

## GENERAL CONDITIONS OF PURCHASE

### 1. TERMS AND CONDITIONS:

1.1 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 Rolls-Royce 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.

1.2 The Procurement Conditions are the only conditions on which Rolls-Royce procures services or goods or both. Any terms other than the Procurement Conditions will be null and void.

### 2. REPRESENTATIONS AND WARRANTIES

2.1. The Supplier represents and warrants 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 Rolls-Royce with full title guarantee, free from all Security Interests;
- f) save as disclosed in writing to Rolls-Royce, no one other than a bona fide employee of the Supplier has recommended that Rolls-Royce enter into the Contract or otherwise interceded or negotiated on the Supplier's behalf in relation to the agreement or negotiation of the Contract;
- g) neither it, nor to its knowledge, has any other person, including but not limited to any Associated Person, given, or agreed or promised to give any financial or other advantage, to or for the benefit of any other person in order to obtain or influence the award of the Contract; and
- h) all Information provided by the Supplier to Rolls-Royce as to the nature, standing and interests of the business of the Supplier and its shareholders is accurate and complete.

2.2. The Supplier represents and warrants that:

- a) each Deliverable will, on its Delivery, fully conform and perform in accordance with the requirements of the Contract, including any specification references in or attached to the Order;
- b) the Services will be performed with all reasonable skill, care and diligence;
- c) the Goods will be free from any defects (whether actual or latent) in workmanship and materials;

- d) where Rolls-Royce is not responsible for the design of the Goods, be free from defects (whether actual or latent) in design;
- e) it will provide the Services in accordance with (and will not cause Rolls-Royce or any of its Affiliates to breach), any applicable Law or any industry standards; and
- f) it has all the necessary permissions, licences and authorities from third parties that it requires to carry out the Services and to enable Rolls-Royce to use and exploit the same.

2.3. The representations and warranties in clauses 2.1 and 2.2 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 acts and circumstances then existing.

### 3. INTERPRETATION

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

### 4. DELIVERY AND PERFORMANCE

4.1. Timely delivery in accordance with the Order is a material condition of the Procurement Conditions.

4.2. The Supplier will immediately notify Rolls-Royce 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.

4.3. If the Supplier fails to perform its obligations under the Contract until the Scheduled Delivery Date, Rolls-Royce shall be entitled to claim contractual penalty for late performance (in Hungarian: "késedelmi kötbér"). The amount of the contractual penalty for late performance shall be 1% (one per cent) of the price of the delayed Deliverables for each day concerned by the delay, up to the maximum of 50% (fifty per cent) of the price of the delayed Deliverables. Rolls-Royce may also claim damages (in Hungarian: "kártérítés") from the Supplier in excess of the amount of the contractual penalty for late performance.

4.4. Rolls-Royce may, in respect of any failure to Deliver on the Scheduled Delivery Date, exercise its option under clause 4.3. at any time following that Scheduled Delivery Date. Such option can be exercised only by way of written notice to the Supplier signed by Rolls-Royce.

4.5. Rolls-Royce may, on reasonable grounds and taking into account the Supplier's interest, require the Supplier to delay Delivery of the Deliverables or suspend all performance under the Contract for a period up to six (6) months. In the event of any suspension of the Supplier's performance under this clause, Rolls-Royce's obligation to pay for such Services during the period of suspension will be suspended for the same period of time.

4.6. In case of delivery of Goods, the Supplier will deliver the Goods on a DDP basis (Incoterms 2010) to the location specified in the Order and with all documentation required by the Contract. Title to goods will pass to Rolls-Royce upon receipt at Rolls-Royce's designated facility.

4.7. In case of Delivery of Services:

The Services will be provided to Rolls-Royce:

- a) from the commencement date (the "**Service Commencement Date**") specified in the Order:
  - i) until the service completion date specified in the Order; or
  - ii) where no service completion date is specified in the Order, until the Services have been fully performed in accordance with the Contract;
- b) in accordance with the specification or description of the Service as set out, or referred to, in the Order;
- c) at the location specified in the Order (where applicable).

**5. ACCEPTANCE AND REJECTION**

5.1. If Rolls-Royce does not accept the Services or the output of the Services, Rolls-Royce may, at its sole discretion:

- a) send the Supplier a written notice that specifies the reasons for Rolls-Royce's non-acceptance and requires the Supplier to take rectifying action (a "**Rectification Notice**");
- b) send the Supplier a written notice rejecting the relevant Services (a "**Rejection Notice**"); or
- c) send the Supplier a written notice rejecting the relevant Services and terminating the Contract with immediate effect (a "**Rejection and Termination Notice**").

5.2. Upon receipt of a Rectification Notice, the Supplier will, within the timeframes reasonably required by Rolls-Royce, re-perform the relevant Services so as to ensure that the reasons for Rolls-Royce's non-acceptance of the Services are adequately addressed and re-submit the relevant output to Rolls-Royce for acceptance. If Rolls-Royce does not accept any output of the Services re-submitted to it pursuant to this clause or if the Supplier fails to re-perform the relevant Services in accordance with this clause, then clause 5.1 shall apply.

5.3. Upon receipt of a Rejection Notice, the Supplier will, within 10 days of the receipt of the Rejection Notice, refund to Rolls-Royce all amounts which have been paid by Rolls-Royce under the Contract in respect of the rejected Services.

5.4. Upon receipt of a Rejection and Termination Notice, Rolls-Royce will be under no obligation or liability to make any further payment to the Supplier and the Supplier will, within 10 days of receipt of the Rejection and Termination Notice, refund to Rolls-Royce all amounts which have been paid by Rolls-Royce under the Contract in respect of the rejected Services and any other unperformed Services.

5.5. Any acceptance of the Services by Rolls-Royce will not release the Supplier from complying with its other obligations under the Contract (including any warranties or representations given or made by the Supplier under the Contract).

5.6. If Rolls-Royce rejects the Goods, Rolls-Royce will notify the Supplier in writing and the Supplier will collect such Goods, at its own cost, within 30 days of such notification. If the Supplier does not collect the Goods within 30 days of the notification of rejection, Rolls-Royce may scrap or dispose of the Goods at the Supplier's cost.

5.7. Without prejudice to its other rights or remedies, Rolls-Royce, in each case, shall have the right to claim contractual penalty for non-performance (in Hungarian: "*meghiúsulási kötbér*"), if the performance of the Contract became impossible for any reason for which the Supplier

is liable. The amount of the contractual penalty for non-performance shall be 100% of the price of the Deliverables specified in the Order.

**6. QUALITY, WARRANTY AND REMEDY FOR DEFECTS**

6.1. To the extent applicable for the performance of an Order, the Supplier will comply with all quality requirements of Rolls-Royce as set out on Rolls-Royce's web site at <https://suppliers.rolls-royce.com/> and all specification requirements and any other quality requirements set out in an Order. The Supplier will inspect and release Deliverables in accordance with the said quality requirements.

6.2. The Supplier warrants, in accordance with clause 6:171. § of the Hungarian Civil Code, for a term of three years, that all Deliverables will conform to the Procurement Conditions and will be free from defects in material, workmanship and, if the Supplier has responsibility for design, the Supplier further warrants that all Deliverables will be free from defects in design.

6.3. The warranty period shall commence upon receipt by Rolls-Royce of such Goods or Services at the place of performance specified by Rolls-Royce in compliance with the Contract, or, in case of supplies to be commissioned it shall be transferred on to Rolls-Royce upon the handing and taking over process that follows commissioning.

6.4. If the Deliverables do not conform to the requirements set out in clause 6.1. above, without prejudice to any other rights and remedies Rolls-Royce may have, Rolls-Royce may, in a written notice, require the Supplier, where appropriate,:

- a) to collect, repair or replace or re-deliver the Goods;
- b) to re-perform the Services;

at its own cost within 30 days of Rolls-Royce's written notice.

6.5. If the Supplier fails to comply with its obligations under clause 6.4 within such 30 day period, Rolls-Royce may, on a written notice and at its sole discretion, and without prejudice to its other rights and remedies:

- a) choose to accept the non-conformance and reasonably adjust the Order price to reflect the extent and impact of the non-conformance;
- b) require the Supplier to promptly refund the price of the Goods in full;
- c) indemnify Rolls-Royce in full for and keep Rolls-Royce indemnified in full for, any costs Rolls-Royce incurs in obtaining the Deliverable (or an equivalent item) from a third party, such costs to be paid within 30 days of Rolls-Royce sending an invoice to the Supplier for such costs.

6.6. Without prejudice to its other rights or remedies, Rolls-Royce, in each case, shall have the right to claim contractual penalty for defective performance (in Hungarian: "*hibás teljesítési kötbér*"). The amount of the contractual penalty for defective performance shall be 1% (one per cent) of the price of the defective Deliverables for each day during which the defective performance is not remedied, up to the maximum of 50% (fifty per cent) of the price of the defective Deliverables. Rolls-Royce may also claim damages (in Hungarian: "*kártérítés*") from the Supplier in excess of the amount of the contractual penalty for defective performance.

**7. INDEMNITY**

Subject to clause 4.3, the Supplier will indemnify Rolls-

Royce in full against any and all Losses that are incurred by Rolls-Royce as a result of the Supplier's breach of any term of the Contract in connection with the performance of the Contract, irrespective of whether such Losses were foreseeable at the time the Parties entered into the Contract. Rolls-Royce will use reasonable endeavours to mitigate any such Losses.

## 8. ROLLS-ROYCE PROPERTY

- 8.1. Unless otherwise agreed in writing, all of Rolls-Royce's Property furnished to the Supplier by Rolls-Royce or specifically paid for by Rolls-Royce, and any replacement thereof, or any materials affixed or attached thereto, will be and remain the property of Rolls-Royce or, if Rolls-Royce is not the owner, of the owner. Such property, and whenever practical, each individual item thereof, will be plainly and permanently marked or otherwise adequately identified by Supplier as "Property of Rolls-Royce" (or, if Rolls-Royce is not the owner, "Property of [the owner]") and will be safely stored separate and apart from Supplier's property. Supplier will not substitute any property for the property furnished to Supplier by Rolls-Royce and will not use such property except when performing the Order. Rolls-Royce's Property, while in Supplier's custody or control, will be held at Supplier's risk, will be kept insured by the Supplier at the Supplier's expense in an amount equal to the replacement cost with insurance proceeds payable to Rolls-Royce. Such property will be subject to removal at Rolls-Royce's written request, in which event Supplier will prepare such property for shipment and will deliver it as directed by Rolls-Royce in the same condition as originally received by the Supplier, reasonable wear and tear excepted, all at the Supplier's expense.
- 8.2. Supplier will indemnify Rolls-Royce against any and all liability for damage to Rolls-Royce's Property or injury to or death of persons arising from or incidental to the presence or use of Rolls-Royce's Property, whether such damage, injury, or death be caused by defects in such property, negligence in the use thereof, strict liability or otherwise.
- 8.3. It will be the responsibility of the Supplier to maintain, keep in good condition, and replace when necessary at Supplier's expense all such tools, material and equipment in order that such tools, material and equipment at all times have the capacity to produce parts in conformance with the Procurement Conditions. All such replacements will be the property of Rolls-Royce and will be so identified. Any tooling paid for by Rolls-Royce is the sole property of Rolls-Royce.
- 8.4. Supplier agrees to provide, at any time on the request of Rolls-Royce, a report including a list of all Rolls-Royce property, the location of such property, the condition of such property and, if appropriate, a forecast of the remaining usable life of such property.
- 8.5. Supplier assumes all liability for loss or damage, with the exception of normal wear or tear, and agrees to supply detailed statements of Rolls-Royce's property in Supplier's possession, custody or control at monthly intervals or as otherwise agreed upon to the extent necessary under applicable law.

## 9. FORCE MAJEURE

- 9.1. 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 9.2 and 9.3, 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.

- 9.2. The affected Party shall use all reasonable endeavors to mitigate the effect of a Force Majeure Event.
- 9.3. 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 as 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.
- 9.4. If Rolls-Royce receives a notification from the Supplier under clause 9.3, or if Rolls-Royce 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, Rolls-Royce 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, neither Party will have any other liability to the other in respect of such cancellation.
- 9.5. For the avoidance of doubt, strikes, lock outs or other industrial action or disputes specific to the Supplier and/or its subcontractors or agents shall not be considered a Force Majeure Event.

## 10. WORKFORCE MATTERS

- 10.1. The Supplier shall ensure that all Staff:
  - a) are suitably experienced, qualified, skilled and trained to provide the Deliverables and shall ensure that such Staff shall act at all times in a professional manner; and
  - b) comply with all security and other procedures and other regulations (including health, safety and site policies) in force at any relevant Rolls-Royce premises.
- 10.2. Staff will at all times remain employed or engaged by the Supplier and the Supplier shall meet all employment costs and liabilities in respect of Staff.
- 10.3. The Supplier agrees that, in respect of any employees of Rolls-Royce involved in connection with this Contract, the Supplier shall not, during the term of the Contract and for a period of two years after the expiry or termination of the Contract, directly entice such person away from Rolls-Royce with the intent itself of employing or otherwise engaging such person. This clause 10.3 shall not apply in respect of any personnel who can be shown to have responded to a bona fide published recruitment advertisement without any inducement or encouragement from the Supplier (other than through the advertisement itself).

## 11. PRICES, INVOICES AND PAYMENT

- 11.1. The price for the Deliverables and the currency for payment will be set out in the Order.
- 11.2. The price stated on an Order is inclusive of all duties, levies and taxes in the country of origin of the Deliverables excluding value added tax or equivalent tax.
- 11.3. Subject to clause 11.2, the Supplier will be responsible for, and will indemnify Rolls-Royce in full, from and against any and all taxes, duties, fines, penalties and

interest thereon, imposed on the Supplier, its personnel or any Affiliate of the Supplier, by the government or other lawful taxing authority of any country for or on account of any payment made to or earned by the Supplier in connection with the provision of the Services and supply of Goods under the Contract.

a going concern; or (iv) there are any other changes which may affect how VAT is assessed in relation to the Contract.

11.4. Where the Procurement Conditions require the Supplier to submit an invoice, the Supplier will post invoices to Rolls-Royce at the address on the Order on the day on which Deliverables are dispatched or completed. The invoice shall include the Order number.

11.5. The payment period shall commence once the Deliverables have been performed completely, free from defects and deficiencies, that is, according to the Contract. If the Supplier is to hand over other documents such as protocol on performance, protocol on material analysis and measuring, quality certificate or other document simultaneously with shipping, performance of supply or services will be regarded as being according to the contract upon receipt by Rolls-Royce of these documents. In case the Supplier performs defectively, the deadline for payment shall be determined on the basis of the date the deficiencies mentioned in the foregoing are eliminated and the performance is faultless.

11.6. Rolls-Royce will electronically transfer payment to the Supplier on the first Friday 60 days after the date on which the relevant Goods have been received or Services completed, provided that the Supplier has supplied such Goods or Services in accordance with the Procurement Conditions and, where the Supplier is required to submit an invoice, such invoice is accurate and was received by Rolls-Royce within 7 days of despatch or completion of Goods or Services. If such Friday is not a normal banking day then electronic transfer of payment will be on the next banking day. Where Rolls-Royce collects Goods from non Rolls-Royce premises, "received" means formal receipt by Rolls-Royce's nominated courier or where the Goods are delivered to Rolls-Royce's premises, "received" means formal receipt by Rolls-Royce's goods received area. Without prejudice to Rolls-Royce's other rights and remedies, Rolls-Royce may deduct from any payments due to the Supplier under any Procurement Condition the amount of any bona fide contra accounts or other claims that Rolls-Royce may have against the Supplier in connection with the Procurement Conditions or any other agreement.

11.7. For the purpose of this clause 11.7, "**R-R Accounting Period**" means the period during which the financial year is divided into 12 calendar month periods for Rolls-Royce accounting purposes.

11.7.1. Payable VAT would arise at the Supplier only, if the transaction at hand should qualify as general domestic supply of goods subject to VAT in Hungary. If the Supplier sells the goods to Rolls-Royce via intra-Community supply of goods, the VAT should be self-assessed by Rolls-Royce in its Hungarian VAT return.

11.7.2. The Supplier will, where it has one, provide Rolls-Royce with the Supplier's VAT registration number and any other details reasonably requested by Rolls-Royce.

11.7.3. The Supplier will not raise its own invoice for the Deliverables and will notify Rolls-Royce as soon as practicable if: (i) its VAT registration number changes; (ii) it ceases to be VAT registered; (iii) subject always to clauses 16 and 23 of the GCP, it transfers its business as

## 12. CODES OF PRACTICE, RIGHTS OF INSPECTION

12.1. The Supplier will ensure that it and its personnel will comply with all relevant Rolls-Royce provisions and codes of practice of Rolls-Royce as set out on Rolls-Royce website at <https://suppliers.rolls-royce.com/> including without limitation, its standard security and health and safety requirements as applicable, copies of which are available on request.

12.2. The Supplier agrees that Rolls-Royce or their designated agent will have the right to enter the Supplier's facilities at reasonable times to inspect the facility, Deliverables, materials and any property of Rolls-Royce. Such inspection will not constitute or imply acceptance of any Deliverables.

## 13. TERMINATION:

13.1. Without prejudice to any rights and remedies, Rolls-Royce 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 any representation or warranty made by the Supplier in clause 2 is or becomes incorrect, and/or inaccurate;
- d) if the Supplier breaches clauses 4.1, clause 12.1, or clause 17.

13.2. Without prejudice to any rights and remedies, Rolls-Royce may immediately terminate an Order in whole or in part by giving the Supplier written notice, identified as a "**Notice of Termination**", whereupon all work on that Order will cease. Rolls-Royce will pay the Supplier in full and final satisfaction of all claims arising out of such termination: the price of all Deliverables which the Supplier has justifiably produced and completed in accordance with such terminated Order or part of the Order and which Rolls-Royce has not paid for; the cost of settling any legally justified claims in connection with the necessary termination of sub contracts justifiably and reasonable entered into in respect of the terminated Order or part thereof and the cost to the Supplier of any justified work in progress in respect of such Order.

13.3. The amount payable to the Supplier under clause 13.2 above shall not exceed the total amount that would have been payable to the Supplier for the Deliverables and payment is subject to the Supplier submitting its notice of claim within 1 calendar months of the termination date. Any finished Deliverables and any work in progress paid for by Rolls-Royce under clause 13.2 above will be delivered to Rolls-Royce or be held by the Supplier as Rolls-Royce property in accordance with clause 5 above.

13.4. If Rolls-Royce has reasonable grounds for believing the Supplier will be unable to substantially fulfil its obligations, Rolls-Royce may require the Supplier to provide reasonable written evidence that the Supplier will fulfil its obligations. If the Supplier fails to provide such evidence within 30 days of Rolls-Royce's request, Rolls-Royce may treat that failure as a material breach and terminate the relevant Order or any agreement relating to the Deliverables in whole or part.

13.5. Either Party has the right, without prejudice to its other rights and remedies, to terminate any Order or the Supply Agreement without liability, if the other Party commits any

material breach of any of its obligations under the Procurement Conditions which it fails to rectify within 15 days of written notice of that breach (no notice period will apply for a breach of delivery terms) or makes a general arrangement with its creditors; or ceases or threatens to cease to carry on its business or a substantial part of it or is unable to pay its debts within the meaning of the applicable law as defined below; enters into liquidation whether compulsory or voluntary, except as a solvent company for the purposes of amalgamation or reconstruction; or has an administrator or administrative receiver of the whole or part of its assets appointed or if any equivalent proceeding under any competent jurisdiction occurs.

13.6. Except for clauses 13.1 and 13.2 above where termination is effective immediately on giving the Notice of Termination, termination will be effected 30 days from the terminating Party issuing a notice of termination to the other Party.

#### 14. CONFIDENTIALITY

14.1. Subject to clause 14.2, 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.

14.2. The provisions of clause 14.1:

- 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 14.4 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 providing and receiving the Services; and
- d) will not prevent Rolls-Royce from disclosing Information to its Affiliates.

14.3. Each Party will be responsible for the observance of the provisions of this clause 14 by its employees or any other third parties to whom Information is disclosed in accordance with this clause 14.

14.4. 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 endeavors 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.

#### 15. INTELLECTUAL PROPERTY

15.1. Subject to clause 15.2, 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 Services.

15.2. 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 Rolls-Royce. The Supplier will transfer, or will ensure the transfer of, any IPR created as a result of the Contract to Rolls-Royce with full title guarantee 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 Rolls-Royce immediately on creation; and
- b) ensure that its (and its suppliers) employees and contractors waive any economic and moral rights in or relating to any works to which such IPR relate and will on request provide Rolls-Royce with written evidence of such waiver.

15.3. 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, Rolls-Royce for any purpose other than fulfilling its obligations to Rolls-Royce under this Contract. Rolls-Royce IPR shall not be assigned to third persons or used for other contractual purpose.

15.4. The Supplier will indemnify Rolls-Royce in full against any loss suffered by Rolls-Royce as a result of a third party claim that the possession, use, exploitation, development or repair by Rolls-Royce, of the Deliverables infringes such a third party's IPR. This clause 15.4 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 Rolls-Royce.

15.5. In addition to the indemnity set out in the GCP or in the Contract / Order, Supplier will procure for Rolls-Royce a worldwide, non-exclusive, royalty-free, irrevocable license to manufacture, use and sell the Deliverables or have such replaced with substantially equivalent non-infringing Deliverables.

#### 16. CONTROLLING INTEREST

While the Supplier is under contract to Rolls-Royce, if a

Competitor acquires or is in due diligence to acquire a Controlling Interest in the Supplier, its sub-contractor or any holding company, subsidiary or division of the Supplier performing under an Order, the Supplier will immediately notify Rolls-Royce in writing of the actual or potential acquisition, subject to regulatory or statutory obligations and the identity of such likely acquirer subject to the agreement of such likely acquirer.

## 17. DATA PROTECTION

17.1. Each Party acknowledges that:

- a) the other Party may collect and Process Personal Information about the first Party and its employees, directors, officers and other individual representatives as is necessary in connection with the performance of the other Party's rights and obligations under this Agreement, for the duration of this Agreement for the nature and purposes specified in, and otherwise as described in, that Party's data privacy policy; and
- b) this may include:
  - i) collection of Personal Information directly from the first Party or the relevant individual representative or indirectly from monitoring devices or by other means; and
  - ii) transfer of Personal Information worldwide within that Party's organisation, subject to adequate safeguards being in place in accordance with the Data Privacy Laws.

17.2. The Parties do not envisage that either Party will, in connection with this Agreement, process (as processor) personal data on behalf of the other Party. If either Party suspects that it will or is processing personal data on behalf of the other Party, the Parties shall without delay amend this Agreement to include the necessary provisions as is required by Data Privacy Laws.

## 18. EXPORT CONTROL LAWS

18.1. The Supplier acknowledges that any information provided to or received by it in accordance with or in relation to the GCP, the Supply Agreement or an Order may be subject to export control laws and regulations including, without limitation the United States Department of State International Traffic in Arms Regulations ("**ITAR**") and the United States Department of Commerce Export Administration Regulations ("**EAR**"). The Supplier agrees that it will strictly comply with all applicable requirements under such laws and regulations. The Supplier warrants and undertakes that it will not use or permit the use of, export or transfer (by any means, electronic means or otherwise), any information or Deliverables which are subject to export control laws and regulations without complying in all respects with the applicable export control laws and regulations including, without limitation, all codes of conduct, relevant export licence(s), guidelines, notices and instructions in relation to any use, export or transfer of information or Deliverables.

18.2. The Supplier agrees to afford Rolls-Royce and any competent governmental department or other governmental administrative body access to Supplier's premises, for the purpose of auditing Supplier's compliance with the requirements of clause 18.1 above and to provide all necessary facilities and assistance for such audit to take place.

18.3. Where the Deliverables to be provided by the Supplier pursuant to any Order include the provision of services to be performed for or on behalf of Rolls-Royce and which will, or may, involve Supplier's employees having or

having the potential to gain access to information which is subject to export control laws and regulations; the Supplier will comply with i) all applicable export control laws and regulations including, without limitation, all codes of conduct, relevant export license(s), agreements, guidelines, notices and instructions in relation to any use, export or transfer of information and ii) all requests and requirements of Rolls-Royce for the same purpose.

18.4. In the event the Supplier breaches any of the provisions of this clause 18, the Supplier shall indemnify Rolls-Royce with respect to all losses, damages, claims, compensation, awards, expenses (including without limitation legal fees), fines and judgments incurred by Rolls-Royce as a result or as a consequence of such breach.

## 19. INDEPENDENT CONTRACTOR, SUB-CONTRACTOR

19.1. Neither Party will (i) represent itself as the agent or partner of the other Party; nor (ii) 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.

19.2. The Supplier shall not enter into contract with any sub-contractor for the performance of Rolls-Royce's Orders without Rolls-Royce's prior written consent.

## 20. PUBLICITY

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

## 21. WAIVER AND REMEDY

The rights of a Party may be exercised as often as it considers appropriate, are cumulative and apply in addition to any other rights available at law or equity. A waiver of any rights hereunder shall not be effective unless expressly waived in writing signed by the affected Party. Not exercising or a delay in exercising a right is not a waiver of that right.

## 22. CONFLICT

If there is a conflict of terms the order of precedence will be: (1) any applicable Government terms; (2) the Supply Agreement; (3) the GCP; (4) terms in an Order other than Government terms; and (5) the statement of work (if any).

## 23. TRANSFER AND THIRD PARTY RIGHTS

Except as expressly provided, no Party will assign or otherwise transfer any of its rights or obligations to any third party. However, in accordance with clause 6:209. § of the Hungarian Civil Code the Supplier agrees that, Rolls-Royce may, upon prior written notice to the Supplier, transfer any or all of its rights or obligations under these Procurement Conditions to any of its Affiliates. Nothing in the Procurement Conditions will be construed as creating any rights in respect of any third parties (including, without limitation, any employee, officer, agent, representative or sub-contractor of any Party) under, as a result of, or in connection with the Procurement Conditions.

## 24. NOTICES

24.1. Except as expressly set out otherwise in this agreement, all notices to be served under any Order must be in writing and addressed to the Party at the address on the Order. Such notices may be delivered by hand or sent by fax or recorded delivery post.

- 24.2. Any notice will be deemed received:
- if delivered by hand, at the time of delivery, or
  - in the case of pre-paid recorded delivery or registered post, at the time indicated on the notice of receipt or on the fifth business day following its dispatch.

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

## 25. AMENDMENTS

Except as expressly provided in this GCP, the Procurement Conditions may only be amended by a written agreement signed by an authorized signatory of the Parties concerned that expressly states that it is intended to act as an amendment to the Procurement Conditions.

## 26. SEVERABILITY

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

## 27. REPRESENTATIONS

The Parties agree that they have not contracted on the basis of any oral or written warranty representations, statements, communications, agreements or undertakings ("**Representations**"). The Parties agree that they will have no right or remedy in respect of any Representations (whether made negligently or innocently), except those expressly incorporated in the Procurement Conditions. Nothing in this clause 27 will limit or exclude any liability for fraud.

## 28. SURVIVAL

The provisions of clauses 6, 8, 9, 13-15, 17, 18, and 20 - 28 will survive any expiry or earlier termination or after the Order becomes impossible of performance or is otherwise frustrated.

## 29. REACH

29.1. Supplier warrants that where it sells, supplies or transfers Deliverables to Rolls-Royce in Europe, and Regulation (EC) No. 1907/2006 of the European Parliament concerning the registration, evaluation, authorization and restriction of chemicals ("**REACH**") applies, it has complied with REACH and that each chemical substance constituting or contained in or used in the manufacture of Deliverables sold, supplied or transferred to Rolls-Royce is, where required, registered; registered for Rolls-Royce particular use; supplied with a safety data sheet compliant with REACH; is not restricted under Annex XVII of REACH; and if it appears on Annex XIV of REACH is authorized for Rolls-Royce use.

29.2. Whether or not REACH applies, Supplier will immediately notify Rolls-Royce if any Deliverables sold, supplied or transferred to Rolls-Royce contain a substance listed on the Candidate List of Substances of Very High Concern for Authorization (the "**Candidate List**") published by the European Chemicals Agency. Supplier will give Rolls-Royce the name of the chemical substance and any information required by Rolls-Royce to allow safe use of the Deliverables or to fulfil its own obligations under REACH. This clause 29.2 applies whether the sale, supply or transfer of Deliverables to Rolls-Royce is inside or outside Europe.

29.3. Whether or not REACH applies to any Deliverables sold, supplied or transferred to Rolls-Royce, on request by

Rolls-Royce, Supplier will provide all information required by Rolls-Royce which will enable Rolls-Royce to comply with its duty to communicate information on substances in articles as required by Article 33 of REACH, including but not limited to chemical composition, test data, hazard information and safety data sheets. This clause 29.3 applies whether the sale, supply or transfer of Deliverables to Rolls-Royce is inside or outside Europe.

29.4. Supplier will comply with any other request for information by Rolls-Royce which is required to enable Rolls-Royce to comply with its obligations under REACH. All information supplied to Rolls-Royce under clauses 29.1 to 29.4 will comply with REACH and any other requirements of Rolls-Royce expressly notified to the Supplier by Rolls-Royce. This clause 29.4 applies whether the sale, supply or transfer of Deliverables to Rolls-Royce is inside or outside Europe.

29.5. Clause 6.3 will apply if Deliverables do not conform to the requirements set out in clause 29. Supplier will indemnify Rolls-Royce against any and all damages, losses, costs, actions, claims, liabilities or expenses suffered or incurred by Rolls-Royce whether in contract, tort (including negligence) breach of statutory duty or otherwise, arising out of or in connection with any breach by the Supplier relating to clauses 29.1 to 29.5.

## 30. INSURANCE

30.1. The Supplier will maintain in force:

- product liability insurance with an annual aggregate limit of at least £5,000,000 (five million pounds sterling) per claim (or series of connected claims) or its equivalent in US dollars;
- public liability insurance with a limit of at least £5,000,000 (five million pounds sterling) per claim (or series of connected claims) or its equivalent in the currency of the country in which the Supplier is based;
- any other insurance which the Supplier is required by law to maintain; and
- any other insurance which another supplier in the same industry as the Supplier or carrying on the same type of business as the Supplier, would usually maintain.

30.2. For the insurance policies set out at clauses 30.1(a), 30.1(b) and 30.1(c) the Supplier will:

- ensure that Rolls-Royce's interest is recorded on the policies either as an 'additional insured' or via an 'indemnity to principal' clause for the benefit of Rolls-Royce;
- include a waiver of subrogation in favour of Rolls-Royce;
- on the renewal of each policy, send to Rolls-Royce a broker's letter or certificate of insurance as confirmation of cover; and
- administer and maintain the policies and the Supplier's relationship with its insurers at all times to preserve the benefits for Rolls-Royce set out in this agreement and will procure that the terms of such policies will not be altered in such a way as to diminish the benefit to Rolls-Royce of the policies as provided at the date of this agreement.

30.3. The Supplier will, during the term and for a period of five years thereafter do nothing to invalidate the insurance policies set out in this clause 30 and will preserve Rolls-Royce's entitlement under such policies and will provide to Rolls-Royce, 30 days notice before any such policy is altered or cancelled in any material respect.

30.4. The Supplier will provide Rolls-Royce with evidence of compliance with this clause 30 on request and within 10 days of the Effective Date. If Rolls-Royce is not satisfied with the Supplier's compliance with this clause 30, then Rolls-Royce may, at its discretion, choose to procure the insurances set out at clause 30.1 on the Supplier's behalf and recover from the Supplier any resulting costs or premiums.

30.5. The Supplier's insurance coverage will not be Rolls-Royce's exclusive remedy and is without prejudice to any other rights and remedies that Rolls-Royce may have.

### **31. THIRD PARTY MANUFACTURERS**

The Parties acknowledge that the terms and conditions (including the prices) applicable under the Procurement Conditions have been negotiated on the basis that, if the Supplier, at any time during the term either: (a) makes a separate offer to any Affiliate and / or sub-contractor and / or risk and revenue sharing participant of Rolls-Royce to manufacture and supply the Deliverables; or (b) is requested by Rolls-Royce to manufacture and supply the Deliverables to any Affiliate and / or sub-contractor and / or risk and revenue sharing participant of Rolls-Royce, then the Supplier warrants, undertakes and represents that it will enter into a supply agreement with the Affiliate and / or sub-contractor and / or risk and revenue sharing participant on the same or more favourable terms (including at the same or a more favourable price) to such Affiliate and / or sub-contractor and / or risk and revenue sharing participant (subject always to any specific requirements of the local law of such Affiliate and / or sub-contractor and / or risk and revenue sharing participant).

### **32. TOOLING**

32.1. Tooling produced and utilized under the Procurement Conditions will be utilized exclusively for the production of the Deliverables for Rolls-Royce to be exclusively delivered to Rolls-Royce or its specified agents. Rolls-Royce will hold title to all tooling under the Procurement Conditions. Supplier will be responsible for proper maintenance and storage of the tooling and the associated costs.

32.2. If Supplier fails to pass the FAIR and RESA/FPA process, Supplier agrees that, upon Rolls-Royce's request, it will immediately relinquish or destroy such tools that were created as a result of the Procurement Conditions. Supplier will be solely responsible for the costs associated with the relinquishing or destruction of such tooling. Failure to pass the FAIR and RESA/FPA process will constitute a material breach of the Procurement Conditions and Rolls-Royce may exercise its right to terminate pursuant to Clause 7 of the GCP. If Rolls-Royce requests destruction of the tooling, Supplier must certify as to the destruction of the tooling within thirty (30) days of receiving the request.

### **33. SUPPLIER FINANCIAL REPORTS**

If requested by Rolls-Royce, the Supplier will provide to Rolls-Royce the most current financial reports: (a) for the Supplier; and (b) for any related company of the Supplier involved in producing, supplying, or financing the Deliverables or any component part of the Deliverables. Financial reports include income statements, balance sheets, cash flow statements and supporting data. Rolls-Royce's may use financial reports provided under this clause 33 only to assess the Supplier's ongoing ability to perform its obligations under the Procurement Conditions and for no other purpose, unless the Supplier agrees otherwise in writing.

### **34. APPLICABLE LAW**

34.1. 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 laws of Hungary.

34.2. The Hungarian courts have jurisdiction to settle 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, and the Supplier submits to the exclusive jurisdiction of the Hungarian courts with respect to such disputes.

34.3. The provisions of Act V of 2013 on the Hungarian Civil Code shall apply to such issues as are not regulated in these general conditions of purchase.

[SCHEDULE TO FOLLOW]



## 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.

“**Associated Person**” means, in relation to a company, a person (including any director, officer, employee, agent or other intermediary) who performs services for or on behalf of that company (in each case when performing such services or acting in such capacity).

“**Rolls-Royce Property**” means any property of Rolls-Royce that Rolls-Royce 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 Rolls-Royce or any Affiliate of Rolls-Royce.

“**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.

“**Controlling Interest**” means any interest sufficient to give the power to secure by law or corporate action the ability to direct and conduct the business of the Supplier.

“**Data Privacy Laws**” means all laws that relate to data protection, privacy, the use of information relating to individuals, and/or the information rights of individuals including, without limitation, the General Data Protection Regulation ((EU) 2016/679)) (the “**Regulation**”) and Act CXII of 2011 on Informational Self-Determination and Freedom of Information, and all laws implementing them, in each case as may be replaced, extended or amended, as well as all applicable formal or informal guidance, rules, requirements, directions, guidelines, recommendations, advice, codes of practice, policies, measures or publications of the Information Commissioner’s Office, other relevant regulator, and/or relevant industry body, in each case in any relevant jurisdiction(s).

“**Deliverables**” means any Services or Goods or both procured by Rolls-Royce under the terms of the Procurement Conditions.

“**Delivery**” means the delivery of a Deliverables to Rolls-Royce pursuant to clause 4 and “**Deliver**” shall be construed accordingly.

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

“**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; windstorms, explosions; natural disasters; wars or threats of war; riots; sabotage; national labour disputes; acts of terrorism; inability to obtain power, material, labor, equipment or transportation, or court injunction or order; extreme weather; quarantine or any government or regulatory authority mandated precautions against contagious disease epidemics or pandemics.

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

“**Goods**” means those products or goods that the Supplier has agreed to supply to Rolls-Royce as specified in the Order.

“**Hungarian Civil Code**” means the Act V of 2013 on the Civil Code.

“**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.

“**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.

“**IPR**” means patents, registered designs, trade marks, service marks (in each case, whether registered or not, patentable or not), domain names, manufacturing processes and any improvements or enhancements thereto, 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.

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

“**Parties**” means Rolls-Royce and the Supplier; and a “**Party**” means one of them.

“**Personal Information**” means any information (including any personal data such as the names, work email addresses, work telephone numbers) relating to employees, directors, officers and other individual representatives of either Party, which is provided or otherwise made available to the other Party in connection with this Agreement.

“**Procurement Conditions**” means together the GCP, the Order and any Supply Agreement.

“**Services**” means those services that the Supplier has agreed to provide to Rolls-Royce as specified in the Order.

“**Staff**” means any employees, officers and individuals contracted to the Supplier and involved to any extent in the performance of the Services and/or the performance of this Contract.

“**Supply Agreement**” means any executed supply agreements concerning the Deliverables between the Parties.

“**Supplier**” means the entity accepting the Order.

“**Rolls-Royce**” or “**R-R**” means Rolls-Royce Hungary Korlátolt Felelősségű Társaság (registered seat: 1143 Budapest, Gizella utca 51-57.; company registration number: 01-09-345842).