

ROLLS-ROYCE – GENERAL CONDITIONS OF PURCHASE

GOODS

1. INTERPRETATION

The definitions and rules of interpretation set out in Schedule 1 (Interpretation) apply to the Contract.

2. APPLICABILITY

The Parties agree that these GCP will apply to the exclusion of any other terms and conditions of business contained or referenced in any acknowledgement or any other form of acceptance by the Supplier (whether written or not), any standard form, quotation, proposal or any other document issued by the Supplier to the Buyer or implied by trade custom, practice or any course of dealings between the Parties unless such terms and conditions are expressly stated in the Order to apply.

3. REPRESENTATIONS AND WARRANTIES

3.1 The Supplier represents and warrants to the Buyer that, as at the Effective Date and on an ongoing basis:

- (a) it has the power to enter into and perform and has taken all necessary action to authorise its entry into and performance of, the Contract and the transactions contemplated by it;
- (b) the obligations expressed to be assumed by it in the Contract are legal, valid, binding and enforceable obligations;
- (c) no claim is being assessed and no litigation, arbitration or administrative proceedings are in progress or, to the best of its knowledge, pending or threatened against it or any of its assets which will or might have an adverse effect on its ability to perform its obligations and meet its liabilities under the Contract;
- (d) it is not the subject of any obligation, compliance with which will or is likely to have a material adverse effect on its ability to perform its obligations and meet its liabilities under the Contract;
- (e) that on Delivery it will pass title to the Deliverables to the Buyer with full legal and beneficial title, free from all Security Interests;
- (f) neither it nor any employee of it has given, or agreed or promised to give any financial or other advantage, to or for the benefit of any other person including but not limited to any employee of the Buyer in order to obtain or influence the award of the Contract; and
- (g) save as disclosed in writing to the Buyer, no one other than a bona fide employee of the Supplier has recommended that the Buyer enter into the Contract or otherwise interceded or negotiated on the Supplier's behalf in relation to the agreement or negotiation of the Contract.

3.2 The Supplier represents and warrants to the Buyer that each Deliverable will, following its Delivery:

- (a) fully conform and perform in accordance with the requirements of the Contract, including any specification referenced in or attached to the Order;
- (b) be free from any defects (whether actual or latent) in workmanship and materials; and
- (c) where the Buyer is not responsible for the design of the Deliverables, be free from defects (whether actual or latent) in design.

3.3 The representations and warranties in clauses 3.1 and 3.2 will:

- (a) survive the execution of the Contract and the Delivery of the Deliverables; and

- (b) will be deemed repeated by the Supplier on the Scheduled Delivery Date of each Deliverable with reference to the facts and circumstances then existing.

4. PRICE AND PAYMENT

- 4.1 The price of the Deliverables and the currency for payment will be set out in the Order.
- 4.2 Prices are exclusive of goods and services tax, value added tax or any other similar tax (“**VAT**”) payable in the Buyer’s jurisdiction of incorporation but includes all other taxes, duties and levies. If VAT is chargeable in the Buyer’s jurisdiction of incorporation, it will be separately identified on the invoice and will be payable by the Buyer subject to the Supplier’s compliance with its obligations in clause 4.4 or 4.5 below, as applicable.
- 4.3 Subject to clause 4.2, the Supplier will be responsible for, and will indemnify the Buyer in full, from and against any and all taxes, duties, fines, penalties and interest thereon, imposed on the Buyer, or the Supplier, its personnel or any Affiliate of the Supplier/Buyer, by the government or other lawful taxing authority of any country for or on account of any payment made by the Buyer to or earned by the Supplier in connection with the supply of Deliverables under the Contract.
- 4.4 The Supplier will submit an invoice to the Buyer’s Financial Service Centre after the later of the Scheduled Delivery Date or the Delivery of all the Deliverables. The Supplier will agree to the format of the invoice in advance with the Buyer’s Financial Service Centre and will include the Order number on the invoice.
- 4.5 Provided the Deliverables have not been rejected by the Buyer for non-conformity with the Contract in accordance with clause 6 then the invoice will be due and payable by the Buyer on the first Friday 75 days after the receipt of a valid, complete and accurate invoice from the Supplier. If such a Friday is not a normal banking day in the People’s Republic of China then payment will be made on the following normal banking day in the People’s Republic of China. The Buyer will electronically transfer payment to the Supplier.
- 4.6 The Buyer will be entitled to set-off any liability/payment obligation owed by it to the Supplier under the Contract against any liability of the Supplier or any of its Affiliates to the Buyer or any of the Buyer’s Affiliates under the Contract or under any other agreement with the Supplier, whether such liability is present or future or liquidated or unliquidated.
- 4.7 If the Supplier does not receive any amount due from the Buyer under the Contract on its due date (as set out in clause 4.5 above), the Supplier will be entitled to charge interest on all valid overdue amounts at a rate of 0.5% per annum above the Base Rate, accruing on a simple basis from the day the amount became overdue and ending on the day payment is received in full by the Supplier.

5. DELIVERY

- 5.1 The Supplier will deliver the Deliverables on a DDP basis (Incoterms 2010) to the location specified in the Order and with all documentation required by the Contract.
- 5.2 The date for Delivery (the “**Scheduled Delivery Date**”) will be the date specified in the Order.
- 5.3 Time is of the essence for the performance of the Supplier’s delivery obligations under the Contract.
- 5.4 Subject to clause 5.5 and clause 11, if the Supplier fails to Deliver on the Scheduled Delivery Date then the Buyer will have the option to either:
 - (a) recover from the Supplier, in accordance with clause 10, all Losses suffered by it as a result of the Supplier’s failure to Deliver on the Scheduled Delivery Date; or
 - (b) claim 2.5% of the price of the delayed Deliverable as liquidated damages for each seven-day period of delay (or any part of such period) subject to a maximum of 10% of the price of the Deliverable so delayed.

The Buyer may, in respect of any failure to Deliver on the Scheduled Delivery Date, exercise its option under this clause 5.4 at any time following that Scheduled Delivery Date. Such option can be exercised only by way of written notice to the Supplier signed by the Buyer.

- 5.5 The Buyer may, at its sole discretion, require the Supplier to delay Delivery of the Deliverables or suspend all performance under the Contract for a period of up to six months.
- 5.6 The Supplier will immediately notify the Buyer in writing if it has any reason to believe that it may or will be delayed in any way from completing its obligations under the Contract, with full details of the reason for such belief and any mitigating measures it is taking to manage or reduce the delay.
- 5.7 The Supplier will ensure, and it is a condition of the Contract that, a Deliverable transfers to the Buyer on Delivery with full legal and beneficial title and free from all Security Interests. Notwithstanding anything contained in the Incoterms 2010, risk of loss or damage to a Deliverable will pass to the Buyer on Delivery and not before.

6. ACCEPTANCE AND REJECTION

- 6.1 Where the Order (or any other part of the Contract) stipulates that acceptance tests or inspections will apply to the Deliverables, the Deliverables will not be deemed accepted, and the Buyer may reject the Deliverables, until the completion of such acceptance tests or inspections to the satisfaction of the Buyer.
- 6.2 Where the Order (or any other part of the Contract) does not provide for any acceptance tests, the Deliverables will not be deemed accepted, and the Buyer may reject the Deliverables, in whole or in part, within a reasonable amount of time following Delivery, not to be less than 45 days in any circumstances, if the Buyer is not satisfied that the Deliverables are in full conformance with the requirements of the Contract.
- 6.3 If the Buyer rejects a Deliverable, the Buyer will notify the Supplier in writing and the Supplier will collect such Deliverable, at its own cost, within 30 days of such notification. If the Supplier does not collect the Deliverable within 30 days of the notification of rejection, the Buyer may scrap or dispose of the Deliverable at the Supplier's cost.
- 6.4 If the Buyer rejects a Deliverable then that Deliverable shall be treated as never having been Delivered under the Contract and no obligations of the Buyer to pay the price will be triggered and no obligation of Supplier to Deliver in accordance with the terms of this Contract will be treated as having been waived.

7. BUYER PROPERTY

- 7.1 The Supplier will be fully responsible for any loss of, or damage to, any Buyer Property. The Supplier will at all times maintain the Buyer Property in good condition, keep it insured with a reputable insurance company (with all Losses payable to the Buyer) and ensure that it is clearly identified as belonging to the Buyer. The Supplier will maintain comprehensive records of the Buyer Property and will keep any logbooks, records (including maintenance or use records) and any other documents relating to the Buyer Property, fully up to date. The Supplier will not use the Buyer Property except for the purposes of the Contract.
- 7.2 The Supplier will provide the Buyer with a list of the Buyer Property and the location of such Buyer Property promptly:
 - (a) within 30 days of each anniversary of the Effective Date;
 - (b) on the request of the Buyer;
 - (c) on the termination of the Contract; and/or
 - (d) when all of the Deliverables have either been cancelled or delivered.

The Supplier will immediately follow any instructions of the Buyer to return to the Buyer any Buyer Property and any other information or data belonging to the Buyer.

8. QUALITY

8.1 The Supplier will comply in full with any requirements set out at the Buyer's website for suppliers (<https://suppliers.rolls-royce.com>), as updated from time to time by the Buyer, including the requirements of SABRe, unless such requirements clearly state that they are not applicable to the type or nature of the Deliverables being supplied by the Supplier under the Contract.

8.2 The Supplier will ensure that all of the Deliverables are new and unused on Delivery.

9. REMEDY FOR DEFECTS

9.1 If a Deliverable has a Defect then the Buyer may require the Supplier, on written notice and at the sole discretion of the Buyer to:

(a) collect, repair or replace and re-Deliver the Deliverable at the Supplier's sole cost (such costs to include any transportation costs, any costs related to the removal or re-installation of the Deliverable from any higher-assembly item or any other costs that the Buyer incurs that it would not have incurred but for the Defect):

(i) within 30 days of the Buyer's written notice; and

(ii) where the Buyer's written notice states that, for urgent operational reasons, a shorter timescale is required, the Supplier will use its best endeavours to collect, repair or replace and re-Deliver the Deliverable within the timescale stated in the Buyer's written notice;

(b) promptly refund the price of the Deliverable to the Buyer in full; or

(c) indemnify the Buyer in full for any costs the Buyer incurs in obtaining the Deliverable (or any equivalent item) from a third party, such costs to be paid within 30 days of the Buyer sending an invoice to Supplier for such costs.

9.2 If the Buyer notifies the Supplier that it intends to exercise its rights under clauses 9.1(b) or (c), the Supplier will collect the Deliverable, at the Supplier's sole cost, from the Buyer within 30 days of such a notification and risk and title to the Deliverable will pass to the Supplier on collection. If the Supplier does not collect the Deliverable within 30 days of such notification, the Buyer will be entitled to scrap or dispose of the Deliverable at the Supplier's cost. If the Buyer exercises its rights under clause 9.1(a), risk in the Deliverable will pass to the Supplier on collection and pass back to the Buyer on re-Delivery.

9.3 The representations and warranties set out at clause 3.2 will apply in full to any Deliverable repaired or replaced under clause 9.1(a).

10. INDEMNITY

Subject to clause 5.4, the Supplier will indemnify the Buyer in full against any and all Losses that are incurred by the Buyer as a result of the Supplier's breach of any term of the Contract or as a result of any tortious (including negligent) acts or omissions of the Supplier in connection with the performance of the Contract, irrespective of whether such Losses were foreseeable at the time the Parties entered into the Contract. The Buyer will use reasonable endeavours to mitigate any such Losses.

11. FORCE MAJEURE

11.1 Provided that the affected Party has not directly or indirectly caused a Force Majeure Event and subject to the affected Party's compliance with clauses 11.2 and 11.3, the time specified for the performance by a Party of any obligation of that Party in the Contract will be extended by a period equal to the period for which such performance is prevented by a Force Majeure Event.

11.2 The affected Party will use all reasonable endeavours to mitigate the effect of a Force Majeure Event.

11.3 If a Force Majeure Event occurs that will or may prevent the timely performance of a Party's obligations under the Contract, the affected Party will notify the other Party as soon as possible and in any event within five days of the start of the Force Majeure Event, providing:

(a) full details of the Force Majeure Event;

- (b) its anticipated effect; and
- (c) the affected Party's proposed measures to mitigate its effect.

11.4 If the Buyer receives a notification from the Supplier under clause 11.3 or if the Buyer reasonably believes that a Force Majeure Event has occurred that will or may prevent the timely performance of the Supplier's obligations under the Contract, the Buyer may immediately, on written notice to the Supplier, cancel its Order under the Contract in respect of some or all of the Deliverables. In the event of such a cancellation the Supplier will repay to the Buyer any amount paid by the Buyer in respect of the cancelled Deliverables before their cancellation and neither Party will have any other liability to the other in respect of such cancellation. Clause 13 will not apply to any cancellation made under this sub-clause 11.4.

12. SUPPLY OF INFORMATION AND RIGHTS OF INSPECTION

12.1 The Buyer may, at its absolute discretion and at any time before the termination of the Contract or the Delivery or cancellation of all of the Deliverables, inspect, or nominate a customer of the Buyer, a regulatory body or an independent third party to inspect:

- (a) the Supplier's premises where any work related to the Contract is, was or will be carried out, including any tooling or equipment used in connection with the supply of the Deliverables;
- (b) any processes, procedures, policies, systems or plans used by the Supplier in connection with the supply of the Deliverables;
- (c) any materials used, or to be used, by the Supplier in connection with the supply of the Deliverables;
- (d) the Deliverables themselves, regardless of what stage they are at in the manufacturing, assembly or supply process; and
- (e) any financial information of the Supplier, including any annual report, interim accounts or monthly management accounts,

and the Supplier will co-operate to the fullest possible extent with the Buyer to ensure that the Buyer or, as applicable, a customer of the Buyer, a regulatory body or an independent third party is able to conduct and complete such inspections promptly and to the Buyer's satisfaction.

12.2 The Buyer will usually give the Supplier reasonable written notice of its intention to exercise its rights under clause 12.1, however the Buyer retains, at its sole discretion, the right to conduct inspections without prior notice to the Supplier.

12.3 The Supplier will ensure that the Buyer is able to exercise all its rights set out in clause 12.1 and clause 12.2 against a subcontractor or supplier of the Supplier in connection with the Contract.

12.4 If any inspection is required by the Buyer under clause 12.1 as a result of reasonable concerns that the Buyer may have relating to the Supplier's ability to perform its obligations in accordance with the Contract, the Supplier will be responsible for the costs of the inspection.

12.5 If the Buyer has reasonable grounds for believing that the Supplier may be unable to perform its obligations under the Contract, the Buyer may require the Supplier to provide written evidence, to the Buyer's satisfaction, that the Supplier will be able to fulfil its obligations under the Contract, within 30 days of the Buyer's request.

12.6 In the event that the Supplier comes under, or believes it is about to come under, the Control directly or indirectly of an entity who does not Control the Supplier at the Effective Date, then subject to confidentiality obligations imposed by Law, the Supplier will immediately notify the Buyer with full details of such an entity.

12.7 Any inspections carried out by the Buyer, a customer of the Buyer, a regulatory body or an independent third party in accordance with this clause will not imply an acceptance of the Deliverables or any waiver of the Supplier's obligations under the Contract.

12.8 The Supplier will, on request, promptly provide the Buyer with any point of origin certifications in relation to any Deliverable or part of any Deliverable.

13. CANCELLATION

13.1 Provided the Deliverables have not yet been delivered to the Buyer, the Buyer may at any time, on written notice to the Supplier, cancel its order under the Contract in respect of some or all of the Deliverables, after which the Supplier will immediately stop all work in respect of such cancelled Deliverables and will ensure that its subcontractors and suppliers immediately stop all work in respect of such cancelled Deliverables.

13.2 Subject to clause 13.3, if the Buyer exercises its right to cancel under clause 13.1 above, the Supplier will repay to the Buyer any payment made in respect of the cancelled Deliverables in advance of their Delivery and the Buyer will pay to the Supplier in full and final satisfaction of all claims arising out of such cancellation:

(a) any costs of any work-in-progress that the Supplier can prove it has reasonably and properly incurred in respect of the cancelled Deliverables up to the date on which the Buyer notified the Supplier of its intention to cancel the Deliverables; and

(b) any costs incurred by the Supplier, which the Supplier has not recovered under sub-clause (a) or through any other payment already made and which Supplier can prove it reasonably and properly incurred as a direct result of the cancellation of the Deliverables,

provided that the total amount payable to the Supplier by the Buyer under this clause 13.2 will in no circumstances exceed the total price of the cancelled Deliverables.

13.3 The Supplier must submit its full claim under clause 13.2 to the Buyer within 60 days of the date on which the Buyer notified the Supplier of its intention to cancel some, or all, of the Deliverables. If the Supplier fails to submit its full claim under clause 13.2 within such 60 day period, the Supplier's right to make such a claim will lapse and the Buyer will have no further liability to the Supplier arising out of the relevant cancellation.

13.4 If the Buyer has exercised its right to cancel outstanding Deliverables under clause 13.1, the Buyer reserves the right to, at its sole discretion, require the Supplier to deliver to the Buyer: all work-in-progress; and any material purchased by the Supplier, in connection with the cancelled Deliverables.

14. TERMINATION FOR DEFAULT

14.1 The Buyer may terminate the Contract in whole or in part immediately on written notice to the Supplier:

(a) if the Supplier suffers an Insolvency Event;

(b) if the Supplier becomes an Affiliate of a Competitor;

(c) if the Supplier breaches clause 5.3, 12.1, 17 or 19 or if any representation or warranty made by the Supplier in clause 3.1 is or becomes incorrect;

(d) if, in respect of any other agreement between the Buyer or any Affiliate of the Buyer and the Supplier or an Affiliate of the Supplier, the Buyer or an Affiliate of the Buyer has a right to terminate such agreement following a breach of the Supplier's or an Affiliate of the Supplier's (or its Affiliate's) obligations under such agreement; or

(e) if the Supplier breaches any other clause of the Contract and (in the case of a breach that is remediable) does not remedy such breach within 30 days of receiving from the Buyer written notice of the breach and a request to remedy the breach.

14.2 On termination in accordance with clause 14.1, the Supplier will, if required by the Buyer to do so, promptly provide the Buyer with and licence the Buyer (and any third party engaged by the Buyer to complete the Deliverables) to use, or ensure that the Buyer is promptly provided with and the Buyer (and any third party

engaged by the Buyer to complete the Deliverables) is (or are) licensed to use, all such designs, documentation and information as may be necessary to enable the Buyer to complete the Deliverables itself, or have a third party complete the Deliverables. Subject to clause 16, the Buyer will have no right to use such designs, documentation and information provided under this clause 14.2 for any purpose other than completing the Deliverables or having a third party complete the Deliverables.

14.3 The Supplier may terminate the Contract in the following circumstances only and any right the Supplier may otherwise have to terminate or cancel the Contract at common law (including by acceptance of repudiation by the Buyer) is hereby excluded:

- (a) if the Buyer suffers an Insolvency Event; or
- (b) if the Buyer is in breach of any obligation to make any payment under the Contract and such breach continues for a period of 90 days from the date that the Buyer received a written notice from the Supplier notifying the Buyer that the payment was overdue, provided that the amount of the payment is not in dispute between the Parties.

15. CONFIDENTIALITY

15.1 Subject to clause 15.2, each Party agrees to hold in confidence any Information that it acquires directly or indirectly from the other Party (or the Affiliates of the other Party) and agrees:

- (a) to protect the Information with the same degree of care used to protect its own Information (which will never be less than a reasonable degree of care);
- (b) not to use the Information other than for the purposes of the Contract;
- (c) not to disclose the Information at any time or to any third party without the written approval of the other Party; and
- (d) not to remove, alter or deface any proprietary, confidentiality or security designations denoted on the Information.

15.2 The provisions of clause 15.1:

- (a) do not apply to Information which is:
 - (i) already in the public domain;
 - (ii) received from a third party who is without an obligation of non-disclosure;
 - (iii) subject to compliance with clause 15.4 below, required to be produced by a legitimate legal authority; or
 - (iv) already known by the receiving Party at the time of receipt;
- (b) will not prevent either Party from disclosing the Contract and financial information concerning the business between the Parties to appointed auditors, legal advisers, insurers and accountants;
- (c) will not prevent either Party from disclosing Information to permitted subcontractors and suppliers solely to the extent necessary for the purposes of supplying the Deliverables; and
- (d) will not prevent the Buyer from disclosing Information to its Affiliates.

15.3 Each Party will be responsible for the observance of the provisions of this clause 15 by its employees or any other third parties to whom Information is disclosed in accordance with this clause 15.

15.4 If the Party receiving the Information (the "**Receiving Party**") believes it is required by Law to disclose any Information to any third party:

- (a) such Party will provide the Party disclosing the Information (the **"Disclosing Party"**) with immediate written notice of such requirement or obligation (together with a copy of any relevant access request, court order, or other evidence giving rise to such belief or obligation) to enable the Disclosing Party to seek appropriate protective relief and/or to take steps to resist or narrow the scope of any required disclosure; and
- (b) the Receiving Party must co-operate with the Disclosing Party with respect to such matters and will in any event disclose only such Information as it has ascertained, after taking legal advice, it is compelled by Law to disclose, and will use all reasonable endeavours to ensure that all Information so disclosed is accorded confidential treatment in the terms of the Contract. The Receiving Party will always notify the Disclosing Party in writing of the means, content and timing of such a disclosure before such a disclosure is made.

16. INTELLECTUAL PROPERTY RIGHTS

- 16.1 Subject to clause 16.2, neither Party will acquire any title, right or interest in or to any IPR belonging to or licensed to the other Party or developed by the other Party relating to the Deliverables.
- 16.2 All IPR created as a result of work undertaken under or in connection with the Contract by the Supplier, its suppliers, subcontractors or agents, including any IPR in any new technologies, products, processes, business methods or methods of manufacture will vest in and become the absolute property of the Buyer. The Supplier will transfer, or will ensure the transfer of, any IPR created as a result of the Contract to the Buyer with full legal and beneficial title and the Supplier will:
- (a) take all necessary actions, or will ensure that the necessary actions are taken, (including signing any documents) to ensure that such IPR vests in full with the Buyer immediately on creation; and
 - (b) ensure that its (and its suppliers) employees and contractors waive any moral rights in or relating to any works to which such IPR relate and will on request provide the Buyer with written evidence of such waiver.
- 16.3 The Supplier will not use, exploit, develop, transfer or licence any IPR created as a result of work undertaken under or in connection with the Contract or any IPR belonging to, or provided to the Supplier by, the Buyer for any purpose other than fulfilling its obligations to the Buyer under this Contract.
- 16.4 The Supplier will indemnify the Buyer in full against any loss suffered by the Buyer as a result of a third party claim that the possession, use, exploitation, development or repair by the Buyer, or any end-user, of the Deliverables infringes such a third party's IPR. This clause 16.4 will not apply where the third party claim is the direct and unavoidable result of the Supplier using IPR that was provided to the Supplier by the Buyer.
- 16.5 In addition to the indemnity set out at clause 16.4 above, the Supplier will obtain for the Buyer a worldwide, non-exclusive, royalty-free, irrevocable and perpetual licence to manufacture, have manufactured, use and sell the Deliverables (or any part of the Deliverables) which are the subject of any actual or alleged violation or infringement of any third party's IPR or, at the Buyer's sole discretion, replace such Deliverable with a substantially equivalent non-infringing Deliverable.

17. COMPLIANCE WITH LAW

- 17.1 The Supplier will, at all times:
- (a) obtain, maintain and observe all regulatory approvals applicable in connection with the supply of the Deliverables;
 - (b) comply with all applicable Laws, including any export control Laws (including in particular the United States International Traffic in Arms Regulations (**"ITAR"**) and the Export Administration Regulations (**"EAR"**)), health and safety Laws, environmental protection Laws, Laws governing the disposal of any waste, employment Laws, Laws governing any materials, chemicals or processes used in connection with the supply of the Deliverables (including in particular Regulation (EC) No. 1907/2006 of the European Parliament concerning the registration, evaluation, authorisation and restriction of chemicals (**"REACH"**)), data protection Laws and the Ethical Legislation;
 - (c) notify the Buyer of any restrictions or provisos:

- (i) that exist in respect of any regulatory approvals granted in connection with the supply of the Deliverables; or
 - (ii) that exist under any Law,
 - or confirm in writing that no such restrictions apply; and
 - (d) provide the Buyer with any Information reasonably requested by the Buyer and any Information which it knows or should know that the Buyer will or may need in order to comply with or manage its obligations under any Laws.
- 17.2 If a Deliverable or any Information provided, or to be provided, by the Supplier to the Buyer under the Contract is subject to export control, including in particular, ITAR or EAR, the Supplier must clearly mark such Deliverable or Information as being restricted and must, as soon as possible after the Effective Date, provide the Buyer with all relevant details, including: whether the Deliverable is of a military or dual-use, which export control regime(s) the Deliverable is restricted under, full details of the Deliverable or Information concerned, full details of any applicable export licence or technical assistance agreement, details of any authorised end-users and full details of any applicable restriction or proviso and any other information requested by the Buyer.
- 17.3 The Supplier confirms that if a chemical substance used in the manufacture of, or constituting or contained in, the Deliverables appears under Annex XIV of REACH and:
- (a) the Deliverables are being Delivered to a location in the European Economic Area; or
 - (b) either Party is an entity incorporated in a European Economic Area member state,
- then such chemical substance is authorised for the Buyer's particular use in accordance with the provisions of REACH.
- 17.4 The Supplier will notify the Buyer as soon as possible if any Deliverable contains a substance listed on the Candidate List of Substances of Very High Concern for Authorisation published by the European Chemical Agency (or any update of the list) and provide: (i) details of such a substance in a format required by the Buyer; and (ii) any Information that may be required to ensure the safe use of the Deliverable.
- 17.5 The Supplier agrees that the Buyer will be under no duty to reimburse or compensate the Supplier for any increased costs incurred by the Supplier as a result of any changes in Law that occur.
- 18. OFFSET**
- 18.1 If appropriate and at the Buyer's written request, the Supplier will use its best endeavours to help the Buyer:
- (a) meet any Offset commitments that the Buyer or any Affiliate of the Buyer may have; and
 - (b) realise any Offset benefits that may be available to the Buyer or any Affiliate of the Buyer in connection with the Contract (or any subcontracts resulting from the Contract).
- 18.2 The Supplier will seek the Buyer's written permission before claiming any Offset credits for itself or for any third party, arising in connection with any subcontracts agreed by the Supplier in connection with the Contract.
- 19. ETHICS**
- 19.1 The Supplier undertakes that neither it nor any person acting on its behalf will give, agree or promise any financial or other advantage to or for the benefit of any person for the purpose of influencing or rewarding any act or decision of any representatives of the Buyer in relation to the award or negotiation of the Contract.

19.2 The Supplier will comply in full with the 'Rolls-Royce Supplier Code of Conduct' as set out at the Buyer's website for suppliers (<https://suppliers.rolls-royce.com>), as amended or replaced from time to time by the Buyer and any other policy specified in the Order as being applicable.

20. COMMUNICATIONS

20.1 All communications under the Contract must be in writing and in English.

20.2 All notices under the Contract must be delivered by hand, by commercial courier or by registered or certified post to the address of the relevant Party listed in the Order for the attention of the person or office specified in the Order or, in the absence of any person or office being specified in the Order, for the attention of the company secretary or equivalent person in charge of legal compliance. Notices delivered by fax or email will not be effective.

20.3 Any notice will be deemed received:

- (a) if delivered by hand, at the time of delivery, or
- (b) if delivered by commercial courier or registered or certified post, at the date and time of signature provided that if delivery occurs after 6 p.m. or on a day which is not a business day at the recipient's location, the notice will be deemed received at 9 a.m. on the following business day.

20.4 Either Party may change its notice details by giving at least seven days notice to the other Party.

21. CONFLICT

21.1 If there is a conflict of provisions, the following order of precedence will apply:

- (a) any provisions referenced to or contained in the Order that are stated in the Order to have been derived from a contract with a Government;
- (b) any other provisions expressly set out in the Order;
- (c) these GCP; and
- (d) any other document referred to in the Order or these GCP.

22. MISCELLANEOUS

22.1 Each Party agrees from time to time to promptly do and perform such other and further acts and execute and deliver any and all such other instruments as may be required by Law to carry out and effect the intent and purpose of the Contract.

22.2 The rights of each Party may be exercised as often as needed, are cumulative and apply in addition to its rights under Law and may be waived only in writing and specifically. Not exercising, or a delay in exercising, any right is not (and will not be deemed to be) a waiver of that right.

22.3 If any provision of the Contract is or becomes illegal, invalid or unenforceable in any jurisdiction in relation to any Party, that will not invalidate the remaining provisions or affect the legality, validity or enforceability of that or any other provision in any other jurisdiction.

22.4 The provisions of the Contract may be varied only by a written agreement between the Parties that expressly states that it is intended to act as an amendment to the Contract.

22.5 Each Affiliate of the Buyer shall have the benefit of all rights provided for in the Contract and shall be entitled to enforce the Contract subject to and in accordance with its terms.

22.6 Subject to clause 22.5, a person who is not a Party will have no rights under the Contract to enforce any term of the Contract. Notwithstanding clause 22.5, no consent of any third party is needed for any amendment (including any release or compromise of any liability) or termination of the Contract.

- 22.7 Nothing in the Contract will: constitute a partnership or joint venture between the Parties; constitute any Party the agent of any other Party; or create any fiduciary obligations between the Parties and neither Party will: represent itself as the agent or partner of the other Party; or do anything (or omit to do anything) which might result in any person believing that such Party has the authority to contract or enter into commitments on behalf of, or in the name of, the other Party.
- 22.8 The Parties each irrevocably and generally consent to the issue of any process or the giving of any relief in connection with any claim brought against it, including the making, enforcement or execution of any order or judgment against any of its property or assets (regardless of their use or intended use).
- 22.9 If a Party or any of its property or assets is or are entitled in any jurisdiction to any immunity from service of process or of other documents relating to any proceedings or to immunity from jurisdiction, suit, judgment, execution, attachment (whether before judgment, in aid of enforcement, or otherwise) or other legal process, that Party irrevocably waives such immunity to the fullest extent permissible under the law of that jurisdiction. Each Party also irrevocably agrees not to claim any such immunity for itself or its property or assets.
- 22.10 The Contract constitutes the entire agreement between the Parties with respect to the Deliverables. Neither Party has placed any reliance on any representations made before the signature of the Contract, whether orally or in writing, relating to the provision of the Deliverables other than those expressly incorporated or set out in the Contract, which has been negotiated on the basis that its provisions represent their entire agreement relating to the Deliverables and supersede all such representations. Nothing in this clause excludes either Party's liability for any fraudulent representation.
- 22.11 The Supplier will not assign or otherwise transfer its rights or obligations under the Contract. The Buyer shall be entitled to assign and transfer its rights and obligation under the Contract to any Affiliate of the Buyer.
- 22.12 All rights and remedies exercisable by Buyer in accordance with the Contract will, unless otherwise expressly specified in the Contract, be without prejudice to any other rights and remedies of the Buyer, whether contained in, or deriving from, the Contract or not.

23. ONGOING OBLIGATIONS

Clauses 1, 2, 8.1 (in relation to record-keeping and traceability requirements), 9, 10, 15, 16, 17, 18, 19, 21, 22.2, 22.3 22.5, 22.6, 22.7, 22.8, 23, 24 and 25 of the Contract will survive the termination of the Contract and such provisions will continue in full force and effect.

24. PUBLICITY

Neither Party will use the other Party's name or trademarks in any publicity without the other Party's written permission.

25. LAW AND JURISDICTION

- 25.1 The Contract and any non-contractual obligations arising out of or in relation to the Contract, will be governed by and construed in accordance with the law of the People's Republic of China. The United Nations Convention for International Sale of Goods dated April 11th 1980 will not apply to the Contract.
- 25.2 Any dispute arising out of or in connection with the Contract, the legal relationships created by it, and any non-contractual obligations arising out of or in relation to it shall be submitted by any Party to binding arbitration and settled by the China International Economic and Trade Arbitration Commission ("**CIETAC**") under its then applicable arbitration rules ("**Rules**"). The arbitral award shall be final and binding upon the Parties and shall be enforceable in accordance with its terms. The arbitral tribunal shall consist of three arbitrators. Each Party shall appoint one arbitrator. Both arbitrators shall agree on the third arbitrator within 30 working days after their confirmation. Should the two arbitrators fail to reach agreement on the third arbitrator within the 30 working day period, CIETAC shall appoint the third arbitrator. The seat of arbitration shall be Beijing, the People's Republic of China. The language to be used in the arbitration proceeding shall be English. The unsuccessful party shall bear the costs of the arbitral proceedings.

25.3 If the Supplier is not incorporated in the People's Republic of China, the Supplier will provide the name and contact details of its process agent under the Contract for service of process in any proceedings before CIETAC. If any person appointed as process agent is unable for any reason to act as agent for service of process, the Supplier will immediately appoint another agent on terms acceptable to the Buyer. Failing this, the Buyer may appoint another agent for this purpose. The Supplier agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings. This clause 25 does not affect any other method of service allowed by Law.

25.4 Each Party:

- (a) waives any objection to the jurisdiction of CIETAC on grounds of inconvenient forum or otherwise as regards proceedings in connection with the Contract;
- (b) agrees that an award or order of CIETAC in connection with the Contract will be binding on it and may be enforced against it in the courts of any other jurisdiction; and
- (c) represents and warrants that is subject to civil and commercial Law with respect to its obligations under the Contract.

SCHEDULE 1: INTERPRETATION

1. INTERPRETATION

1.1 Definitions

“**Affiliates**” means as to any person, any other person that is in Control of, is Controlled by, or is under common Control with, such person.

“**Base Rate**” means the financial institution six-month RMB loan base rate issued by the People’s Bank of China.

“**Buyer**” means the legal entity that issues the Order to the Supplier.

“**Buyer Property**” means any property of the Buyer that the Buyer has loaned, bailed, consigned or supplied to the Supplier in connection with the Contract, including any tooling or equipment.

“**Competitor**” means any entity, or any Affiliate of an entity, that offers or supplies goods or services in competition with any goods or services offered or supplied by the Buyer or any Affiliate of the Buyer.

“**Contract**” means the Order as accepted by the Supplier, these GCP and any other terms and conditions that the Order and these GCP expressly stipulate will apply to the supply of the Deliverables.

“**Control**” means the power, directly or indirectly, either to: (a) vote 50% or more of the securities having ordinary voting power for the election of directors (or persons performing similar functions) of such person; or, (b) direct or cause the direction of the management and policies of such person, whether by contract or otherwise.

“**Defect**” means a Deliverable that does not conform to the warranties and representations in clause 3.2.

“**Deliverables**” means those products or goods that the Supplier has agreed to supply to the Buyer as specified in the Order.

“**Delivery**” means the delivery of a Deliverable to the Buyer pursuant to clause 5.1 and “**Deliver**” shall be construed accordingly.

“**Effective Date**” means the date the Contract was entered into by the Parties.

“**Ethical Legislation**” means (a) the Tentative Regulation concerning Prohibition of Commercial Bribery, any other legislation enacted in the Buyer or Supplier’s jurisdiction of incorporation, or in any other jurisdiction where the Deliverable is delivered, to enforce or implement either the United Nations Convention against Corruption (being the subject of General Resolution 58/4 of 31 October 2003 of the General Assembly of the United Nations) or the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions adopted on 21 November 1997; and (b) the United Kingdom Anti-Terrorism, Crime and Security Act 2001, the United Kingdom Proceeds of Crime Act 2002, the United Kingdom Bribery Act 2010 and the United States Foreign Corrupt Practices Act (15 U.S.C. Section 78dd-1, et. seq.).

“**Force Majeure Event**” means, subject to such events being (a) unforeseeable at the time the Parties entered into the Contract and; (b) beyond the reasonable control of the Supplier: acts of God; the refusal of any government to grant a necessary export licence or the withdrawal or suspension of such licence; any other government or other legal or regulatory authority action or inaction; fires; floods; wars or threats of war; riots; national labour disputes; acts of terrorism; disruption to essential services such as electrical power; extreme weather; quarantine or any government or regulatory authority mandated precautions against contagious disease epidemics or pandemics.

“**GCP**” means this document and its contents.

“**Information**” means any commercial, financial, technical or operational information, know-how, trade secrets or other information of or in the possession of a Party in any form or medium (including all data, know-how, calculations, designs, drawings, methods, processes, systems, explanations and demonstrations) which has

been or may be disclosed or otherwise made available to the other Party, whether orally or in written, electronic or other form, including any copies or reproductions of such information in any form or medium, and any part or parts of the same, including the provisions and subject matter of the Contract and any other agreements or documents executed by the Parties in connection with the Contract.

“Insolvency Event” means an event where a person (a) is deemed to be or states in writing that it is insolvent, (b) is subject to any types of insolvency or collective judicial or administrative proceedings, including interim proceedings, in which its assets are subject to control or supervision by any court or other governmental entity for purposes of dissolving, liquidating or reorganising that person or its assets, (c) proposes to enter or enters into any composition or arrangement with its creditors generally or any class of creditors, (d) suspends or declares in writing its intention to suspend payments to creditors generally or any class thereof, or suspends or ceases all or substantially all of its business, (e) any other steps are taken to enforce any encumbrance over all or part of that persons assets and/or undertaking, or (f) takes steps, or is subject to actions, analogous to the items specified in (a) to (e) above.

“IPR” means patents, registered designs, trade marks, service marks (in each case, whether registered or not), domain names, copyright, design rights, database rights, moral rights, trade secrets, know-how, metatags, petty patents, utility models and all similar or equivalent property rights including those subsisting in any part of the world in inventions, designs, drawings, computer programs, semiconductor topographies, business names, IP addresses, goodwill, ‘get-up’ and the style and presentation of goods or services and in applications for protection of the same and any continuations, re-issues or divisions relating to them in any part of the world.

“Law” means all applicable statutes, regulations, regulatory requirements, by laws, ordinances, subordinate legislation and other laws (regardless of their source), including any judicial or administrative interpretation of them, in force from time to time.

“Losses” means any and all: (a) claims, demands, awards, suits, judgments (however obtained), payments by way of settlement and orders; and, (b) taxes, losses, liabilities, damages, costs and expenses including legal expenses (however described, characterised or classified and whether direct or indirect), including loss of profits or revenues, costs of unwinding funding arrangements, liability for professional fees and expenses.

“Offset” means the trade practice by which a Government or a Government entity buying goods and/or services requires an investment to be made in that Government’s jurisdiction in return for agreeing to buy such goods and/or services.

“Order” means a purchase order, scheduling agreement or any other form of purchase document issued by the Buyer that incorporates these GCP by reference.

“Parties” means the Buyer and the Supplier; and a **“Party”** means one of them.

“Scheduled Delivery Date” means as set out in clause 5.2.

“Security Interest” means any mortgage, charge, pledge, encumbrance, lien, right of set-off, assignment, hypothecation or any other arrangement or agreement having the effect of conferring security.

“Supplier” means the entity accepting the Order.

1.2 Construction

(a) In these GCP unless the context otherwise requires any reference to:

- (i) an “amendment” includes an amendment, supplement, novation, re-enactment, replacement, restatement or variation and “amend” will be construed accordingly;
- (ii) a clause, sub-clause or a schedule is a reference to a clause or sub-clause of, or a schedule to, these GCP;
- (iii) a currency is a reference to the lawful currency for the time being of the relevant country;

- (iv) “include”, “includes”, “including” or similar terms will not be construed as exclusive or limiting examples of the matters in question and will mean “including, without limitation”;
 - (v) a “person” includes any individual, partnership, consortium, joint venture, trust, company, corporation, government, state, agency, committee, department, authority and other bodies, corporate or unincorporated whether having distinct legal personality or not;
 - (vi) a “regulation” includes any regulation, rule, official directive, request or guideline in each case whether or not having the force of law but, if not having the force of law, being of a type the compliance with which is in accordance with the general practice of the persons to whom it is addressed of any governmental, intergovernmental or supranational body, agency, department or regulatory, self regulatory or other authority or organisation;
 - (vii) a provision of any Law is a reference to that provision as extended, applied or amended and includes any subordinate legislation;
 - (viii) words imparting the singular include the plural and vice versa;
 - (ix) unless the context otherwise requires, a reference to one gender will include a reference to the other genders; and
 - (x) “days” is a reference to calendar days.
- (b) The headings in the GCP do not affect its interpretation.