

CTS GENERAL PURCHASING TERMS AND CONDITIONS



- 1. Applicability:** This purchase order is an offer by CTS Engines LLC (the "CTS") for the purchase of the goods or services specified on the face of this purchase order (the "Goods") from the party to whom the purchase order is addressed (the "Seller") in accordance with and subject to these terms and conditions (the "Terms"; together with the terms and conditions on the face of the purchase order, the "Purchase Order"). This Purchase Order, together with any documents incorporated herein by reference, takes precedence over all prior or contemporaneous understandings, agreements, negotiations, representations and warranties, and communications, both written and oral, with respect to the subject matter of the Purchase Order. The Purchase Order expressly limits Seller's acceptance to the terms of the Purchase Order. These Terms prevail over any terms or conditions contained in any other documentation and expressly exclude any of Seller's general terms and conditions of sale or any other document issued by Seller in connection with this Purchase Order.
- 2. Acceptance:** This Purchase Order is not binding on CTS until Seller accepts the Order in writing or starts to perform in accordance with the Order. If Seller does not accept the Purchase Order in writing or provide written notice that it has commenced performance within five (5) business days of Seller's receipt of the Purchase Order, this Purchase Order will lapse. CTS may withdraw the Order at any time before it is accepted by Seller.
- 3. Price:** The Seller shall respond to Purchase Orders for repairs with a quote within ten (10) business days. Without prejudice to any other right or remedy it may have, CTS reserves the right to set off at any time any amount owing to it by Seller against any amount payable by CTS to Seller under the Purchase Order.
- 4. Quality Management System:** Seller shall maintain a quality management system that meets one of the following criteria: 1) Is accepted by a National Aviation Authority ("NAA") (i.e. FAA, EASA, CAAC, etc.); or 2) Is accredited by a recognized third (3rd) party certifying body for ISO 9101, AS9100, AS9110, AS 9120; or 3) Is accepted by CTS. In addition to the foregoing, Seller shall adhere to the Defense Priorities and Allocations System ("DPAS") priority requirements flowed down by CTS; maintain capabilities/processes/products/services that meet the regulatory requirements of CFR Part 145; ensure NAA and CTS requirements are met, and, as applicable and appropriate, flowed down to any Seller-designated or approved external providers, sub-tier sources or sub-contractors, including special process providers (if any); have appropriate equipment, tooling, testing, and inspection capability(s) to ensure product safety is maintained; provide the documentation package and/or airworthiness release documentation as stated on the Order and in accordance with these provisions; follow NAA requirements for reporting malfunctions, defects, and unairworthy conditions; use customer-designated or approved external providers, including process sources (e.g., special processes); notify the organization of nonconforming processes, products, or services pre and post delivery and obtain approval for their disposition; prevent the use of unapproved and counterfeit parts; notify the organization of changes to processes, products, or services, including changes of their external providers or location of manufacture, and obtain the organization's approval; flow down to external providers applicable requirements including customer requirements; retain documented information, including retention periods and disposition requirements; and provide the appropriate maintenance release document as stated on the Purchase Order. Goods supplied shall meet the requirements in the applicable technical specifications and documentation (publications, revision levels, drawings, specifications, standards, etc.), to include those documented on CTS's Order (if any). It shall be the sole responsibility of Seller to monitor that the technical specifications regarding materials, methods, form, fitness, and function are observed, whether or not the items have been manufactured by Seller, or by any of its sub-tier sources or subcontractors. It is understood that in the absence of applicable technical specification and/or revisions, Seller shall utilize the latest revision.
- 5. Qualified Personnel:** Seller shall employ qualified personnel where necessary to satisfy the requirements of this Order. Seller shall ensure such personnel are trained and certificated in accordance with NAA requirements. In addition, Seller shall communicate to its employees the importance of their individual: (i) contribution to product or service conformity; (ii) contribution to product safety; and (iii) observance of and adherence with ethical behavior.
- 6. Delivery:** Timely delivery of the Goods is of the essence. Seller shall deliver the Goods in the quantities and on the date(s) specified in this Purchase Order or as otherwise agreed in writing by the parties (the

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"Delivery Date"). If Seller fails to deliver the Goods in full on the Delivery Date, CTS may terminate the Order immediately by providing written notice to Seller and Seller shall indemnify CTS against any losses, claims, damages, and reasonable costs and expenses directly attributable to Seller's failure to deliver the Goods on the Delivery Date. If CTS chooses to accept a late delivery, Seller is obligated to pay for shipping expenses including expedited delivery fees. All Goods shall be delivered to the address specified in this Purchase Order (the "Delivery Location") during CTS's normal business hours or as otherwise instructed by CTS. Title passes to CTS upon delivery of the Goods to the Delivery Location. Seller bears all risk of loss or damage to the Goods until delivery of the Goods to the Delivery Location.

7. **Excusable Delay:** Neither party shall be liable to the other for any delay or failure in performing its obligations under the Purchase Order to the extent that such delay or failure is caused by an event or circumstance that is beyond the reasonable control of that party, without such party's fault or negligence, and which by its nature could not have been foreseen by such party or, if it could have been foreseen, was unavoidable ("Force Majeure Event"). Force Majeure Events include, but are not limited to, acts of God or the public enemy, government restrictions, floods, fire, earthquakes, explosion, epidemic, war, invasion, hostilities, terrorist acts, riots, strike, embargoes or industrial disturbances. Seller's economic hardship or changes in market conditions are not considered Force Majeure Events. Seller shall give CTS prompt written notice when it appears that a Force Majeure Event will delay deliveries under this Purchase Order. Seller shall use all diligent efforts to end the failure or delay of its performance, ensure that the effects of any Force Majeure Event are minimized and resume performance under the Purchase Order. If a Force Majeure Event prevents Seller from carrying out its obligations under the Purchase Order for a continuous period of more than fifteen (15) business days, CTS may terminate, without liability, all or any portion of this Purchase Order immediately by giving written notice to Seller.
8. **Warranty:** Seller warrants to CTS that for a period of 24 months from the Delivery Date, all Goods will: (a) be free from any defects in workmanship, material and design; (b) conform to applicable specifications, drawings, designs, samples and other requirements specified by CTS; (c) be fit for their intended purpose and operate as intended; (d) be merchantable; (e) be free and clear of all liens, security interests or other encumbrances; and (f) not infringe or misappropriate any third party's patent or other intellectual property rights. These warranties survive any delivery, inspection, acceptance or payment of or for the Goods by CTS. These warranties are cumulative and in addition to any other warranty provided by law or equity. Any applicable statute of limitations runs from the date of CTS's discovery of the noncompliance of the Goods with the foregoing warranties. If CTS gives Seller notice of noncompliance with this Section, Seller shall, at its own cost and expense, promptly replace or repair the defective or nonconforming Goods and pay for all related expenses, including, but not limited to, transportation charges for the return of the defective or nonconforming goods to Seller and the delivery of repaired or replacement Goods to CTS.
9. **Termination:** CTS may terminate this Purchase Order or any part hereof at any time with or without cause for its sole convenience. In addition to any remedies that may be provided under these Terms, CTS may terminate this Purchase Order with immediate effect upon written notice to the Seller, either before or after the acceptance of the Goods, if Seller has not performed or complied with any of these Terms, in whole or in part, or fails to provide CTS, upon request, with reasonable assurances of future performance. If the Seller becomes insolvent, files a petition for bankruptcy or commences or has commenced against it proceedings relating to bankruptcy, receivership, reorganization or assignment for the benefit of creditors, then CTS may terminate this Purchase Order upon written notice to Seller. If CTS terminates the Purchase Order for any reason, Seller's sole and exclusive remedy is payment for the Goods received and accepted by CTS prior to the termination, and CTS shall not be liable to Seller for any other amount. Seller shall be liable to CTS for any and all direct, indirect, special, incidental, and consequential damages sustained by reason of Seller's failure to perform or comply with any of these Terms.
10. **Confidentiality:** Unless agreed in writing, any information shared between the parties will be held in confidence and may not be disclosed to others. This does not apply to information which: (a) is or becomes part of the general public knowledge other than as a result of breach of any confidentiality obligation; or (b) which was known prior to receipt from the non-disclosing party. This Agreement does not give either party the right to use the trademarks of the other or grant any rights to any patent or

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proprietary data owned or licensed by the other party, which may be accomplished by a separate agreement as needed. Each party shall be entitled to injunctive relief for any violation of this Section.

11. **Indemnification:** Seller shall indemnify and hold harmless CTS, and CTS's parent company, their subsidiaries, affiliates, successors, assigns and their respective customers, directors, officers, employees and agents (collectively, "Indemnitees") against any and all loss, injury, death, damage, liability, claim, deficiency, action, judgment, interest, award, penalty, fine, cost or expense, including reasonable attorney and professional fees and costs, and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers arising out of or occurring in connection with the sale of the Goods, by any breach of Seller's obligations under these Terms, by any breach of Seller's warranties with respect to such goods or services, by any negligent act or omission of Seller, or arising out of the performance of any work or other activity by Seller, its subcontractors and agents on CTS premises, and upon the tendering of any such suit or claim to Seller to defend the same at Seller's expense; provided, however, Seller shall not enter into any settlement without CTS's prior written consent. The foregoing indemnification shall apply whether Seller or CTS defends such suit or claim. Seller shall, at its expense, defend, indemnify and hold harmless CTS and any Indemnitee against any and all Losses arising out of or in connection with any claim that CTS's or Indemnitee's use or possession of the Goods infringes or misappropriates the patent, copyright, trade secret or other intellectual property right of any third party. In no event shall Seller enter into any settlement without CTS's or Indemnitee's prior written consent.
12. **Insurance:** Seller shall maintain and require its subcontractors and agents to maintain insurance coverage, including comprehensive general liability (including product liability) and worker's compensation insurance, in a sum no less than \$5,000,000 and in any event in a sum sufficient to cover the obligations set forth above, naming CTS as an additional insured. Seller will furnish, on CTS's request, insurer's certificates evidencing such insurance which expressly provide that the insurance company will give thirty (30) days prior written notice to CTS of the cancellation or expiration of such insurance.
13. **Compliance:** Seller agrees to comply with all applicable provisions of federal, state and local laws, orders, rules and regulations and warrants that all Goods supplied hereunder will be produced or rendered in compliance with the same. If this Purchase Order references a government contract number, Seller agrees to comply with all applicable provisions of said contract, and all such provisions are hereby incorporated herein by reference. All facilities and documentation used by Seller and its sub-tier suppliers for CTS work are open to evaluation by CTS, its authorized customer(s), and regulatory authorities. In these cases, Seller shall arrange to provide CTS's authorized representative(s) with access to the areas in which the work is being performed and all supporting quality documentation. CTS will provide reasonable notification prior to any evaluation. Seller agrees to retain documented information (i.e., keep records of maintenance performed) for a minimum of a seven (7) year period.
14. **Rated Orders:** If a Defense Priority and Allocation System (DPAS) rating appears on this order, the Seller shall comply with all the requirements of 15 CFR Part 700. A person must accept or reject a rated order in writing within ten (10) working days after receipt of a DO rated order and five (5) working days after receipt of a DX rated order.
15. **Dispute Resolution and Governing Law:** This Agreement will be governed by the laws of the State of Florida. If the parties are unable to amicably resolve any dispute within thirty (30) days, the dispute will be settled by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (for US based Sellers) or the ICCA (for non-US based Sellers) in a mutually agreed location. Either CTS or Seller may take appropriate legal action as may be required for the enforcement of such arbitration award.
16. **Language, Notices:** All correspondence and documentation connected with this Agreement will be in English, given in writing, effective upon receipt, and provided to the addresses set forth on the Seller's quote.

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17. **Severability:** If any term or provision of this Purchase Order is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Purchase Order or invalidate or render unenforceable such term or provision in any other jurisdiction.
18. **Cumulative Remedies.** The rights and remedies under this Purchase Order are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise.
19. **Assignment:** Seller shall not assign, transfer, delegate or subcontract any of its rights or obligations under the Purchase Order without the prior written consent of CTS. Any purported assignment or delegation in violation of this Section shall be null and void. No assignment or delegation shall relieve the Seller of any of its obligations hereunder. CTS may at any time assign, transfer or subcontract any or all of its rights or obligations under the Purchase Order without Seller's prior written consent.