

Conditions of Purchase of HS Elektronik Systeme GmbH

1. Relevant Conditions

These conditions of purchase control all current or future business between HS Elektronik Systeme GmbH ("HSG"), a Collins Aerospace company, and its suppliers. Only the conditions of purchase of HSG are applicable.

The conditions of purchase of HSG will be complemented by the general conditions of purchase for products of United Technologies Company ("UTC") in its respective applicable version. The general conditions of purchase for products of UTC (UTC Standard Terms and Conditions of Purchase - Products) can be accessed via the UTC website (<http://www.utc.com/suppliers/pages/terms-and-conditions.aspx>).

If the supplier is a service provider, the conditions of purchase of HSG will be complemented by the general conditions of purchase for services of United Technologies Company ("UTC") in its respective applicable version instead. The general conditions of purchase for services of UTC (UTC Standard Terms and Conditions of Purchase - Services) can also be accessed via the UTC website (<http://www.utc.com/suppliers/pages/terms-and-conditions.aspx>).

Other general terms and conditions are not applicable, even when not expressly objected to in each individual case by HSG.

2. Placing and Confirmation of Orders

Orders and order confirmation will always be in writing. Any changes, verbal orders or additions are only valid when confirmed in writing.

HSG has the right to withdraw any order, if HSG does not receive written order confirmation, indicating delivery time and price, within 5 days. If the order confirmation deviates from the order, HSG shall only be bound, if HSG agreed to the deviation in writing.

Technical specifications and performance of products may be described in annexes, which are then part of the order.

3. Prices and Terms of Payment

The price shown in the order is a net and binding price. This purchase price includes costs for transport and insurance as well as for packing. Invoices must be submitted promptly indicating the corresponding order number. The value added tax must be shown separately.

Unless otherwise agreed, payments will be made either within two weeks less 3 % discount or after 30 days net. Payments will only be made upon receipt of complete goods or performance, subject to examination of goods and review of invoice. Any tooling costs will be due for payment upon release of sample.

The assignment of accounts payable against HSG to third parties requires the prior written consent of HSG, which may not be refused unreasonably.

4. Delivery Date, Period and Delay

The delivery date indicated on the order shall be binding. If the agreed delivery period is not kept, the supplier shall be in default without any warning. The supplier shall be obliged to inform HSG promptly in writing, if circumstances arrive or become apparent, which make clear, that the agreed delivery period cannot be kept.

The supplier is obliged to pay for the costs caused by delay. Moreover HSG is entitled to claims in accordance with statutory law. In particular HSG shall be entitled to demand damages for non-performance or to cancel the contract, if a reasonable additional period expires without performance.

5. Delivery Conditions

Deliveries must be made to the delivery address indicated in the order of HSG at supplier's expense and risk. A delivery note must be attached to all deliveries, which indicates the order number of HSG and the detailed product description, the country of origin, quantity, weight etc. of the product.

6. Force Majeure

Force majeure, labor disputes, unrest, governmental measures and other unforeseeable, inevitable and onerous events free HSG from its performance obligations for the duration of the disturbance and for the extent of its impact. This also applies if these events occur at a point during which HSG is behind schedule. To the extent reasonable, HSG is obligated to immediately provide the necessary information to the supplier.

7. Transfer of Title and Passing of Risk

Unless otherwise agreed, title to the products delivered and the risk shall transfer to HSG upon delivery of the goods to the incoming goods department of HSG.

8. Notice of Defects and Acceptance

Goods are accepted in the incoming goods department of HSG upon delivery subject to an inspection to verify the correctness and suitability of the goods.

During the incoming goods inspection, HSG will inspect the goods for open visible deficiencies (e.g. transport damages, packaging) and based on the delivery note for the identity, nature and quantity of the goods. Notification of any such discovered defects will be issued by HSG, in writing, without delay.

Defects, which are not discovered by HSG during the incoming goods inspection, will be notified in writing by HSG, as soon as deficiencies are determined in accordance to the conditions of a proper business sequence. In this regard, the supplier shall waive the objection of late notices of defects.

9. Liability for Defects

The supplier must deliver goods which meet the agreed requirements in terms of quantity, quality and nature as well as packaging.

Unless otherwise agreed, the products are in compliance with the contract only if the products are suitable for the contractually preconditioned purpose or use and particular purposes and uses expressly or implicitly made known to the supplier at the time of the conclusion of the agreement, have the licenses and permits indicated to the supplier as necessary for the intended use and possess the features of products presented to the supplier by HSG as a sample or model.

The goods delivered shall also be deemed to be defective if they lack a guaranteed feature.

If the products delivered are not in compliance with the contract or are defective, HSG may demand at its choice and at supplier's cost, that the defect is remedied or that the supplier makes a substitute delivery. If the supplier does not discharge its obligation to subsequent performance within a reasonable time period set for this purpose, HSG shall have the right to remedy the defect itself or to have this done at the supplier's expense by a third party.

If the products delivered are not in compliance with the contract or are defective, HSG may also reduce the purchase price in proportion to the value of products without any defect, if the supplier does not fulfil his obligation to provide subsequent performance within a reasonable time period set by HSG.

HSG may rescind the contract, if the supplier does not fulfil his obligation to provide subsequent performance within a reasonable time period set by HSG and if the defect of the product is not immaterial.

If there are partial deliveries with defects and it also could be possible that future partial deliveries may also be defective, HSG has the right to decline further partial deliveries. These deliveries will be taken as being late unless the supplier proves within a reasonable period of time, that the products are without any defects.

The right of HSG to demand damages shall not be affected by the exercise of the above mentioned rights. The supplier shall be obliged to compensate HSG for all losses arising due to the breach of contract or due to defects, including lost profits. This also includes all costs incurred to determine the breach of a contract.

10. Duty of Notice

The supplier has to give written notice to HSG on any change of the defined production process or the change of materials. In case these changes will influence the intended application the supplier has to apply for the written confirmation of HSG.

If defects arise at the supplier, suitable technical measures to remedy the defect must be taken immediately and a written notice has to be given to HSG by the supplier. If defects arise, HSG shall have the right to terminate the contract for the products affected after an unsuccessful reasonable

period of time has been allowed for correction. The right of HSG to claim damages shall remain unaffected by the contract termination.

11. Warranty Period

Unless otherwise agreed, the legal warranty period of 2 years will be effective. The warranty period and period of limitation will not expire unless reliability features, which have been agreed upon, meet all product requirements.

12. Liability

Should, in a liability independent case, a third party claim damages against HSG, then the supplier will be held liable by HSG to the extent that the supplier would have been held directly liable by the third party. The base for damage compensation is in accordance with § 254 BGB.

13. Quality and Quality Audits

The supplier is obliged to implement or prove a quality management system, which meets or intends to meet the requirements of UTC ASQR-01. The UTC ASQR-01 (Supplier Quality System Requirements) can be accessed via the UTC website

(<http://www.utc.com/suppliers/pages/aerospace-supplier-quality-requirement-documents.aspx>). The foregoing obligation applies only to suppliers, which deliver products for a series production.

Following a 10 day prior notification and during the normal business hours, the Supplier must grant HSG and its authorized representatives, its customers and the aviation authorities (German, EU and US authorities) access to all facilities and corresponding records, as far as this is required for HSG, its authorized representatives, its customers and the aviation authorities.

To evaluate the implemented quality management system, the supplier agrees to quality audits performed by HSG, its authorized representatives, its customers and the aviation authorities (German, EU and US authorities).

14. Record Retention

The supplier must store all records, which provide objective evidence that regulatory requirements are followed, the quality management system is effective and environmental requirements are being accomplished for at least 10 years at its own expense. Before destruction of the records, the supplier shall inform HSG and give HSG the possibility to store the records for a longer period on at the expense of HSG. In that case the supplier shall deliver the records, structured and labeled, to HSG, whereas HSG will bear the expenses for transportation.

15. Property Rights

The supplier guarantees that the products delivered are free of third party property rights. The supplier shall indemnify HSG and its customers against all obligations arising from any violation of third party property rights.

16. Confidentiality

The supplier must keep all knowledge concerning the products, manufacturing processes and operating secrets of HSG, which the supplier becomes aware of in confidence. Product knowledge and information shall be handed over to third parties only upon receipt of the written permission of HSG. The supplier must obtain the same confidentiality obligation from its staff and sub-suppliers in writing. Only knowledge or information, which already is in the public domain, is excluded from the foregoing.

17. Data Privacy

The supplier guarantees to comply with the General Data Protection Regulation (GDPR) and the Federal Data Protection Act (BDSG). If the supplier provides personal data to HSG, HSG will process the personal data in accordance with the privacy notice of HSG. The privacy notice of HSG (Privacy Notice of HS Elektronik Systeme GmbH) can be accessed via the HSG website (<http://www.hs-elsys.de/node/16>).

18. Tools, Forms, Samples

The supplier must not pass on to any third party, nor use other than for the contractual purposes, the tools, forms, models, samples, drawings provided by HSG as well as objects manufactured on that basis, without the written consent of HSG. In the event of a violation of the above duties or upon the end of the supply relationship, HSG may demand that the objects delivered and owned by HSG be returned to HSG. HSG retains title to material provided by HSG and the supplier must store, label and manage the objects separately free of charge.

19. Compliance

The supplier guarantees to comply with the supplier code of conduct of UTC and all applicable laws and regulations, including but not limited to all anti-corruption laws and regulations. The supplier code of conduct of UTC (UTC Supplier Code of Conduct) can be accessed via the UTC website (<http://www.utc.com/Suppliers/Pages/Supplier-Code-of-Conduct.aspx>).

If the supplier breaches this obligation, HSG shall be entitled to terminate all contracts with the supplier in writing without notice and without further obligations or liability towards the supplier. The Supplier shall indemnify and hold harmless HSG from all damages, losses, retention of payments and claims of third parties resulting from or in connection with such termination.

20. Rescission and Termination

HSG shall be entitled to terminate for good cause or rescind the contract with the supplier, if an obligation for the institution for bankruptcy or composition proceedings is made.

In case one party or an employee of one party, who is involved in the realization of this contract, is or gets listed on an official EU or US sanctions list, the other party has the right to terminate for good cause or rescind the contract. No payments for loss and

damages can be claimed because of such termination. The foregoing right is also applicable, if the realization of the contract is illegal due to an embargo for a party.

21. General Provisions

The supplier is obliged to obtain its sub-suppliers commitment to meet the obligations of the conditions of purchase of HSG.

Unless otherwise agreed, the place of performance for all obligations under contracts between the supplier and HSG is the domicile of HSG at Anton-Jaumann-Industriepark 10 in 86720 Nördlingen, Germany.

Changes or amendments to these conditions of purchase require the written form in order to be valid. This is also the case for the revocation of the written form requirement.

Should any provision be or become invalid, the validity of the remaining provisions of these conditions of purchase shall remain unaffected thereby.

In case of differences between the German and English versions of these conditions or in other cases of doubt, the German version shall be binding.

The laws of the Federal Republic of Germany shall apply between the parties, excluding the UN purchasing rights (nations convention on contracts for the international sale of goods, dated April 11, 1980). The exclusive court of jurisdiction is Nördlingen. However, HSG shall also have the right to sue the supplier at its place of business.