

GENERAL PURCHASING CONDITIONS OF
PAL-V Operations BV
(Chamber of commerce 66876699)
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1. SCOPE

- 1.1 These General Purchasing Conditions ("GPC") of PAL-V Operations BV ("Purchaser") shall apply to purchase orders ("Purchase Orders") issued by the Purchaser for the delivery of goods ("Goods") from the supplier ("Supplier") as well as to the rendering of services ("Services").
- 1.2 Any general terms and conditions of the Supplier are non-binding for the Purchaser and are hereby explicitly rejected, including any additional or different terms or provisions that may appear in his declaration of acceptance pursuant to Section 2.1, or proposals, quotations, invoices, price lists or the like used by Supplier.

2. PURCHASE ORDER

- 2.1 The Supplier may accept Purchase Orders of the Purchaser only by written confirmation within a period of five days following receipt of the Purchase Order. If Supplier has neither confirmed nor rejected the Purchase Order within the said time period, Supplier is deemed to have accepted the Purchase Order, and thereby these GPC.
- 2.2 Amendments or changes of orders shall only be valid if duly executed by Purchaser and Supplier in writing.
- 2.3 The Supplier is not authorized to subcontract in part or total to third parties, without the prior written consent of the Purchaser. The unauthorized subcontracting of third parties entitles the Purchaser to rescind or terminate the Purchase Order in whole or in part and to claim damages.

3. PRICES AND TERMS OF PAYMENT

- 3.1 The prices stated in the Purchase Order are fixed and include all taxes, charges and duties payable, except value added taxes.
- 3.2 All prices are based on delivery Delivered at Place ("DAP"), at Purchaser's facility, according INCOTERMS 2010, unless agreed otherwise.
- 3.3 The price shall include the cost of packing and packaging or other protection required to prevent damage to or deterioration of the deliveries while in transit to Purchaser or the installation site unless otherwise agreed in writing.
- 3.4 Invoices of the Supplier shall be submitted electronically and addressed to: FandA@pal-V.com. and shall contain all information required in the Purchase Order for each delivery.
- 3.5 Unless agreed otherwise, invoices shall be due from date of complete and successful delivery of the Goods or rendering of the Services (including documents to be provided by Supplier) and at receipt of the correct invoice in accordance with the Purchase Order requirements. Payments shall be made within 30 (thirty days) from the month in which the invoice is issued.
- 3.6 In the event of a dispute between the parties, the Purchaser shall be entitled to withhold the payment of any disputed invoice until resolution of such dispute.

4. TERMS OF DELIVERY, PASSING OF TITLE AND TRANSFER OF RISKS

- 4.1 Time is of the essence for all Goods to be delivered under the Purchase Order or Services to be rendered and the Supplier shall strictly adhere to the agreed delivery dates in the Purchase Order.
- 4.2 The Purchaser is not obliged to accept partial deliveries or services. In the case of agreed partial deliveries, the remaining quantity still to be delivered shall be stated in the delivery notes.

- 4.3 Unless expressly agreed otherwise in writing, the term of delivery shall be DAP, Purchaser's facility, in accordance with INCOTERMS 2010.
- 4.4 The Goods shall be packed and marked in accordance with Purchaser's instructions, the Purchase Order number and product numbers or similar identification (if any) and description shall be set out in the shipping documents. No later than on the day of shipping, a shipping notice shall be sent to the Purchaser in advance by e-mail.
- 4.5 The Supplier shall be liable for all damages, which the Purchaser suffers because of the improper or insufficient packaging, shipping, or lack of insurance.
- 4.6 Title in the deliveries shall pass upon payment made by Purchaser.

5. DELAY'S

- 5.1 Purchaser shall, for each commenced week of delay, be entitled to claim penalties amounting to two per cent (2%) of the relevant Purchase Order price. Penalties shall not, however, exceed a total of ten percent (10%) of the said price. Notwithstanding the aforementioned, in the event of a delay exceeding the period said before, Purchaser shall be entitled to terminate any Purchase Order or parts thereof without notice, legally and without prior default letter and without prior judicial recourse, by means of a registered notification to Supplier in which reference is made to the present clause.
- 5.2 If the Goods are not delivered within the time agreed and any damage exceeding the amount of the penalties is incurred, Purchaser shall be entitled to all statutory relief including, in particular and without limitation, the right to claim compensation for such damages resulting from Supplier's non-performance.
- 5.3 In the event the Supplier is prevented from performing any of its obligations under the Purchase Order for reason of force majeure, the performance of the obligation concerned shall be suspended for the duration of the force majeure. If the circumstance constituting force majeure endures for more than thirty (30) days, Purchaser shall be entitled to terminate the Purchase Order with immediate effect by written notice to Supplier, and upon such notice, Supplier shall not be entitled to any form of compensation. For the avoidance of doubt, strikes and/or other forms of labour disputes shall not excuse Supplier from delivery/performance by the agreed date.

6. SUSPENSION AND TERMINATION

- 6.1 Purchaser shall have the right to suspend or terminate the Purchase Order without notice, legally and without prior default letter and without prior judicial recourse, by means of a registered notification to Supplier in which reference is made to the present clause, in case Supplier cease to make payments, or if insolvency proceedings are commenced in relation to the assets of the Supplier or of bankruptcy of Supplier, and/or in the event the control over Supplier is being transferred to a third party without the prior written approval of Purchaser or Supplier breaches any of its obligations under the Purchase Order or at the discretion of Purchaser determining that Supplier cannot or shall not deliver the deliveries or perform the Services as required.
- 6.2 Moreover, the Purchaser may terminate the relevant Purchase Order(s) if the Supplier has failed to observe or perform any of the conditions of the order(s) and has failed to remedy any such breach within thirty (30) days of notice thereof from the Purchaser. Any claims for damages shall remain unaffected by such termination.

7. WARRANTIES

- 7.1 Supplier is obliged to perform Services in a professional and workmanlike manner.
- 7.2 Supplier warrants that the design (if applicable) and manufacture of the Goods and/or the rendering of the Services will be in accordance with the agreed specifications, that the Goods and/or Services meet all applicable statutory requirements, that the Goods and/or Services are and will be free from defects, deficiencies and non-conformities in design, materials, construction and workmanship and are fit for

Purchaser's purpose. Goods delivered and/or Services performed may be rejected by Purchaser and returned at Supplier's risk and expense if at any time found defective, deficient or non-conforming in the above mentioned respects (below in this clause referred to as "defect(s)") during a warranty period of thirty six (36) months starting from the date risk is transferred to Purchaser. In such cases Supplier shall be obliged at its own cost, at the option of Purchaser, to repair the deliveries or replace them with new deliveries and/or re-perform the Services so that they are free from defects. Repair, replacement and/or re-performance shall be carried out promptly upon demand.

- 7.3 For the transportation of defective Goods from Purchaser to Supplier, all costs and risks of loss or damage incurred with respect to the repair and/or replacement of faulty or defective deliveries shall be borne by Supplier. Any return delivery from Purchaser to Supplier shall be DAP (Incoterms 2010) Purchaser's facility by normally scheduled carrier, if applicable and unless otherwise agreed.
- 7.4 When a defect has been remedied as said in the preceding paragraph, Supplier shall be liable for defects in the replaced or repaired deliveries or re-performed Service under the same terms and conditions as those applicable to the original deliveries and/or Service for a period of thirty-six (36) months.
- 7.5 If Supplier fails to fulfil its obligations above within the prescribed time, Purchaser may – without prejudice to other available remedies – undertake, or engage a third party to completely fulfil all of Supplier's obligations under the Purchase Order at the risk and expense of Supplier.
- 7.6 Purchaser has the right to claim damages, particularly damages resulting from non-fulfillment of Supplier under this Section.
- 7.7 Supplier warrants that it shall be capable to maintain production facility for the Goods, support, maintenance of the Goods and supply of spare parts at fair market prices for at least ten (10) years after delivery.

8. DOCUMENTATION AND SUPPLIED MATERIALS

- 8.1 Any documents and/or materials provided to Supplier by Purchaser shall remain Purchaser's exclusive property and shall be used exclusively for the Goods and/or Services ordered under the Purchase Order. They will be returned to Purchaser upon request. The documents may not be copied, reproduced or distributed without prior express written approval by Purchaser.
- 8.2 The Supplier shall insure all materials provided to him against loss and damage. The Supplier does not have any retention right with respect to the materials supplied by the Purchaser.
- 8.3 The Supplier shall carry out any maintenance and inspection work on the materials that may be necessary or as requested by Purchaser at his own expense.
- 8.4 Documents specifically prepared or generated under any Purchase Order of Purchaser shall be provided by Supplier to Purchaser and shall become the exclusive property, including the respective Intellectual Property Rights, of Purchaser.
- 8.5 With respect to other documents provided by Supplier and not specifically prepared for a Purchase Order of Purchaser, Purchaser shall have the unrestricted right to copy and use such other documents for the purposes intended by Purchaser's purchase of the Goods and/or Services.

9. INSPECTION, REJECTION, ACCEPTANCE, QUALITY AND ENVIRONMENTAL STANDARDS

- 9.1 Purchaser shall be entitled to inspect the Goods and the production thereof, including the relevant quality assurance system, at the premises of Supplier and its subcontractors. Purchaser reserves the right to test the Goods prior to delivery. Upon Purchaser's request, Supplier shall free of charge provide all documents, tools and information necessary to perform the tests. Testing of the Goods by Purchaser shall not be deemed as acceptance of the Goods. In the event Purchaser rejects or disapproves the Goods, it shall have the right to return or store the Goods at the risk of and for the account of Supplier, and Purchaser shall be entitled at its discretion and without prejudice to any other right or remedy which Purchaser may have, to terminate the Purchase Order or parts thereof without notice, legally and

without prior default letter and without prior judicial recourse, by means of a registered notification to Supplier in which reference is made to the present clause.

- 9.2 Purchaser will only be deemed to have received or accepted delivery of the deliveries and/or performance of Services in case a written formal declaration has been issued by Purchaser and addressed to Supplier. Such declaration, however, shall not limit Supplier's liability for hidden defects.
- 9.3 Supplier undertakes next to comply with the applicable requirements in the ISO 9001 quality system standards and the ISO 14001 environmental system standards also to the Easy Access Rules for Airworthiness and Environmental Certification issued by the EU (EU regulation No. 748/2012, Annex 1, Part 21 Subpart G). Use of any other standards must be approved by Purchaser in advance. In addition, the deliveries and/or Services shall meet the regulatory requirements imposed by the laws and regulations of any governmental entity having jurisdiction over the production, transport and/or sale (including re-sale) of the deliveries and/or performance of Services. The deliveries and/or Services shall also meet the technical standards and the environmental- and special market requirements stated in the Purchase Order or otherwise agreed upon between the parties. If requested by Purchaser, Supplier shall furnish a certificate of conformity ("COC") within the meaning of the applicable directives of the European Union or other statutory provisions for delivered deliveries and/or performed Services stating that the Goods and/or Services conform to all requirements mentioned above in this Clause.
- 9.4 The Supplier shall furthermore advise the Purchaser about any special, not generally known handling and disposal requirements. The manner and nature of the cooperation on the quality sector, such as e.g. first sampling and documentation, is set forth in the respective product specification.
- 9.5 Employees authorized by the Purchaser and the representatives of public authorities have during regular business hours access to all business premises of the Supplier in which work is carried out for the Purchaser. They may inspect all applicable and order-related documents for auditing purposes or to verify legal requirements. These access rights during visits shall particularly be granted to all persons authorized by the Purchaser, who are responsible for monitoring progress of the work commissioned by the Purchaser from the Supplier and for related audits, examinations, or for the qualification of the Supplier.
- 9.6 The representatives of customers or authorities of the Purchaser shall have access to all business premises at all times during regular business hours, where work is carried out for the Purchaser, if the Purchaser has consented in writing and with twenty four (24) hour prior notification in writing.

10. CONFIDENTIALITY

- 10.1 The Purchase Order of the Purchaser shall be treated confidential. The Supplier furthermore shall keep all commercial and technical information and documents, which become known to him through the business relationship and which are not generally known, secret and use these exclusively for providing the ordered deliveries. Drawings, models, samples, and similar objects shall not be submitted or made available to unauthorized third parties. Any subcontractors shall be bound to confidentiality accordingly.
- 10.2 The supplier is only entitled to mention, depict, or use the company name, the logo or the trademarks of the Purchaser in any other way for purposes of advertising materials, when naming references, or for other publications, if the Purchaser has consented to this in writing in advance.

11. CONTINUED PRODUCTION, SPARE PARTS, READINESS TO DELIVER

- 11.1 The Supplier shall supply spare parts to the Purchaser under fair and reasonable conditions throughout the period of the usual technical lifetime, but in any case for a period of at least ten years after the last deliveries.
- 11.2 If the Supplier discontinues its capability to manufacture of Goods or any spare part after expiration of the period set forth in Section 11.1 or during that period, he shall provide the Purchaser with the opportunity for a last order under fair and reasonable conditions.

11.3 Upon request of Purchaser, Supplier shall hand over all production documentation to Purchaser in the event Suppliers ceases production and Purchaser wishes a third party production of such Good or spare part.

12. RIGHTS TO THE GOODS AND SERVICES

12.1 If the Goods or the Services provided by the Supplier are subject to patent or copyright protection, the Purchaser shall be granted all rights of reproduction, use, operation, release, adaptation, modification or translation of the deliveries or services as far as this is necessary for the purpose of the purchase order. The grant of rights under this Section is included in the compensation according to Section 3.

13. LIABILITY AND INSURANCE

13.1 Supplier shall indemnify and hold Purchaser, its agents and employees, harmless from any and all suits, claims, legal proceedings, etc., regarding the Goods/Services, such as those based on product liability legislation.

13.2 The Supplier shall conclude and maintain with insurers of recognized reputation and security adequate insurance policies to cover its liabilities under the purchase orders issued by the Purchaser. At a minimum, Supplier shall maintain a General Third Party liability Insurance for an amount of no less than 5.000.000 (five million) EUR per occurrence and in the yearly aggregate. The Supplier shall also conclude and maintain Product Liability Insurance. The limit of coverage of such insurance shall be not less than 5.000.000 (five million) EUR per occurrence and 10.000.000 (ten million) EUR in the yearly aggregate. The foregoing is without prejudice to claims by Purchaser for damages.

13.3 The Supplier shall provide certificates of such insurances on request of the Purchaser at any time.

14. INTELLECTUAL PROPERTY RIGHTS AND INFRINGEMENT INDEMNIFICATION

14.1 Supplier shall indemnify and hold harmless Purchaser from and against any and all damages suffered and costs and expenses (including reasonable attorneys' fees) incurred as a result of any claim, suit or proceeding brought against Purchaser or any of its customers based on the allegation that the use, sale, distribution or other disposal of any deliveries and/or performance of Services constitutes an infringement of any Intellectual Property Rights or applications thereof or an unauthorized use of know-how, trade secrets or other proprietary rights.

14.2 In the event that the Goods and/or Services or any part thereof are in such claim, suit or proceeding held to constitute an infringement or their further use, sale, distribution or other disposal is enjoined, Supplier shall promptly, at its own cost and expense but at Purchaser's option, either; (a) procure for Purchaser and/or any concerned customer the right to continue the use, sale, distribution or other disposal of such Goods and/or Services; (b) replace the same with non-infringing deliveries and/or Services of equivalent function and performance; or (c) modify such Goods and/or Services so that they become non-infringing without detracting from function or performance. Provided that Supplier acts promptly and diligently as aforementioned, Purchaser shall refrain from taking actions towards third parties on account of such claim, suit proceeding or enjoinder, which are prejudicial to Supplier, without Supplier's prior approval.

14.3 In the event Supplier develops Goods for Purchaser, the Intellectual Property Rights related thereto shall vest in Purchaser and title thereto is hereby assigned and transferred to Purchaser. Supplier shall take all necessary actions and provide all necessary support to assign and transfer such rights to Purchaser or to confirm such assignment and transfer, as the case may be. Supplier represents and warrants that it has the right to assign and transfer such rights to Purchaser and that no other party has any options, licenses or other rights related thereto.

14.4 In the event the Goods have not been developed for Purchaser and Intellectual Property Rights relate to such deliveries, Supplier hereby grants Purchaser a non-exclusive, unrestricted, transferable license

to use the Goods for a duration equal to the legal protection period of intellectual property rights of the Goods, at no additional charge, for the anticipated purpose thereof.

14.5 Any and all drawings, specifications, technical details, models as well as all other documents produced by or on behalf of Supplier in connection with the Purchase Order shall be deemed to have been produced for Purchaser and shall be handed over to Purchaser upon delivery. Any Intellectual Property Rights shall be vested in Purchaser at the moment of creation or licensed at the moment of delivery, as applicable. The respective Purchase Order shall be deemed to be a deed of transfer or grant of license, as applicable.

14.6 Supplier shall not without Purchaser's prior written permission have the right to use trademarks, trade-names or logos of Purchaser. If Purchaser has given such permission to Supplier, then Supplier shall always comply with the prevailing conditions and instructions of Purchaser when using such trademarks, trade-names and/or logos.

15. EMPLOYEE PROTECTION, ENVIRONMENT AND HAZARDOUS MATERIALS

15.1 The Supplier shall employ only such employees for works at the Purchaser who have the qualification required for this work. The Supplier shall make corresponding proof available to the Purchaser upon request with short notice for a sample examination.

15.2 The supplier shall protect the environment according the local laws and regulation. The supplier will not use Hazardous materials without written confirmation of the Purchaser. Goods need to comply with regulations such as REACH and RoHS.

16. GENERAL PROVISIONS

16.1 The laws of the Netherlands excluding the provisions of the UN Convention on the International Sale of Goods (CISG) shall apply to all legal relationships between the Purchaser and the Supplier.

16.2 Place of venue for all disputes arising from the business relationship as governed by these GPC shall be, at option of the Purchaser, the place of fulfilment or 's-Gravenhage.

16.3 Changes and amendments to these GPC as well as side agreements require the written form. This shall also apply to any waiver of this written-form clause.

16.4 If any of the above provisions should be or become ineffective, the validity of the remaining provisions shall remain unaffected. The parties hereto are obliged to agree upon a provision to replace the ineffective provision that approximates as closely as possible the economic intent of the ineffective provision.

16.5 Neither party shall have the right to assign these GPC and any resulting Purchase Order or any right or obligations pursuant thereto without the prior written approval of the other party except that Purchaser may assign the Purchase Order to a subsidiary or affiliate company of Purchaser.