

PRECISION ALUMINIUM CASTING & ENGINEERING LTD

PURCHASING TERMS AND CONDITIONS

1. Definitions

In these conditions and related documentation associated with the Purchase Order the following definitions shall apply:

- 'PACE' or 'Buyer' shall Precision Aluminium Casting & Engineering Ltd
- 'Purchase Order' or Order means the Purchase Order issued by PACE to the Supplier for the supply of goods or services.
- 'Supplier' shall mean the person, partnership, firm or company upon whom the Purchase Order is placed.
- 'Goods' means all the articles and materials to be performed under the Purchase Order.
- 'Services' means all services to be performed under the Purchase Order.
- 'Order Conditions' means these general conditions, together with any special conditions detailed overleaf. The Order Conditions form an integral part of the Purchase Order, together with any special conditions of purchase which may accompany or be referred to on the Purchase Order, and shall not be varied except by written agreement of PACE.

2. Correspondence

All correspondence relating to this Purchase Order must be referred to the Purchasing Department.

3. Conformity with Order

Goods and/or Services shall be supplied strictly in accordance with the Order Conditions. Without prejudice to the generality of the foregoing, the Supplier shall not vary the quantity or quality specified in the Order nor depart from the drawings and/or specifications identified by Order Conditions without the prior authorisation of PACE on official PACE Purchase Order, or via agreed concession or production permit action.

4. Government Contract Conditions

- i) This clause shall not only apply to the Order(s) which are made in pursuant of contracts which are governed by HM Government in which case the Government Contract Order shall be quoted on the Order.
- ii) The Supplier shall be deemed to have full knowledge of the standard conditions of Government contracts for Stores Purchase form, GC/Stores/1 (Edn April 1979) and any amendments thereto, and the Defence Conditions (DefCons) including the latest additions thereof.
- iii) The following Standard Conditions (SC's) and DefCons in which the 'Authority' means PACE and the 'Contractor' means Supplier shall be deemed to have been expressly incorporated in the Order, namely SC's 1 to 21 inclusive, 24 and 25 (for the purpose of SC25 paragraph (c) the period shall be 3 months), 29, 30, 31, 32a, 32b, 42, 49, 55 and 56 (for the purpose of SC56 the period of time referred to shall be 2 weeks), 60 and DefCons 5, 23, 39, 60, 63 and 76.
- iv) To the extent that the undermentioned SC's and DefCons apply in the HMG Contract in accordance with paragraphs a) to d) below, the same shall be deemed to have been expressly incorporated herein and the Supplier shall comply therewith insofar as they affect the Order so that no act or omission of the Supplier shall result in any breach by PACE of its obligations under the aforementioned Government Contract, namely:
 - a) SC's 11, 59 and DefCon 123 shall apply.
 - b) SC43 in which Part 1 of the Appendix thereto shall apply unless otherwise stipulated on the face of the order.
 - c) If the Order includes any provisions for price variation the provisions in paragraphs (1) and (2) of SC47 shall apply except the reference therein to SC46.
 - d) SC's 48 and 51 from which the respective Appendices thereto shall apply.

5. Acceptance

Acknowledging receipt or beginning performance shall constitute acceptance by the Supplier of the Purchase Order and the Order Conditions. The rights of PACE and the Supplier shall be in addition to their rights and remedies at law.

6. Waiver

Failure by PACE at any time to enforce any Order Conditions shall not be construed as waiver by PACE of such Order Conditions or in any way effect the validity of the Order Conditions.

7. Delivery, Title, and Risk

- i) The Goods and/or Services shall be delivered suitably packed to the consignee and at the times stated in the Order Conditions at the risk and expense of the Supplier.
- ii) All packages shall be clearly marked with the Supplier's name and the consignment address specified in the Purchase Order.
- iii) Title to Goods shall vest in PACE upon payment, and risk of loss of or damage to Goods shall pass to PACE when delivered to the destination specified in this Purchase Order. Passing of title is without prejudice to any right of rejection which may accrue to PACE hereunder.
- iv) In the event the Supplier should become bankrupt or have a receiver appointed to cease trading or have a court injunction served on the Supplier, Title in the Goods being produced, and materials produced for this Order shall vest in PACE.
- v) Upon request the Supplier shall provide PACE information relating to progress in accomplishing the Order in a form and a frequency acceptable to PACE.

8. Price and Payment

- i) Unless otherwise stated on the Purchase Order, prices shall be fixed and firm and inclusive of all taxes except VAT and shall include duties, packing and delivery of the Goods and/or Services to the destination specified in the Purchase Order.
- ii) Without prejudice to its other rights, PACE reserves the right to deduct from any payment due to the Supplier under this Purchase Order the amount of any bona-fide contra-accounts and/or other claims which PACE may have against the Supplier in connection with this Purchase Order or any other Purchase Order.

9. Invoice/Accounts/Release Notes

- i) Invoices shall be posted to the Purchase Ledger Department of PACE at the address indicated overleaf on the day on which Goods are despatched or Services completed.
- ii) Payment of Supplier's invoices will be made no sooner than the last working day of the month following the month in which the relevant Goods have been delivered or Services completed provided that such Goods or Services have been supplied in accordance with condition 3 (Conformity with Order) and the Invoice is correct and was received by such Purchase Ledger Department within seven days of despatch of Goods or completion of Services.
- iii) Detailed Release Notes, Certificates of Conformity and Advice Notes stating the Purchase Order number and details of Goods or Services including drawings and specification numbers shall accompany all goods forwarded to PACE or a nominated consignee. A copy of all such certificates of conformity shall be sent to PACE (Goods Inwards Department) by post on the same day as Goods were despatched or Services completed.

10. Patents

The Supplier agrees to indemnify PACE against any action, claim or proceeding relating to infringement or alleged infringement – whether by manufacture, use, sale, or otherwise – of any patents, registered design or other drawing or intellectual property right arising in connection with the supply of Goods or Services. This shall apply in all cases except where Goods or Services are manufactured to detailed drawings supplied by PACE.

11. Design Rights and Copyright

- i) If any Services or the production of any Goods involves research or development which is wholly or partly funded by PACE, then all rights in the results thereof and any IPR's will vest in PACE.
- ii) If as a result of the Services or Goods produced by the Supplier under this Order, technical publications, drawings or any other documentation is produced, the copyright thereof shall vest in PACE.

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12. Confidentiality

- i) Except with the consent in writing of PACE the Supplier shall not disclose any details of the Order or the Goods or Services to any person employed by the Supplier in the carrying out of the Order or any subcontractor of the Supplier accepting a like obligation, such disclosure shall be made in confidence and shall extend so far only as may be necessary for the purposes of the Order.
- ii) All documents and information supplied by PACE for the purposes of the Order shall remain the property of PACE and shall be returned to PACE on completion of the Order.
- iii) PACE shall have the right to copy freely and to use for any purpose documentation supplied by the Supplier in connection with the Order where copyright is vested in the Supplier.

13. Publicity

The Supplier shall not refer to PACE's name, trademarks, or products in connection with any publicity without prior written permission of PACE.

14. Assignment and Subcontracting

No work shall be assigned or subcontracted by the Supplier without the written consent of PACE. The Supplier shall be responsible for all subcontracts and ensure that they are placed subject to the same terms and conditions as those contained on the Order.

15. Retention of Records

The Supplier shall retain all hard copies of quality records for a minimum of five-years (or customer requirements) from the date the goods are sold to PACE. PACE customer requirements will take precedent when stated on the drawing or purchase order, whichever is the longer period of record retention will be used from the date the goods are sold to PACE.

The Supplier shall retain all hard copies of operational records for a minimum of one-year (or customer requirements) from the date the goods are sold to PACE. PACE customer requirements will take precedent when stated on the drawing or purchase order, whichever is the longer period of record retention will be used from the date the goods are sold to PACE.

The soft copies of all records will be retained on a drive that is adequately protected and controlled..

16. Free Issue Material

- i) Materials and any articles or materials manufactured or processed therefrom no matter at what stage of or state of process supplied by PACE to the Supplier shall vest in and be the property of PACE and shall be used in the execution of the Order and for no other purpose whatsoever.
- ii) The Supplier shall inspect such free issue material on receipt and unless notice to the contrary is given to PACE within 2 weeks of receipt it shall be deemed to have been received in good condition and quantities specified in the PACE's or any other consignor's despatch note.
- iii) The Supplier shall be responsible for the safekeeping of all such free issue material and shall maintain the same in good order and condition. Any wastages of such free issue material arising from bad workmanship or negligence of the Supplier shall be made good at the Supplier's expense.
- iv) Following completion of the Goods or Services in respect of which the free issue material was issued the Supplier shall forthwith notify PACE of the amount of any surplus material and shall dispose of the same in accordance with PACE's instructions.
- v) Neither the Supplier nor any subcontractor shall have a lien on such free issue material for any sum due to the Supplier subcontractor.

17. Termination

- i) For Default
In the event of a breach or non-observance of the Order Conditions PACE may give the Supplier written notice of such breach or non-observance and request this be received within 30 days. Should the Supplier fail to do this, PACE shall be entitled to inform the Supplier that the Order is terminated. Any excess costs resulting from termination shall be borne by the Supplier.
- ii) By Instruction
PACE shall also have the power to terminate its liability under an Order at any time by giving two weeks' notice in writing to the Supplier. In this event the Supplier shall stop work immediately and comply with any directions given by PACE in connection with the Goods or Services. PACE undertakes to pay a fair and reasonable price for all work undertaken up to the time of termination. Any goods, materials or components covered by the above indemnity and shall become the property of PACE and shall be delivered to PACE by the Supplier in accordance with PACE's instructions.

18. 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 term, condition, 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.

19. Access

PACE's representatives and those of its customers and regulatory authorities shall at all times have access to the Supplier's works, premises or place of business where the work is taking place for any purpose in connection with the Order. The Supplier shall secure the same facilities of access to the premises of any subcontractor.

20. Quality Inspection Clauses

Goods and/or Services shall be inspected and released by the Supplier in accordance with one or more of the following requirements as directed overleaf.

- i) Quality Control and release by your Quality organisation against your MOD/BSI or PACE registration/approval as appropriate to the requirements of this Order.
- ii) Quality Control and release by your Quality organisation as approved by the CAA.
- iii) A certificate of conformity assuring the Goods supplied are in accordance with the requirements of this Order.
- iv) An Advice Note assuring the goods supplied are in accordance with the requirements of this Order.
- v) Other requirements, as stated.
- vi) Purchases in aid of this Order will be in accordance with the requirements of MOD(PE)QPR or the provisions of DEF STAN 05-61 (Part 1)/1. DEF STAN 05-61 (Part 2)/1 and DEF STAN 05-61 (Part 3)/1 (paragraphs 6.1 and 6.2 as appropriate) and may be subject to quality assurance at your works.

If there is no direction overleaf, this condition, with the exception of part d) shall not apply.

21. Continuity of Supply

In consideration of placing this Order the Supplier undertakes to accept further orders in respect of PACE's future requirements for similar Goods and/or Services at prices and lead times no less favourable than those agreed for this Order, taking into account quantities, technical standard and current economic conditions prevailing, and in the event that the Supplier is unwilling to accept such order(s) the Supplier shall deliver to PACE without charge all the necessary drawings, manufacturing details and tooling to enable PACE to make or perform the Goods or Services or have them made elsewhere.

22. Force Majeure

PACE reserves the right at any time, or from time to time to require the Supplier to suspend any delivery or deliveries under the Order, or the execution of any Services covered by the Order, to such an extent and for such a period as in its absolute discretion it may consider expedient owing to any cause of whatsoever nature beyond the control of PACE or to any other unforeseen contingency.

23. Lien

The Supplier shall not claim any lien, attachment, or similar claim in connection with the Goods or Services and shall fully and effectively indemnify PACE against any and all liens, attachments or other similar claims, subcontractors or persons alleging to be subcontractors in connection with the Goods or Services to be furnished hereunder.

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24. Licences and Permits

The Supplier shall at its own expense, be responsible for ensuring that all statutory licence, consents or permits required for the purpose of performance of the Purchase Order in its entirety have been obtained and shall furnish to PACE upon request copies of any certificates or other documents evidencing compliance with all relevant laws, ordinances, and regulations.

25. Jigs and Tools

- i) Any jigs, tools etc. cost of which is borne of PACE, whether by separate charges or by inclusion in the price of the work, will become the property of PACE and shall be maintained in good condition and available for disposal as PACE may direct.
- ii) It shall be the responsibility of the Supplier to ensure that all forms of measuring equipment supplied by PACE in aid of the Order shall be maintained, controlled, and calibrated using standards whose accuracy is traceable to National or International standards. All standards used in the calibration system shall be supported by certificates attesting to the date, accuracy, and conditions under which the results were obtained.
- iii) Any PACE supplied pattern, dies, tooling etc. must return to PACE unless an alternate arrangement has been agreed.

26. Indemnities

The Supplier shall at all times indemnify and hold PACE harmless against any claims, demands, actions, proceedings and costs arising from the execution of the Order by the Supplier resulting from any injury, loss or damage to persons or property however caused, or consequential losses occasioned by PACE, PACE's customer or customers as a result of the Supplier's non-performance of the Order.

27. Rejection and Defects

- i) The provision of this clause shall apply in addition to and without prejudice to any other of PACE's rights hereunder, whether express or implied.
- ii) PACE reserves the right to reject and return to the Supplier at the Supplier's expense the whole or part of any consignment if any proportion, percentage or sample taken from any consignment does not conform with the requirements of the Order or is not fit for purpose.
- iii) Unless otherwise instructed, the Supplier shall without delay and without charge to PACE replace such rejected Goods with Goods which in all respects conform with the Order Conditions.
- iv) If within a period of 12 months or less from receipt or acceptance, whichever is the later, PACE gives written notice of any defect in the Goods or Services performed which arises from faulty design, materials or workmanship, PACE shall return the Goods at the expense and risk of the Supplier and the Supplier shall repair or replace the Goods with all possible speed and re-deliver the same in accordance with the Order Conditions so as to remedy the defects without additional cost to PACE.
- v) The rights under this clause shall be assignable by PACE or its customer for the benefit of the ultimate user.

28. Re-Export of Supplies of US Origin

The Goods and Services to be delivered to PACE in accordance with the requirements of the Order may be subsequently exported or re-exported as part of, or in support of PACE designed and manufactured equipment. The Supplier is required as a specific term of this Order to confirm that no restriction exists in respect of US Department of Commerce Export Administration Regulations or other relevant US Government regulations. Unless specifically advised otherwise at the time of acceptance of the Order PACE will assume that no such restriction exists in respect of the export or re-export of any Goods of US Origin other than those covered by UK statutory requirements.

29. Law Applicable

This Order shall be subject to and interpreted in accordance with the laws of England

30. The external provider / supplier shall

- implement a Quality Management System
- use customer-designated or approved external providers, including process sources (e.g., special processes);
- notify the organization of nonconforming processes, products, or services and obtain approval for their disposition.
- prevent the use of 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.
- provide test specimens for design approval, inspection/verification, investigation, or auditing.
- retain documented information, including retention periods and disposition requirements.
- ensure that persons are aware of their contribution to product or service conformity; their contribution to product safety; the importance of ethical behaviour.