

CML GROUP LIMITED

Terms and Conditions of Purchase

1. DEFINITIONS

- 1.1 In these Conditions, these words have the following meanings:
- the Company CML Group Limited and includes its successors and assigns.
the Company's Goods any articles or things belonging to the Company or which the Company has agreed to buy or on which services are to be carried out.
the Contract any contract under which the Company buys goods and/or services from the Seller's.
the Goods the whole or any part of the goods to be supplied by the Seller.
the Order the purchase order placed by the Company.
the Seller the individual, firm, company or any other party with whom the Company contracts.
the Relevant Date the date for delivery as specified in the Order or otherwise agreed by the parties to the Contract.
the Services the services to be supplied by the Seller and described in the Order or any of them.
the Specified Rate 3% above HSIBIC plus the lending rate from time to time.
- 1.2 References to clauses (except where the context otherwise requires) are references to the clauses set out below.

2. CONTRACT TERMS

- 2.1 The Contract will only come into existence once the Company has placed the Order on its official order form and the Order is accepted by the Seller. If the Seller fails to accept the Order, by signing and returning the blue copy of the Company official order form, delivery of Goods or provision of Services will be deemed constitute to acceptance.
- 2.2 The Contract will be subject to the Conditions. Except as provided in clause 2.3 a representative or agent of the Company does not have authority to agree any term or make any representation that is inconsistent with these Conditions or to enter into any contract except on the basis of them.
- 2.3 Any term or representation inconsistent with these Conditions will only bind the Company if it is in writing and signed by one of its directors. The words unless otherwise agreed in writing by the Company in these Conditions means unless otherwise agreed in writing and signed by a director of the Company.
- 2.4 Unless otherwise agreed in writing by the Company, these Conditions will override any terms or conditions stipulated or referred to by the Seller in any contract, invoice or pre-contract negotiations.
- 2.5 These conditions will apply to the Contract provided the Seller has had prior notice of them.
- 2.6 The Company reserves the right to correct any clerical or typographical errors made by its employees at any time.

3. SEPARABILITY

- 3.1 Each Order placed by the Company, or each consignment where an order calls for consignments at different dates, shall be treated as a separate Contract, and as such will be subject to the terms and conditions of purchase herein.

4. THE CONDITION OF THE GOODS AND SERVICES

- 4.1 The Company may require modifications to the design or composition of the Goods. Any such modifications will be deemed to be incorporated in the Order. An appropriate adjustment is to be made to the Contract price.
- 4.2 The Company's representatives may inspect the Goods or the Company's Goods at any reasonable time at the Seller's premises. No such inspection will constitute an acceptance by the Company or relieve the Seller of any of his contractual or statutory obligations.
- 4.3 If the Goods are to be manufactured using new tools the Seller will submit a sample made from the new tools to the Company. The Seller will obtain the Company's approval before manufacturing the Goods.
- 4.4 The Goods are to conform in all respects with the Order and with any representations made by or on behalf of the Seller. Services supplied under the Contract will be carried out with reasonable skill and care.
- 4.5 The Goods will:-
- 4.5.1 be of first class and merchantable quality fit for their intended purpose.
 - 4.5.2 conform to applicable health and safety and environmental rules and regulations.
 - 4.5.3 be equal to all samples, patterns and specifications provided or given by either party. If there is a conflict between the specifications of the Company and the Seller those of the Company are to prevail.
 - 4.5.4 be capable of any standard of performance specified in the Order.
 - 4.5.5 be fit for any particular purpose for which the Goods are being bought which expressly or by Implication is made known to the Seller.
 - 4.5.6 comply in design, construction and quality with all relevant requirements of:-
 - 4.5.6.1 any statute, statutory rule, order or other instrument.
 - 4.5.6.2 all relevant codes of practice including British Standard Specifications and
 - 4.5.6.3 any other regulations which may be in force at the time of supply in the United Kingdom and in any other country to which the Seller knows or should know the Goods will be supplied.

- 4.6 All work done by the Seller in the course of or in connection with the provision of the Services and all materials used or provided by the Seller will:-
- 4.6.1 be first class and suitable in all respects.
 - 4.6.2 render the Company's Goods fit for any particular purpose for which the Services have been carried out and which expressly or by implication is made known to the Seller.
 - 4.6.3 conform to applicable health and safety and environmental rules and regulations.

- 4.7 Before despatching or delivering up the Goods or the Company's Goods the Seller is to carefully inspect and (where appropriate) test them for compliance with clauses 3.1 to 3.6.
- 4.8 If the Goods or Services do not comply with clauses 3.1 to 3.6 they may be rejected by the Company. This clause will apply whether or not payment has been made to the Seller. On rejection, the Company may at its option:-
- 4.8.1 return the Goods to the Seller at the Seller's risk and expense; or
 - 4.8.2 repair the Goods.
- 4.9 If the Company rejects the Goods, it will be entitled to a full credit or replacement at the Company's option. If the Company repairs the Goods it will be entitled to be reimbursed by the Seller for any costs incurred.
- 4.10 Nothing in clause 3 will prejudice or limit any claim for damages that the Company might have in respect of any breach by the Seller of any of his obligations or any failure of the Goods or the Services to comply with clauses 3.1 to 3.6.

5. DELIVERY

- 5.1 The Seller will deliver the Goods or the Company's Goods to the address or addresses specified in the Order or subsequently specified by the Company in writing.
- 5.2 The Goods or the Company's Goods will be delivered and/or the Services will be provided by the Relevant Date. Delivery and/or the provision of the Services by the relevant date is of the essence.
- 5.3 In default of delivery by the Relevant Date, the Company may terminate the Contract. The Company may recover any monies paid or the Seller's monies for Goods already received or Services already provided. Such Goods will be returned to the Seller at the Seller's own risk and expense. The Company may recover any expenditure reasonably incurred in obtaining replacement goods and/or services.
- 5.4 At the Company's option, compensation for late delivery may be paid by the Seller to the Company as liquidated damages for each week or part of a week during which the Seller is in default (by reason of any failure to meet times for delivery required by the Contract) a sum equal to 1/2% (one half of one percent) of the Contract Price or the proportion of the Contract Price appropriate to that portion of the Goods in respect of which the Seller is for the time being in default up to a maximum of 15% (fifteen percent) of the Contract Price or relevant proportion thereof.
- 5.5 In default of delivery by the Relevant Date, the Seller will at the Company's option, send the Goods by express route at the Seller's cost.
- 5.6 The Company may refuse to accept Goods delivered in advance of the Relevant Date.
- 5.7 The Company may return at the Seller's expense any Goods delivered in excess of the quantity ordered.
- 5.8 Subject to clause 3 the Seller will rectify or replace any Goods damaged or lost in transit.
- 5.9 If Goods delivered to the Company are not in conformity with the specification, the Company may accept the satisfactory part and reject the balance. Goods rejected must be removed from the Company's premises at the Seller's cost and risk.
- 5.10 If the Company is affected by events beyond its control, it may require the Seller to defer delivery of the Goods or the provision of Services or may cancel any Order. Such circumstances will include (without limitation) the imposition of governmental restrictions, trade disputes, damage to its goods or property or the suspension or cancellation of orders by its customers.
- 5.11 If the Company cancels an Order pursuant to clause 4.10, it will pay the Seller a reasonable sum in respect of work carried out prior to the date of cancellation pursuant to the Order. Such sum will not exceed the Contract price.

6. PAYMENT

- 6.1 Unless otherwise agreed in writing by the Company, the Goods or services will be supplied at the prices quoted by the Seller and shown in the Order. The Seller will not be entitled to increase any prices for any reason nor to make any additional charge for delivery.
- 6.2 The Seller must send with each delivery an advice note and where applicable, relevant Certificates of Conformity and an invoice each showing the purchase order number and the routing and point of shipment. Statements of account are to be submitted monthly by the Seller and the purchase order number must appear against each item. If this clause is not complied with delays in payment may occur. Cash discounts will not be forfeited upon any such delay.
- 6.3 Payment will only be made against the corresponding invoice of the Seller, which must quote the relevant Order number and, if the Seller requires payment of V. A.T., be (or be accompanied by) a V. A.T. invoice containing the particulars required by law. Invoices are payable at the end of the second month following the month in which the invoices are received by the Company or the Goods are received or required to be received under the terms of the Company's order or any subsequent variation to that order if this shall be later than receipt of the invoice.
- 6.4 No payment made by the Company will imply acceptance of any of the Goods supplied or the Services performed. No payment will restrict any claims or rights the Company may otherwise have against the Seller.

7. PROPERTY AND RISK

- 7.1 The property and risk in the Goods will pass to the Company on delivery without prejudice to any right of rejection, which the Company may exercise. The Company will not pay for packaging materials, but may in its discretion, make such materials available for collection by the Seller.

8. LABELLING

- 8.1 The Seller warrants that the labelling of the Goods complies with the requirements of any statute. All necessary information about the use for which the Goods are supplied will be provided to the Company. Nothing in this clause will relieve the Seller from any obligations or liability it may have under any statute.

9. INTELLECTUAL PROPERTY

- 9.1 The Seller will fully indemnify the Company against any action claim demand, cost charge and expense arising from or incurred by reason of any actual or alleged infringement of any letters patent registered, design copyright, design right, trademark, service mark or trade name protected anywhere in the world. This clause will apply when the infringement is a result of the use, sale or offer for sale of the Goods or the Company's Goods. This indemnity will not apply to any liability that arises due to the Seller having followed a design furnished by the Company.

10. INDEMNITY

- 10.1 The Seller will fully indemnify the Company against:-
- 10.1.1 all losses of or damage to the Company's Goods which occurs from the time the Company's Goods are first in the Seller's possession, custody or control until the time they are delivered to the Company. This clause will apply however the loss or damage is caused and whether or not it is attributable to any negligence or wilful default of the Seller or its servants or agents.
 - 10.1.2 any loss or damage to any property or injury or death to any person caused by any:-

10.1.1

- 10.1.2.1 breach of contract negligent act or omission or willful misconduct of the Seller, its employees, agents or sub-contractors in the course of their duties.
- 10.1.2.2 defect in the raw materials or in the design, processing, manufacturing, storage or transport of the Goods.

11. WARRANTY

- 11.1 All conditions, warranties and undertakings on the part of a seller and all rights and remedies of a buyer expressed or implied by common law or statute in respect of the supply of goods and services shall apply to the Contract.

- 11.2 The Seller warrants its expertise and confirms all statements and representations made in respect of the Goods and/or Services prior to entering into the Contract and the Company hereby confirms reliance upon such warranty of expertise and such statements and representations.

12. GUARANTEE

- 12.1 If any Goods and/or Services is/are found after acceptance not to meet the requirements set out elsewhere in the Contract and if/they has/have not been dealt with to the Company's satisfaction, then the Company shall so notify the Seller.
- 12.2 On or promptly after receipt of a notice under clause 11.1 above, then the Seller, at the Company's option shall:-
- 12.2.1 Make a cash refund of the Contract Price (or part thereof) acceptable to the Company to adjust for such situation; or
 - 12.2.2 Supply the Company, free of charge, with replacement Goods and/or Services which meet the requirements to such destination at such time and in such manner as designated by the Company; or
 - 12.2.3 Sort, inspect and repair such defective Goods (as appropriate) at such place as designated by the Company.
- 12.3 In addition to clause 11.2, the Seller shall, if so requested by the Company, reimburse the Company for the following incurred (directly or indirectly) by the Company:-
- 12.3.1 all any costs, expenses and losses incurred in or incidental to the removal, sorting, inspection, replacement, repair, disposal and/or reshipment of defective Goods and/or Services; and
 - 12.3.2 any claims for personal injury, death or property damage caused by or arising out of such defective Goods and/or Services; and
 - 12.3.3 sort, inspect and repair such defective Goods and/or Services (as appropriate) at such place as designated by the Company.
- 12.4 The undertakings in Clause 11.2 and 11.3 shall endure for the warranty period(s) stated in the Contract of any relevant Order. If no warranty period(s) is/are stated, a warranty period of 12 months from delivery or performance shall apply.
- 12.5 If the Seller fails to take immediate steps to remedy any non-conformance in the Goods and/or Services, then the Company shall be entitled to order the non-conformance to be rectified by others or carry out such rectification itself at the risk of the Seller and all costs and expenses incurred therein shall be borne by the Seller.
- 12.6 Where the replacement of Goods already assembled by the Company in the end product is necessary, the Company reserves the right to carry out such replacement using the labour of the Company and the Seller shall reimburse the Company with all associated costs.
- 12.7 In the event of any Goods being rejected for non-conformance to the Contract's requirements, but acceptable under concession, the Company shall levy a charge of £200.00 per concession to cover the cost of administration of such concession.
- 12.8 The Company's rights under this Condition 11 shall apply notwithstanding that the Company may or may not have undertaken Quality Assurance and inspection of the Goods and/or Services.

13. THE COMPANY'S GOODS

- 13.1 All the Company's Goods are to be fully insured by the Seller during the times they are or ought to be in the Seller's custody, possession or control.
- 13.2 All plans, drawings and designs supplied by or at the request of the Company to the Seller remain the property of the Company and will be treated by the Seller as confidential. All plans, drawings and designs prepared or obtained by the Seller for the purposes of the Contract will be used by the Seller only for the purposes of the Contract and will be delivered up to the Company upon completion of the Contract.
- 13.3 Unless otherwise agreed in writing by the Company, all equipment supplied to the Seller by the Company remains the property of the Company. This clause will also apply to any equipment manufactured or obtained by the Seller wholly or partly at the expense of the Company. Such equipment is to be clearly marked by the Seller as the Company's property and used only for the purposes of the Contract.

14. SUB-CONTRACTING

- 14.1 The Seller shall not without the prior consent of the Company, sub-contract, assign or transfer all or any part of the Contract except that the Seller may sub-contract to purchase raw materials to be incorporated in the Goods or for such parts as are named in the Contract. If the Company has consented to the Seller using sub-contractors to fulfil the Seller's obligations, and, in any event, where the Seller uses a third party supplier, the Seller shall be entirely responsible to the Company for the actions and omissions of such sub-contractor and suppliers and their respective employees and agents.

15. CANCELLATION

- 15.1 The Company may defer or cancel any deliveries of the Goods and defer or cancel the provision of the Services and treat the Contract as determined without compensation to the Seller if the Seller:-
- 15.1.1 has a bankruptcy order made against it.
 - 15.1.2 enters into any composition or arrangement with its creditors.
 - 15.1.3 has a winding-up order made against it.
 - 15.1.4 has an administrative receiver or administrator appointed.
 - 15.1.5 passes a resolution for winding-up or a court makes an order to that effect.
 - 15.1.6 breaches any of these Conditions.
- 15.2 Clause 11.1 is without prejudice to any right of action or remedy, which the Company has against the Seller. The Company will be entitled to damages for any consequential loss due to the determination of the Contract.
- 15.3 Cancellation by the Seller will only be accepted at the discretion of the Company. Acceptance of the cancellation will only be binding on the Company if in writing and signed by one of its directors. The Seller will pay any costs or expenses incurred by the Company up to the date of cancellation and all loss or damage resulting from the cancellation.

16. CONFIDENTIALITY

- 16.1 The Seller shall not without prior written consent of the Company divulge the existence of the Contract or disclose any information (other than the property of the Seller which does not exclusively relate to the Contract) relating to or contained in the Contract (and especially design information) to any person who is not properly engaged in the performance of the Contract. Any disclosure permitted hereunder shall be made in confidence and only to the extent that it is necessary for the purpose of the Contract.
- 16.2 The Company may without payment, disclose or make use of any information relating to the Goods and/or Services notwithstanding that such Goods and/or Services remain the property of the Seller, for any reasonable purposes other than manufacture (unless otherwise agreed). These purposes shall include, but shall not be limited to, inspection, approval, product sale and support, testing, commissioning, maintenance and repair.

17. ASSIGNMENT OF CONTRACT

- 17.1 The Seller will not, without the consent in writing of the Company, assign, transfer or sub-let the Contract or any part of it. Any such consent shall not relieve the Seller of any of its obligations under the Contract.

18. GENERAL

- 18.1 The Conditions and the Contract are governed by English Law and any resulting breach of Contract will be tried in an English Court of Law.
- 18.2 References to the neuter gender include the masculine and feminine.
- 18.3 The headings in these Conditions are inserted for convenience only. They are not to affect their interpretation or construction.
- 18.4 If any provision of these Conditions becomes illegal or void for any reason, the validity of the remaining provisions shall not be affected.
- 18.5 Failure by the Company to enforce strict compliance with these Conditions by the Customer will not constitute a waiver of any of the Conditions.

19. QUALITY

- 19.1 The parts quoted on this purchase order must be manufactured and inspected in accordance with the appropriate end Customer requirements and covered within your scope of approval. All suppliers within the chain must also hold the appropriate end Customer approval.
- 19.2 When despatching the goods to CML Group Ltd. Each delivery must be accompanied by a certificate of conformity duly signed by an authorised member of your staff and endorsed - "certified that the whole of the supplies detailed hereon have been inspected, tested and unless otherwise stated above conform in all respects to the specification and contract purchase order relating thereto"
- 19.3 Each certificate of conformity shall quote your appropriate customer approval number/requirements. Raw material must also be supported with mill certifications quoting chemical analysis, mechanical properties and any other applicable test results.
- 19.4 All orders must be contract reviewed in accordance with your own procedures, taking into due account the requirements of the end Customer.
- 19.5 It is a requirement of CML and its Customers, that full traceability be established and maintained throughout manufacture and delivery of product. Quality records shall be maintained to demonstrate achievement of the required activity and effective operation of the quality system.
- 19.6 The records shall include but not be limited to the evidence of materials used, their source, manufacture processes employed, inspections and test(s) conducted. All records shall be retained for a minimum of ten (10) years and not disposed of without written authority from CML Group Ltd.
- 19.7 Where process specifications are quoted/invoiced you are required to manufacture to the latest end Customer specification.
- 19.8 It is a condition of purchase; all Suppliers shall agree the right of access, for CML, its Customers and the regulatory Aviation Authorities.
- 19.9 Suppliers manufacturing or wishing to supply components with issue status deviating from purchase order shall notify CML purchasing authority before delivery.
- 19.10 Details of known non-conforming product must be submitted to CML's purchasing and quality authority. Ultimately only CML's Customer has the authority to accept (subject to restrictions/modifications) any non-conforming product.
- 19.11 Suppliers are required to notify CML Group of any changes to their Customer/National approvals