - at any time during usual operating and business hours; this shall, however, particularly apply if defects of goods or services have been found. The contract partner undertakes to grant us the assistance necessary in this respect as well as access to relevant documents, production and other operating sites as well as to its office rooms. Quality-ensuring measures required by us after such audit and necessary for compliance with generally accepted engineering standards and safety regulation shall be implemented by the contract partner at its own expense. If the contract partner refuses the performance of the audit although the audit is not contrary to its legitimate interests or if the contract partner refuses to eliminate deficiencies complained about, we shall be entitled to rescind the Purchase Contract or - in case of the existence of continuing obligations - to terminate the Contract for good cause after having granted a reasonable period of time. In case of a rescission as well as in case of a termination for good cause we shall be entitled to assert claims for damages.

Art. 6 Invoices / Prices / Payment

(1) Invoices must include the order number, order position, order date and the order quantity together with prices per unit and per item and directed to the invoice address mentioned in the Purchase Contract. They must come up to all regulations provided for under tax law, especially under VAT law. Invoices for partial deliveries shall be marked as such. Invoices deviating from the provisions set forth in sentence 1 or 2 shall result in a right of retention to our favor.

(2) The price specified in the order shall be binding. All prices shall be prices for 'free domicile' deliveries, inclusive of the respective statutory VAT as well as inclusive of the costs for packaging, unless explicitly otherwise provided for.

(3) Unless otherwise provided for on a case-by-case basis, the price shall include all services and ancillary services of the contract partner as well as all incidental costs (above all costs for a proper packaging, transportation costs inclusive of transport and third party liability insurance, when appropriate).

(4) The price agreed upon shall become due for payment within a term of 30 calendar days after complete delivery and performance (inclusive of an acceptance of goods and services, if agreed upon) and receipt of a proper invoice. Partial invoices shall be settled after complete fulfillment of the Contract only, unless explicitly otherwise agreed upon. If we settle an invoice within 14 calendar days, the contract partner shall grant us a cash discount at a rate of 3 % on the net invoice amount. In case of bank remittances, payment shall be deemed to have been made in due time if our order for remittance is received by our bank prior to the expiry of the payment term; we cannot be made responsible for delays on the part of bankers involved in the payment process.

(5) Default interest shall not be owed by us. With respect to a default in payment, the statutory provisions shall be applicable.

(6) We shall be entitled to exercise offsetting rights and retention rights and to raise the objection of a non-fulfilled contract to the extent permitted by law. Particularly, we shall have the right to retain due payments as long as we are entitled to claims against the contract partner arising from incomplete or deficient deliveries.

(7) The contract partner shall only be entitled to exercise an offsetting right or retention right in case of undisputed counterclaims or counterclaims established with legal effect.

Art. 7 Reservation of Title

(1) A processing, mixing or combination (further processing) of items made available by us shall be carried out for us by the contract partner. The same shall apply in case of a further processing of the supplied goods by us, with the result that we shall be regarded as manufacturer and shall acquire title to the goods according to statutory provisions no later than upon their further processing.

(2) The transfer of title to the goods to us shall be carried out unconditionally and without regard to the payment of the purchase price. If, however, we accept an offer of the contract partner for transfer of title subject to purchase price payment, the reservation of title on the part of the contract partner shall expire no later than upon payment of the purchase price for the delivered goods. Within the framework of the proper course of business, we shall be entitled to resell the goods also prior to a payment of the price on the basis of an anticipatory assignment of the claims arising therefrom. Any other forms of title reservation, especially the extended or transferred retention of title or title retention extended to further processing measures shall thereby be excluded.

Art. 8 Defective Delivery

(1) Our rights in case of material defects or defects in title of goods or services (inclusive of incorrect and short deliveries as well as improper assembly, incorrect installation or operating instructions or instruction manuals) and any other breaches of duties by the contract partner shall be subject to statutory provisions.

(2) According to statutory provisions, the contract partner shall particularly be liable that the goods or services have at the time of risk transfer the quality agreed upon. In any case, those product descriptions which - especially due to a designation or reference in our order - form a subject matter of the respective Purchase Contract or have been included in the Contract in the same manner as it is the case with these General Terms and Conditions shall be regarded as agreements on quality. In this context it shall make no difference whether the product description has been made by us, our contract partner or a manufacturer.

(3) By derogation from Section 442 paragraph 1 sentence 2 of the German Civil Code (*BGB*) we shall be entitled to assert claims for defects without any restrictions even if the defect failed to become known to us at the time of contract conclusion due to gross negligence.

(4) An acceptance or confirmation of submitted patterns or samples on our part shall not constitute a waiver of warranty claims.

(5) The commercial inspection duty and duty to notify defects shall be subject to statutory provisions (Sections 377, 381 of the German Commercial Code (*HGB*)) with the following proviso: Our inspection duty shall be limited to defects which become clearly visible during our incoming goods inspection in the course of an external examination, inclusive of delivery documents (e.g. transport damage, incorrect delivery, short delivery) or during random checks. If an acceptance of goods or services has been agreed upon, a duty to inspect shall not exist. In other respects, it shall be decisive whether an inspection is, according to proper business procedures, feasible when taking the circumstances of the individual case into account. Our duty to notify defects detected at a later time shall remain unaffected. Irrespective of our inspection duty, our notification of defects (notice of defects) shall in any case be regarded as having been given immediately and in due time if it is dispatched within 10 working days after detection or, in case of apparent defects, after delivery.

(6) Subsequent performance shall also include a deinstallation of defective goods and a new installation with us or with our customer in the event that goods have been installed into another product according to their intended use. The expenses incurred by the contract partner for inspection and subsequent performance purposes (inclusive of deinstallation and installation costs) shall also be borne by the latter if it turns out that a defect did not exist. Our liability for damages in case of unjustified requests for elimination of defects shall remain unaffected; to this extent, we shall, however, only be liable if we recognized or, due to gross negligence, failed to recognize that a defect did not exist.

(7) In the event that the contract partner fails to come up to its subsequent performance duty - at our option by eliminating the defect (subsequent improvement) or by delivery of goods or services free from defects (replacement delivery) - within a reasonable term specified by us, we shall be entitled to eliminate the defect ourselves and request a reimbursement of the expenses incurred by us for this reason or a corresponding advance payment on such expenses from the contract partner. In the event that a subsequent performance by the contract partner fails to be successful or is unreasonable for us (e.g. due to particular urgency, a risk to operational safety or an imminent occurrence of disproportionate damage), there shall be no need to set a deadline; if possible, we shall give the contract partner immediate notice of such circumstances.

(8) The contract partner shall warrant that the goods shall be delivered free from rights of third parties and that the delivery shall not infringe any third party rights. If the contract partner is at fault, it shall be obliged to indemnify and hold us harmless with respect to claims of third parties asserted against us as a result of an infringement of industrial property rights by goods or services supplied by the contract partner. This duty to indemnify shall especially cover all cost incurred by us for necessary legal defenses as well as all payments to be made by it for compensation of damage. In the event of claims by third parties, we shall be entitled to request the contract partner to provide a reasonable security up to the amount of the expected damage.

(9) In any other respect, we shall in case of material defects or defects in title have the right to reduce the purchase price or to rescind the contract according to statutory provisions. In addition, we shall have the right to receive damages and a reimbursement of expenditures according to statutory regulations.

Art. 9 Manufacturer Liability / Insurance / Retention of Security

(1) If the contract partner is responsible for a product damage, it shall be obliged to indemnify and hold us harmless with respect to third party claims to the extent that the cause lies within its range of command and organization and to the extent to which the contract partner itself is held liable in its relationships to third parties.

(2) Within the framework of its duty to indemnify, the contract partner shall reimburse expenses according to Sections 683, 670 of the German Civil Code (*BGB*) arising from or in connection with services rendered by third parties, inclusive of product recalls carried out by us. As far as it is possible and reasonable, we shall give the contract partner notice of the contents and scope of product recalls and grant it the opportunity to give its comments thereto. Further statutory claims shall remain unaffected.

(3) The contract partner shall be obliged to take out and maintain an adequate business and product liability insurance (in case of the product liability insurance, a sum insured of not less than EUR 10 million per injury/damage to property shall be regarded as reasonable in this respect). To the extent that the aviation risk could materialize due to goods or services to be delivered or rendered, this risk must also be covered by the insurance. Upon request, we shall be given evidence of the existence of such insurance - also after fulfillment of the Purchase Contract. If such insurance fails to have been taken out, we shall be entitled to request the contract partner to take it out and submit us proof of its existence within a term specified by us. If the contract partner fails to come up to this request within the specified term, we shall have the right to rescind the contract, to request damages instead of performance or damages in addition to performance.

(4) In case of contracts for work and contracts for work and materials, we shall be entitled to a retention of a security in the amount of 5 % of the contract sum for the term of the warranty period, unless the contract partner provides a security in form of a directly enforceable and irrevocable guarantee granted by a major German bank or savings bank for the aforementioned period.

Art. 10 Statute of Limitation

(1) The reciprocal claims of the parties shall become statute-barred according to statutory provisions, unless otherwise provided for hereinafter.

(2) By derogation from Section 438 paragraph 1 no. 3 of the German Civil Code (*BGB*), the general limitation period for claims for defects shall amount to 3 years as from the transfer of risks. If an acceptance of goods or services has been agreed upon, the limitation period shall start upon acceptance. The limitation period of 3 years shall apply *mutatis mutandis* also to claims due to title defects, with the statutory limitation period for third party claims in rem for restitution of property (Section 438 paragraph 1 no. 1 of the German Civil Code (*BGB*)) remaining unaffected; apart from that, claims arising from title defects shall in no case become statute-barred as long as the third party may still assert claim against us, especially due to the absence of a time limitation.

(3) Upon receipt of our written notice of defects by the contract partner, the limitation period for warranty claims shall be regarded as suspended. In case of a replacement delivery and an elimination of defects, the warranty period for the replaced and subsequently improved parts shall start anew, unless we had to assume - due to the behavior of the contract partner - that the latter carried out the replacement delivery or eliminated the damage as a gesture of goodwill or for similar reasons only instead of feeling committed to take the respective measure.

(4) Limitation periods according to the sales law, inclusive of the aforementioned extension, shall - to the statutory extent - apply to all contractual claims for defects. In the event that we are entitled to assert non-contractual claims for damages due to a defect, the regular statutory time limitation (Sections 195, 199 of the German Civil Code (*BGB*)) shall apply in this respect, unless the application of limitation periods set forth in the sales law results in longer period of limitation in an individual case.

11. Export Control Law

(1) The parties shall accept and recognize that the provision of the contractually owed goods or services may be subject to the export control regulations of the European Union, the Federal Republic of Germany and the United States of America (together called "Export Control Law"), especially inclusive of the provisions according to 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).

(2) Each party shall accept and recognize the reciprocal obligation to comply with the applicable Export Control Law within the framework of contract fulfillment. As part of this obligation, the contract partner confirms that the provision of the contractually owed goods or services to us shall be carried out under observation of the applicable Export Control Law.

(3) Prior to providing us with the contractually owed goods or services, the contract partner shall inform us about the correct export classification (for instance inclusion in the export list of the Federal Office of Economics and Export Control, inclusion in the respective category of the US-American United States Munition List or the Export Control Classification Number within the meaning of the US-American Export Administration Rules) of the goods used for supplying the goods or services and shall make any information necessary in this respect available to us. Upon request, the contract partner shall render us adequate assistance in order to ensure compliance with the Export Control Law. As part of such assistance, the contract partner shall inform us whether the provision of the contractually owed goods or services is subject to an export permit according to the applicable Export Control Law and whether we need to make documents available for obtaining the export permit.

(4) Whenever contractually owed goods or services subject to an export permit according to Export Control Law have to be supplied or rendered the contract partner shall obtain a corresponding permit for us without charge and within the delivery period agreed upon.

(5) To the extent that the contract partner is the "U.S. Principal Party in Interest (USPPI)", it shall undertake to comply with any and all provisions applicable to the USPPI with respect to US-American export transactions. If we are the "Foreign Principal Party in Interest (FPPI)", the contract partner shall be entitled and obliged to act as our representative to the extent that Electronic Export Information according to US-American Export Control Law must be compiled and forwarded to the competent authority.

12. Licenses

If the contract partner renders contractual research and development services for us against consideration, it shall - as soon as at the time of contract conclusion - assign to us any and all rights in the respective deliverables, inclusive of rights in inventions and copyrightable works, if any, and undertakes to do everything in order to make the assignment of rights possible. If an assignment of all rights is not possible, the contract partner shall grant us for the whole protection period the exclusive, irrevocable, worldwide, transferable and sub-licensable right of use and exploitation for any purposes and kinds of uses in the aviation industry.

13. Compliance

(1) The contract partner warrants that

- the Purchase Contract and the business relationship based thereon as well as the contract partner's activities carried out within this framework do not and will not violate any laws related to bribery and/or corruption, especially the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the respective implementation regulations and do not and will not result in an infringement of such statutory provisions on our part and, in addition, that the contract partner shall in connection with the provision of goods or services comply with applicable laws and with the provisions of this Contract at any time during the contract term;
- neither the contract partner nor - with the knowledge of the latter - any other person, especially employees or agents of the contract partner have directly or indirectly offered or will in future directly or indirectly offer a consideration in cash or in kind, a loan, a gift, a donation or any other valuable asset to the favor of a responsible person or employee of a state authority, state office or state agency, a state enterprise, an international state organization, a political candidate, a political party or official of such party or to the favor of any person acting in an official capacity for any of the aforementioned parties (together called "Public Officials") or any other person with the intent to obtain an unlawful advantage;
- the contractor shall give us any information about a change in its ownership structure within a term of four weeks.

(2) Irrespective of any other rights we shall be entitled to terminate the Purchase Contract and all annexes as well as any other contractual relationships without notice either in full or in part whenever we obtain knowledge or there is a suspicion that the contract partner fails to comply with its duties imposed on it by means of this clause.

(3) We shall be entitled to perform an anti-corruption audit of the contract partner's business records and books to the extent necessary and expedient in order to verify that the contract partner comes up to the requirements set forth in this clause.

Art. 14 Secrecy / Provision of Documents / Assignment

1) We reserve rights of title and copyrights with respect to illustrations, plans, drawings, calculations, implementation instructions, product descriptions and other materials. Such documents shall exclusively be used for contractual delivery/performance and, upon our request, be returned to us after fulfillment of the Purchase Contract. The terms and conditions of orders as well as any information and all documents made available for this purpose shall be kept secret towards third parties also after fulfillment of the Purchase Contract. The secrecy obligation shall cease to exist only if and to the extent that the knowledge made available in the respective documents has become known to the public.

(2) The preceding provision shall *mutatis mutandis* apply to substances and materials as well as to tools, templates, patterns, samples and any other items made available by us to the contract partner for production purposes. As long as such items are not processed, they shall be kept or stored separately and insured to a reasonable extent against destruction and loss at the expense of the contract partner.

(3) The contract partner shall not be permitted to make reference to the business relationship in advertising material, booklets etc. and to display items produced for us without our prior written consent. The contract partner shall inform its sub-suppliers, if any, correspondingly.

(4) The contract partner shall not be entitled to assign its claims arising from the contractual relationship to third parties. This shall not apply in case of money claims.

Art. 15 Choice of Law / Place of Jurisdiction

(1) The applicable law for these General Terms and Conditions and the contractual relationship between us and the contract partner shall be the law of the Federal Republic of Germany under exclusion of the international uniform law, especially the UN sales law.

(2) If the contract partner is a businessman within the meaning of the Commercial Code, a legal entity of public law or a special fund under public law, our place of business in Hamburg shall be the exclusive - also international - place of jurisdiction for any disputes arising from the contractual relationship. The same shall apply *mutatis mutandis* if the contract partner is a businessman within the meaning of Section 14 of the German Civil Code (*BGB*). We shall, however, in any case be entitled to file an action at the place of performance relating to the delivery obligation according to these General Terms and Conditions or an overriding individual agreement or at the general place of jurisdiction of the contract partner. Overriding statutory provisions, especially with respect to exclusive jurisdictions, shall remain unaffected.

(3) If individual provisions in the Contract or in these General Terms and Conditions or parts thereof are or become ineffective, the validity of the other provisions and the Contract as a whole shall remain unaffected.

(4) In the event of inconsistencies between the English and the German version of these General Terms and Conditions, the German version shall be decisive.

Annex: List of Restricted and Declarable Substances

avionic design GmbH
Wragekamp 10
22397 Hamburg
Germany

01.July 2018