

CAV Standard Conditions of Order

1. Definitions

In these Conditions and in all documents relating to this Purchase Order:

“CAV” means CAV Advanced Technologies Limited or CAV Ice Protection Limited, as identified in the Purchase Order, whose registered office is at Number One Industrial Estate, Consett, County Durham DH8 6SR

“Data” means all designs drawings, specifications, proprietary information, trade secrets and other intellectual property owned or controlled by CAV.

“Order” means this Purchase Order and any amendment thereto, duly signed on behalf of CAV.

“Specification” means the technical requirement and/or description of the Supplies and/or the Suppliers proprietary specification defined in the Order.

“Supplier” means the person, firm or company on whom the Order is placed.

“Supplies” means all articles, materials, work or services the subject of the Order.

2. Application

These Conditions are an integral part of the Order and shall apply except to the extent that they may be inconsistent with any Special Conditions appearing on the face or otherwise incorporated in the Order which shall have precedence over these Conditions. Such Special Conditions and these Conditions shall constitute the entire agreement between the parties and shall supersede all previous communications or representations between the parties inclusive of any standard selling conditions issued by the Supplier and shall not be varied except with the written agreement of CAV. No modification or revision of an Order, including any deviation from CAV Conditions as presented herein, shall be valid unless in writing and signed by CAV. No terms or conditions stated by the Supplier in accepting an Order shall be binding upon CAV if in conflict with, inconsistent with, or in addition to the terms and conditions contained herein. CAV expressly rejects any and all other terms and conditions presented in any form by Supplier. Supplier’s performance in accordance with the Purchase Order shall constitute unconditional acceptance of these terms and conditions. Furthermore, acceptance by CAV of items ordered hereunder is subject only to these Conditions.

3.Orders

CAV will not accept responsibility for any Supplies unless supplied in accordance with our official order form, the reference number of which shall be quoted on all documents and correspondence including Advice Notes, Invoices and required Certificates. The Supplier must notify CAV of Order acceptance within 14 days of the date it bears or such other period as CAV may agree in writing. Failure to do so will give CAV the right to cancel the Order without incurring liability. Any items /Parts delivered against such order shall be deemed as acceptance of these terms and conditions

4.Conformity with Order and Delivery

(i) The Supplies shall conform to the quantity, quality and Specification stated in the Order, shall be fit for the purpose for which they are required and free from defect whether actual or latent where specified.

(ii) Delivery shall be strictly in accordance with the Order and at the Suppliers risk, CAV shall have the option to cancel the Order wholly or in part without incurring liability where delivery is not made on the date specified, without prejudice to any other rights or remedy which CAV have.

(iii) All Supplies must be properly and securely packed and the packaging marked with CAV's Order number. CAV will return packing cases or containers to the Supplier if so, requested at the Suppliers expense.

(iv) The Supplier shall not be liable for delays in delivery due to causes which the Supplier can show are beyond his reasonable control and without the Supplier's fault or negligence provided that the Supplier promptly notifies CAV of any delay or anticipated delay as soon as it is known and resumes performance as soon as possible thereafter. However, if such delay exceeds 28 days CAV shall be entitled to cancel the Order without incurring liability except in respect of Supplies already delivered to CAV prior to such cancellation. CAV may wholly or partly suspend acceptance of deliveries during or after complete or partial stoppage of work at CAV's premises by reason of factors outside CAV's control including but not restricted to Act of God, fire, flood, strikes and lock outs.

(v) If any Supplies upon delivery or acceptance or upon unpacking or within 24 months thereafter (or such other longer period as may be agreed) do not conform to the Specification or the required standards of design, material, workmanship or quality which are not of new manufacture or which are not in accordance with the samples approved by CAV (hereinafter called a 'Defect') then CAV shall be entitled at its discretion and without prejudice to any other remedy to exercise one or more of the following rights:

(a) Reject the Supplies in whole or in part and require the Supplier to credit CAV with the cost thereof.

(b) Require the Supplier promptly to replace or repair the Supplies free of all cost and at the Suppliers risk.

(c) Require the Supplier to defray all CAV's reasonable expenses and additional costs connected with such Defect.

(vi) We accept no liability for excess deliveries unless specifically agreed.

5. Quality Procedures

(i) The Supplies shall be subject to whichever of the following Quality Assurance Conditions:

(a) The Supplier shall ensure that the Order is carried out in conformity with the quality requirements of his MOD registration.

(b) The Supplier shall ensure that the Order is carried out in conformity with the quality requirement of his CAA approval.

(c) The Supplier shall ensure that the Order is carried out in conformity with the quality requirements of his CAV approval.

(d) The Supplies shall be subject to Inspection by CAV on receipt.

(e) Exceptional arrangements determined by the Quality Manager/Chief Inspector and shown on the face of the Order.

(f) The Order must satisfy the requirements of an MOD contract and may be subject to quality assurance activity at the Supplier's works by the MOD QAR who will advise the Supplier accordingly. Purchases in aid of this Order shall be in accordance with the requirements of Def Stan 05.61 (Part 3). A Certificate of Conformity is required.

(g) The Supplies, the subject of the Order shall be manufactured, inspected and tested in accordance with schedules used for equipment as supplied to the British Government and the Supplier's own Government.

(h) The Supplies are to be used on aircraft control units and/or systems. Duplicate inspection required.

(i) Goods to be supplied in accordance with the quality requirements of the customer/s stated on the front of this order.

(j) First article inspection/test – prior to proceeding with the balance of the order, the supplier shall perform a first article inspection/test to determine 100% compliance with the formally established drawing, specification and purchase order requirements. The supplier shall document the quantitative results of this first inspection on a suitable form identified as a ‘First article inspection/test report’ and furnish one copy of this report with the first shipment item. The supplier shall notify the CAV quality department at least 72 hours in advance of the start of the inspection. The CAV quality manager may elect to have one of our representatives participate in the first article inspection/test and verify results at the suppliers facility. Further production/shipment may not proceed without formal CAV acceptance on first article inspection/test. First, article acceptance shall not relieve the seller of any responsibility and/or liability for the full compliance with all requirements of this purchase order. The supplier shall notify CAV of any changes in product manufacture and/or process definition and shall not proceed with manufacture until notified of approval by CAV.

(k) CAV inspection is required prior to shipment from your plant. CAV inspection shall not constitute product acceptance, nor shall it relieve the seller of any responsibility and/or liability for the full compliance with all requirements of this purchase order.

(l) Inspection for all characteristics shall be performed 100% by the seller on each component within every consignment.

(m) Inspection for all characteristics shall be performed in accordance with BS6001 sampling procedures and tables for inspection by attributes, general inspection level 11, single sampling, A.Q.L of ●●●●●●●●

(n) The supplier shall notify CAV of any non-conforming product action and results taken during the manufacture to order. Application for acceptance of non-conforming product shall be made to the CAV quality manager, who will instigate concession action if deemed appropriate.

(o) Manufactured to the requirement of your ISO 9001 or 9002 registration, and accompanied by a certificate of conformity which bears your registration number.

(ii) CAV’s representatives and the representatives of any other organisation on the authority of CAV shall be allowed to visit the Supplier’s premises and those of its permitted Sub-contractors and shall be afforded all necessary facilities at any reasonable time to check the progress or quality of the work on the Supplies.

(iii) Where specifications are stated on the purchase order, the latest issue for that particular specification must be applied, unless otherwise stated.

6. Advice and Release Certificates

The Supplier shall:-

(i) On the day of despatch of each consignment send Advice Note(s) and such Certificate(s) of Conformity of Civil Approved Certificate(s) as may be indicated by the terms of the Order. One copy of the Certificate of Conformity or Civil Approved Certificate or such other document as may be required by Clause 5 (i) of these Conditions shall accompany each consignment and a further copy shall be sent by post to the receiving department.

(ii) Provide copies of the original manufacturers' Certificate of Conformity or Civil Approved Certificate together with test figures, heat treatment particulars. etc. where applicable.

7. Title

Unless otherwise agreed in writing the title of the Supplies shall pass to CAV upon delivery at CAV's premises. Title of any free issue supplied in pursuance of this order shall at all times remain with CAV.

8. Price

(i) Where prices have been agreed they shall be fixed and firm exclusive of VAT but inclusive at all other taxes, imposts, fees and duties; no alteration may be made without the consent of CAV in writing. Where prices are still to be agreed at the time the Order is placed. quotations shall be submitted by the Supplier and confirming amendments to the Order shall be issued by CAV before invoices are rendered.

(ii) No charge shall be made for packing. insurance or delivery unless otherwise agreed and any such charge shall be separately detailed in the invoice.

9. Invoices

(i) The Supplier shall invoice CAV for the Supplies and shall submit its invoice to CAV at the address shown overleaf after despatch of Supplies. Each invoice shall quote the Order number, item, part and drawing numbers, description. quantities and weights.

(ii) All invoices shall state the price for the Supplies exclusive of Value Added Tax and show the amount of VAT (if any) separately.

(iii) Standard payment terms of 60 days net monthly shall apply unless stated otherwise within the contract.

10.Termination

(i) For Default In the event of a breach of any of the Conditions CAV may give the Supplier notice of such breach. If such breach is capable of remedy the Supplier shall rectify the breach within 28 days. If the supplier does not rectify the breach within 28 days, or if the breach is not capable of remedy, then CAV may give notice terminating the Order without incurring liability. The Supplier shall indemnify CAV from and against any cost resulting from the termination of the Order.

(ii) For insolvency If the Supplier becomes insolvent or has a receiver or administrator appointed of its business or is compulsorily or voluntarily wound up or if CAV bone fide believes that any of such events may occur then CAV shall have the right without prejudice to any other remedy to suspend the performance of or terminate the Order without incurring liability except in respect of Supplies previously delivered.

(iii) For Convenience the Order may be terminated by CAV at any time as a whole or part by delivery to the Supplier of a notice of termination. In the event of such notice being given the Supplier shall stop work forthwith and comply with any directions with regard to the Supplies which may be given by CAV. The Supplier shall submit an account to CAV at the address overleaf within three months from the effective date of termination in the form prescribed by CAV. CAV undertakes to pay a fair and reasonable price for all work done and unique materials purchased up to the time of termination. Such payments made taken together with any sums paid or due or becoming due to the Supplier under the Order shall not exceed the total price of the Supplies under the Order.

(iv) Any termination of the Order shall not prejudice any rights or remedies which may have accrued to either party and both parties shall use all reasonable endeavours to mitigate their losses on such termination.

(v) In the event that any delay due to Force Majeure affecting the supplier exceeds twelve weeks (12), the Customer shall have the right to give the Supplier written notice forthwith terminating the Order without incurring any liability whatsoever.

(vi) Statements to reach us by the 5th of the Month following delivery.

11.Patents

(i) In respect of the Supplies the Supplier warrants that there are no infringements whatsoever known by the Supplier to be existing or pending at the date of the Order and hereby agrees to fully indemnify CAV and its other subsidiaries and associated companies against any liability, damages or expenses whatsoever which may be incurred by or on behalf of CAV and its other subsidiaries and associated companies as a result of the infringement or alleged infringement of the Supplies or the use of the Supplies of any patent, registered design, trademark or copyright belonging to third parties.

(ii) In respect of the Supplies of which the design is furnished by CAV any designs or design rights derived therefrom shall belong to CAV and CAV shall be entitled to all industrial property rights in connection therewith.

12. Legal Liability Insurance

Where the Supplier is required to carry out work of any kind on the premises of CAV or on such premises as the Order so directs, the Supplier shall effect legal liability insurance of not less than £1,000,000 per event and procure that any sub-contractor to the Supplier effects similar insurance in respect of loss or damage to property or death or injury to persons resulting from or during the execution of the Order. Should such insurance policy cover a liability in excess of £1,000,000 then CAV shall have the benefit of the full extent of the cover available.

13. Supplier's Documentation

The Supplier will promptly provide CAV with all present and future instructions relating to the use and disposal of Supplies and in particular draw attention to any dangers or hazards or restrictions associated with Supplies.

14. Sub-contracts by the Supplier

No work on the Order may be sub-contracted by the Supplier nor shall the Order be assigned or otherwise transferred by the Supplier without the prior written consent of CAV. All sub-contracts shall be the responsibility of the Supplier. The supplier shall flow down to sub-tier suppliers (approved by CAV) the requirements of purchase order documents

15. Warranty

(i) Unless manufactured pursuant to a detailed design furnished by CAV the Supplier assumes design responsibility and warrants the Supplies to be free from design defect where applicable.

(ii) Without prejudice to Clause 15 (i) any and all warranties and service guarantees attaching to the Supplies shall not only be for the benefit of and enforceable by CAV but also for the benefit of and enforceable by CAV's customers and/or users of the Supplies. CAV's inspection, approval, acceptance, use of or the payment by CAV for all or any part of the Supplies shall not affect any such warranty rights whether or not a breach of warranty had become evident at the time.

16. Indemnity

The Supplier agreed to indemnify CAV, and its other subsidiaries and associated companies against all claims, costs, damages, liabilities and expenses in respect of personal injury, death or loss of or damage to property and pecuniary loss (including all legal costs and penalties) caused by or resulting from the acts or omissions of the Supplier, his Sub-contractor's agents or suppliers in the performance of the Order.

17. Liability

The total aggregate liability of CAV shall be the purchase price paid for the good giving rise to the claim. In no event shall CAV be liable for loss of profit, loss of use, loss of business, loss of revenue or for any incidental, special, indirect, consequential loss or damages, or punitive or exemplary damages, howsoever caused under any order.

18.Changes

CAV may unilaterally by notice in writing amend the Order and the Supplier shall comply therewith without delay. Within 14 days after receipt of notification of any change as aforesaid the Supplier shall submit to CAV a statement in such detail as CAV may reasonably require of the effect of such change and as soon as practicable CAV and the Supplier shall agree upon necessary and reasonable adjustment to the Order and incorporate such agreement into the Order by Order amendment.

19.Continuity of Supply

The Supplier undertakes to accept further orders in respect of CAV's future requirements for similar Supplies at prices and delivery lead times no less favourable to CAV than those agreed for this order having regard to the economic circumstances at the time and in the event that the Supplier is unwilling or unable to accept such orders he shall deliver to CAV without charge all necessary drawings, manufacturing information and tooling to enable CAV to make the Supplies or have them made elsewhere and shall use his best endeavours to obtain for CAV on economic terms the grant of any necessary licence(s).

20.Free Issue

(i) All Data, tools, patterns, materials and other equipment included Title, loaned by CAV to the Supplier for use in connection with the Order or manufactured by the Supplier at CAV's expense in connection with the Order shall be and will remain at all times the property of CAV and be surrendered to CAV upon demand in good and serviceable condition (fair wear and tear excepted) and are to be used by the Supplier solely for the purpose of completing the Order. Such supplies shall be at the risk of the Supplier and insured by the Supplier at the Supplier's own expense. CAV do not warrant the adequacy of any tooling, data, patterns. materials and other equipment furnished by them.

(ii) CAV shall not accept liability for any parts or materials received by the Supplier from CAV in a damaged state under or in connection with the Order unless such damage is notified in writing to CAV within five days of the receipt by the Supplier of such parts or materials.

(iii) All scrap arising from material free issued by CAV shall remain the property of CAV and must be disposed of by the Supplier in accordance with the instructions of CAV and all proceeds of sales of such scrap must be credited by the Supplier to CAV. Such instructions shall not however, replace any statutory duty otherwise imposed on the Supplier.

21. Confidentiality

The Order and the subject matter thereof shall be treated as confidential between the Supplier and CAV and any sub-contractor of the Supplier shall be similarly bound. Where required by CAV the Supplier shall give appropriate and agreed publicity to the award of the Order and will participate in other related publicity initiatives. Other than provided above the Supplier shall not make use of CAV's name or any information contained in the Order or related documents.

22. Notices

(i) All notices and communications shall be in writing.

(ii) Any notice or other communication sent to the Supplier shall be sufficient if sent to an address notified to CAV for the purpose or to the address of the Supplier last known to CAV.

(iii) Notices or other communication sent by the Supplier to CAV shall be sent to the address given for CAV on the face of the Order for the attention of the manager indicated on the face of the Order.

23. Waiver

Any failure delay relaxation or concession by CAV in the exercise of its rights to insist upon the performance of any of the obligations or to exercise the rights hereunder, shall not be construed as a waiver or relinquishment of the future exercise of any such right and the obligations of the Supplier shall continue in full force and effect.

24. Compliance with Laws and Regulations

(i) The Supplier shall comply with all statutory requirements applicable to the Order.

(ii) The Supplier, its employees and its sub-contractors shall familiarise themselves with and shall comply with CAV's procedures relating to discipline, fire, and health, safety and security when on CAV's premises. The Supplier shall provide its employees with and shall ensure that its employees and sub-contractors' employees use any protective clothing and safety equipment required.

25. Re-export of Supplies of U.S. Origin

The Supplies to be delivered to CAV in accordance with the requirements of this Order may be subsequently exported or re-exported as part of, or in support of CAV design and manufactured equipment. The Supplier is required as a specific term of this Order to confirm that no restriction exists in respect of U.S. Department of Commerce Export Administration Regulations or other relevant U.S. Government regulations. Unless specifically advised otherwise at the time of acceptance of the Order, CAV shall assume that no such restriction exists in respect of the export or re-export of any Supplies of U.S. origin other than those covered by U.K. statutory requirements.

26. Interpretation and Severance

(i) Clause headings are for convenience only and shall not govern the interpretation of these Conditions.

(ii) In the event that any terms, conditions or provision, clause or phrase of the Order shall be nullified or made void by any statute, regulation, or order or by the decision or order of any Court having jurisdiction, the remaining terms, conditions and provisions of the Order, shall remain in full force and effect.

27. Applicable Law

These Conditions shall be governed by, construed, and shall take effect in accordance with the Laws of England and Wales