

TERMS & CONDITIONS OF PURCHASE

1. DEFINITION

- a) The term "Buyer" shall mean Kearsley Airways Ltd, by whom the Purchase Order is issued.
- b) The term "Supplier" or "Contractor" shall mean the Person or Organisation to whom the Purchase Order is issued.
- c) The word "Goods" includes all goods covered by the Purchase order whether raw materials, processed materials, services, fabricated products, tooling, patterns, repairs or goods of proprietary manufacture.
- d) "The Work" shall mean the work to be done and/or services to be provided by the Supplier or Contractor as detailed in the Purchase Order.
- e) The term "Order" shall mean the Buyers Purchase Order which specifies that these Conditions apply to it.

2. OFFER

This offer constitutes an offer on the part of the Buyer which must be accepted in writing by the Supplier or Contractor or by the actual execution of the Order.

3. ACCEPTANCE OF CONDITIONS

Acceptance of the Order will be deemed to bind the Supplier or Contractor to the following terms and conditions except to the extent that the same may be varied in the Order, and unless expressly agreed by the Buyer in writing, no additions to or modification of these conditions will be applicable nor will any alternative Conditions submitted by the Supplier or Contractor be recognised in the case of any conflict between these Conditions and those of the Supplier or Contractor, these Conditions will prevail.

Orders must be made on the Buyer's printed official Purchase Order form signed on behalf of the Buyer.

4. PRICES

The price shall be as stated on the Order. No increase in the price stated will be accepted without prior notice and the agreement of the Buyer in writing. Where fluctuations of price are provided for, it is a condition of the Order that Goods supplied, or Work done shall be invoiced at the price ruling at the date stipulated on the Order with increases detailed out to the satisfaction of the Buyer.

5. PACKAGING AND HANDLING

As a minimum, the Supplier shall package all material in a manner that will ensure protection against corrosion, oxidation, deterioration and physical damage during shipment.

6. CARRIAGE

The Goods are to be delivered carriage paid and unloaded free at the address stated.

7. DELIVERY

The date of delivery of the Goods or completion of the Work shall be that specified in the Order, unless agreed otherwise between the Buyer and the Supplier or Contractor and the time shall be of the essence unless the contrary is expressly agreed in writing. The Supplier or Contractor shall give notice to the Buyer as soon as practicable if delays in the stated delivery or completion are likely. Where the Supplier or Contractor fails to deliver or complete within the stipulated time the Buyer may rescind the Order forthwith without incurring any liability to the Supplier or Contractor. In the event of the Buyer's contract with its employer being cancelled, delayed, interrupted or otherwise restricted by force majeure, lock out, strikes or workmen, or any other cause whatsoever beyond the control of the Buyer, then the Buyer shall be at liberty to defer the date of delivery or to cancel the Order.

8. RISK OF PROPERTY

The Goods are to be at Supplier's or Contractor's risk until signed for by an authorised representative of the Buyer, or for site deliveries when authorised representatives of the Buyer are not on site, by an official of the site authorised to receive materials for use on it. In such cases, it is a condition of Order that the signatory must be identifiable for future reference if required. Signature indicating receipt shall not imply acceptance of the Goods which will be subject to subsequent inspection for quantity, quality and fitness.

9. RIGHT OF ACCESS

The Buyer, their customer, and Regulatory authorities reserves the right to have access to all Supplier's works and Contractor's works at any reasonable time, subject to prior appointment with the Supplier or Contractor.

10. INSPECTION

The Goods shall be supplied or the Work done to the entire satisfaction of the Buyer which shall be afforded an opportunity of examining delivered Goods before accepting them, but such examination shall not imply acceptance of the goods or relieve the Supplier or Contractor of responsibility or liability. The Buyer may return Goods rejected at the Supplier's or Contractor's risk and expense. The Buyer or Contractor shall make good to the Buyer, free of charge, any loss or damage to or defect in the Goods or Works done.

11. LOSS OR DAMAGE TO THE BUYER'S GOODS

The Supplier or Contractor shall be liable to the Buyer for the loss of, or damage to any Goods, (howsoever the same shall arise) belonging to the Buyer and required by the Order to be processed or otherwise by the Supplier or Contractor whilst they are in the possession or under the control of the Supplier or Contractor or its servants, agents, or sub-contractors.

12. GUARANTEE

- a) The Supplier or Contractor guarantees all Goods supplied or the Work done by it for a period of 12 months from acceptance or initial operations whichever is the later and shall replace, without cost to the Buyer, any Goods or the Work done which shall prove defective under normal operating conditions during this period. Any costs incurred in dismantling or re-installing defective Goods or the Work done shall be for the Supplier's or Contractor's account.
- b) The Supplier or Contractor guarantees that the Good supplied or the Work done hereunder shall conform in all respects with all statutory and local requirements, regulations, laws and/or byelaws in force from time to time.

13. INDEMNITY

The Supplier or Contractor shall save harmless and indemnify the Buyer from and against all actions, costs, claims, demands, expenses, proceedings and liability in respect of the following: -

- a) Loss or damage or injury whatsoever and whensoever arising caused to the Buyer or which the Buyer may be liable to third parties, due to defective workmanship or unsound quality of the Goods supplied or the Work done.
- b) Claims in respect of death or injury and in respect of loss or damage to the property on any such persons as a result of negligence.
- c) Consequential loss or damage sustained by the Buyer or for which the Buyer may be liable, as a result of the failure of the Supplier to supply the Goods or the Contractor to carry out the Works in accordance with the terms of the Order.
- d) Any alleged or actual infringement of any third party rights resulting from the use or resale by the Buyer its agents, servants, or customers of the Goods the subject matter of this Order or any part thereof.
- e) Any alleged or actual infringement of statutory or local requirements, regulations, laws and/or byelaws in force from time to time.

14. DISCLOSURE OF INFORMATION

Except as may be necessary for the execution of the Order or as the Buyer may authorise in writing the Supplier or Contractor shall not disclose or make use of any information contained in any drawings, designs, instructions or any other matter supplied by the Buyer.

15. SUPPLIER'S OR CONTRACTOR'S DEFAULT

Without prejudice to any other rights or remedies to which it may be entitled the Buyer may terminate the Order forthwith and without liability in the event that: -

- a) The Supplier or Contractor makes any arrangement or composition with its creditors or becomes bankrupt or enters any liquidation whether compulsory or voluntarily other than solely and bone fide for the purpose of amalgamation or reconstruction or has a receiver appointed for the whole or any part of its assets, or: -
- b) The Supplier or Contractor commits any breach of its obligation and fails to rectify such breach within seven days of receipt of written notice from the Buyer requiring remedy thereof.

16. CANCELLATION

This Order may be cancelled at any time by the Buyer giving the Supplier or Contractor notice in writing. A fair and reasonable price shall be paid for all work in progress at the time of the cancellation and subsequently received by the Buyer. The Buyer shall not be liable for any loss to the Supplier or Contractor, including consequential loss.

17. CONTRACTING CONDITIONS

The Supplier must obtain written consent from the Buyer before Contracting or assigning the whole or any part of the Purchase Order.

Where the Order is stated as placed as a contract held by the Buyer acceptance of it shall be deemed an acceptance of the following provisions: -

- 1) The Supplier or Contractor having had the opportunity of inspecting by appointment the contract which the Buyer holds with its principals (or a copy thereof) shall be deemed to have had notice of its provisions and agrees to be bound by them insofar as they relate to this work. The Terms of Payment will be in accordance with such contracts.
- 2) The Supplier or Contractor agrees that the Goods and/or service shall be to the satisfaction of any supervising, inspecting or other authority named in the Buyer's contract with his principals.
- 3) Without prejudice to anything contained in these conditions or on the Order, the Supplier or Contractor shall indemnify the Buyer against any penalties enforced or any extra expense or other liabilities whatsoever caused to the Buyer by reason of delay or default in the Supplier's or Contractor's work.

- 4) Where the Buyer's Order provides for site installation, erection or other labour services then: -
 - a) The Supplier or Contractor shall immediately effect at his own expense all such insurances as the contract conditions of the site may require and at the Buyer's request at any time produce for inspection such policy or policies of insurance and receipts for premiums as evidence of his having indemnified the Buyer and his principals.
 - b) The Supplier or Contractor shall be deemed to have inspected the site and to have satisfied him self any circumstances of conditions which may affect the contract and failure to inspect the site shall in no way relieve the Supplier or Contractor from his obligations under the contract or entitle the Supplier or Contractor to claim for any additional expense whatsoever.

18. SUPPLIER FLOW-DOWN QUALITY REQUIREMENTS

- a) **QUALITY/INSPECTION SYSTEM**
The Supplier shall maintain a quality/inspection system that will ensure all goods and services conform to contract requirements whether manufactured or processed by Supplier or procured from Sub-Tier Suppliers.
- b) **QUALITY MANAGEMENT SYSTEM AWARENESS**
Supplier Personnel must be made aware of:
 - their contribution to product or service conformity.
 - their contribution to product safety; and
 - the importance of ethical behaviour.
- c) **PROCESSING SOURCES**
The Supplier shall, upon reasonable request by the Buyer, use customer designated or approved sub-tier Suppliers, including process sources (e.g., special processes).
- d) **CHANGES IN PROCESS, PRODUCT OR SERVICES**
Supplier shall notify our organization of changes to processes, products, or services including changes of their external providers or location of manufacture and obtain our approval.
- e) **REPORTING OF DEFECTS**
The Supplier shall promptly report malfunctions, defects and un-airworthy conditions to the Buyer and, where applicable, to the aerospace regulatory authorities.
- f) **CONTROL OF NON-CONFORMING PROCESSES, PRODUCTS, OR SERVICES**
The supplier shall identify, segregate and determine the disposition of non-conforming product, processes, and services and advise the Buyer within 24 hours for their disposition.
- g) **NONCONFORMING PRODUCTS AND MATERIALS**
Supplier shall obtain the Buyers prior written approval with respect to the disposition of any nonconforming products or materials supplied, that does not meet engineering drawing or documents under contract or Purchase Order.
- h) **LIMITED SHELF-LIFE MATERIAL**
Limited shelf-life Goods shall indicate the date of manufacture, shelf-life expiration date, lot number, and applicable specification.
- i) **PARTS MANUFACTURER APPROVAL (PMA) PARTS**
Supplier shall obtain the Buyers approval for the supply / embodiment of Parts Manufacturer Approval (PMA) parts.
- j) **COUNTERFEIT PARTS/UNAPPROVED PARTS**
The Supplier shall 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 the Buyer.
- k) **FOREIGN OBJECT DEBRIS/DAMAGE**
Supplier is required to establish and maintain a Foreign Object Debris (FOD) prevention program that employs appropriate housekeeping practices to assure timely detection and removal of residue/debris generated, during operations and normal daily tasks.
- l) **RECORD RETENTION**
The Supplier shall retain quality records associated with the Purchase Order for a minimum of 10 years. Records shall be indelible and secured against damage or deterioration. Records shall be made available to the Buyer for review upon request.
- m) **CALIBRATION SYSTEM**
Supplier shall maintain a system for calibration and maintenance of tools, jigs, inspection and test equipment that is compliant with an industry-recognized standard (e.g. ISO 17025, ISO 10012-1, ANSI Z540).
- n) **FIRST ARTICLE INSPECTION (FAI)**
Where detailed on the Purchase Order, the Supplier is requested to submit a First Article per AS9102 for manufactured parts. It should identify all of the process specifications and dimensional data.

- o) **SPECIFIC AUTHORITY AND CUSTOMER REQUIREMENTS**
The Supplier must comply with specific authority and customer requirements where detailed on the associated Purchase Order or supplementary documentation (i.e. Rework /Process Requirements Form).
- p) **FLOW DOWN TO SUB-TIER SUPPLIERS**
Suppliers shall flow-down to Sub-Tier Suppliers the applicable requirements as required by the purchase order either specifically or by reference.
- q) **SUPPLIER PERFORMANCE / ASSESSMENT**
Supplier Quality and Delivery performance is measured on an ongoing basis by the Buyer.

19. SHIPPING

The Supplier or Contractor shall ensure that each delivery is accompanied by a Delivery Note which shows, the order number, date of order, and contents of the consignment. The Supplier or Contractor shall deliver to the Purchaser such documents as are required by the Order and meet the requirements of clause 23.

20. INVOICES

Invoices are to be submitted to the address specified immediately upon despatch of the Goods or completion of the Works.

21. PAYMENT

Payment of Invoices will be within 60 days after the date of issue of the Invoice unless otherwise specified by the Buyer in writing. Failure to comply with instructions of the Purchase Order will result in delay of the payment of Invoices. Statements to effect payment will be required.

22. LAW

The constrictions validity and performance of the contract shall be governed by the Law of England and the parties thereby submit to the jurisdiction of the courts of that country.

23. RELEASE DOCUMENTATION

A certification is required, stating that all the products or services meet the contractual or purchase order requirements. The certificate must list the part number and all the applicable process specifications, including up to date revision levels. Furthermore parts, and/or raw materials must be obtained from approved sources and be supported by release notes/approved certificates.

24. SAFETY MANAGEMENT SYSTEM (CONTRACTORS / SUBCONTRACTORS).

To remain complaint with aviation regulatory requirements Kearsley Airways Ltd (KAL) has developed a Safety Management System, and requires its contractors / subcontractors who have not developed a SMS: -

- a) To implement hazard identification and risk management.
- b) To notify KAL of any event which could impact flight safety.
- c) To promote safety and a policy of 'just culture' within their organisation.