

ROLLS-ROYCE GENERAL CONDITIONS OF PURCHASE FOR GOODS

1. INTERPRETATION

These GCP will be interpreted in accordance with the definitions and rules of interpretation set out in Schedule 1 (Interpretation).

2. APPLICABILITY AND ORDERS AND DEMAND

2.1 The Parties agree that the terms and conditions contained in the Contract in relation to Deliverables to be provided under these GCP are the only conditions upon which the Buyer is prepared to deal with the Supplier and that these GCP will govern the Contract and no other terms or conditions of business contained or referenced in any acknowledgement or any other form of acceptance by the Supplier (whether written or otherwise), any standard form, quotation, proposal, specification, supplier invoice or any other document issued, submitted or delivered by the Supplier to the Buyer or implied by trade custom, practice or any course of dealings between the Parties will apply unless such terms and conditions are expressly stated in the Order to apply and the Supplier hereby waives any right which it otherwise might have to rely on any such terms and/or conditions.

2.2 If Buyer and Supplier are parties to an existing Contract covering the Deliverables, any Order submitted pursuant to the Contract will become binding in accordance with clause 2.5. If Buyer and Supplier are not parties to an existing Contract covering the Deliverables, an Order will be deemed to be an offer by the Buyer to purchase Deliverables subject to these GCP and no Contract will, unless otherwise stated in the Order, be formed until the earlier of:

2.2.1 the Supplier expressly giving notice of acceptance of the Order; or

2.2.2 two (2) Working Days from the date of receipt of the Order by the Supplier, unless the Buyer is notified in writing by the Supplier, within such two (2) Working Day period, that it is unable to fulfil the Order.

2.3 Where an Order consists of a purchase order, the relevant Buyer will set out its Demand in the Purchase Order.

2.4 Where an Order consists of a scheduling agreement, the relevant Buyer will set out its Demand in the EPM System. The Buyer will update the EPM System to communicate changes in Demand and the Supplier will regularly access and check the EPM System. The Demand within the EPM System for deliveries due later than the end of the Trade-Off Zone is a forecast only and does not constitute any commitment by the Buyer. A Buyer can increase or decrease its Demand from time to time for any Deliveries (or change the Scheduled Delivery Date(s)) provided that, prior to and after the change being made, the required Delivery date for the affected Deliverables is not within the Trade-Off Zone.

2.5 An Order will become binding (each a "**Binding Order**"):

2.5.1 on the date a Purchase Order is received by the Supplier; or

2.5.2 in the case of a Scheduling Agreement, for the applicable Deliverable, at the date upon which its Scheduled Delivery Date falls into the Trade-Off Zone.

2.6 The Supplier will manufacture and deliver Deliverables to fulfil all Binding Orders and ensure all Scheduled Delivery Dates are met. If a Buyer requires:

2.6.1 Delivery on a date earlier than the Scheduled Delivery Date; or

2.6.2 to increase or otherwise adjust the Deliverables to be delivered on a Scheduled Delivery Date;

the Supplier will use all reasonable endeavours to deliver on the earlier date requested, or to deliver the adjusted number and mix of Deliverables, (this does not limit the Buyer's ability to amend the Demand or Scheduled Delivery Date in accordance with clause 2.4).

2.7 A Buyer may require the Supplier, at no cost to the Buyer, to immediately suspend all performance and delay Delivery of one or more of its Binding Orders for up to 12 (twelve) months per Binding Order. Within 7 (seven) days of being required to do so, the Supplier will resume performance under such suspended Binding Orders.

2.8 If a Buyer exercises its suspension rights under clause 2.7, this will not be a cancellation of a Binding Order under clause 2.9.

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- 2.9 A Buyer may, at any time, cancel (fully or in part) any of its unfulfilled Binding Order(s), after which the Supplier will immediately stop all work in respect of such cancelled Binding Order(s) (or relevant part) and will ensure its subcontractors and suppliers do the same (“**Cancelled Deliverable**” and the date of cancellation being the “**Cancellation Date**”).
- 2.10 Subject to clause 2.11 the Supplier will repay to the relevant Buyer any payment made for the Cancelled Deliverables and the Buyer will pay to the Supplier in full and final satisfaction of all claims arising:
- 2.10.1 for Cancelled Deliverables ordered in a Purchase Order, or in a Scheduling Agreement with a Scheduled Delivery Date in the Firm Zone on the Cancellation Date:
- (a) costs of any work-in-progress the Supplier has proved it has reasonably and properly incurred in respect of the Cancelled Deliverables up to the Cancellation Date; and
 - (b) costs incurred by the Supplier, which the Supplier has not recovered under sub-clause (a) or through any other payment and which the Supplier has proved it reasonably and properly incurred as a direct result of the cancellation; or
- 2.10.2 for Cancelled Deliverables ordered under a Scheduling Agreement with a Scheduled Delivery Date in the Trade-Off Zone (but outside of the Firm Zone) on the Cancellation Date: irrecoverable costs that the Supplier has proved it has reasonably and properly incurred in the procurement of material and products for the Cancelled Deliverables up to the Cancellation Date.
- The total amount payable to the Supplier by a Buyer under this clause 2.10 for each Cancelled Deliverable will in no circumstances exceed the total Price of such Cancelled Deliverable.
- 2.11 The Supplier must submit its full claim in writing under clause 2.10 to the Buyer within 60 (sixty) days of the Cancellation Date failing which the Buyer will have no liability (under clause 2.10 or otherwise) arising out of the Cancelled Deliverables.
- 2.12 On the relevant Buyer’s request the Supplier will deliver to the Buyer at the Buyer’s cost (or, at the Buyer’s option, permit the Buyer to collect) all work-in-progress and any material purchased by the Supplier for the Cancelled Deliverables.
- 2.13 The Supplier will, so far as possible, reduce its costs set out in clause 2.10.

3. REPRESENTATIONS AND WARRANTIES

- 3.1 The Supplier represents and warrants to the Buyer that, on the Effective Date and on an ongoing basis:
- 3.1.1 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;
 - 3.1.2 the obligations expressed to be assumed by it in the Contract are legal, valid, binding and enforceable obligations;
 - 3.1.3 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;
 - 3.1.4 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;
 - 3.1.5 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;
 - 3.1.6 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
 - 3.1.7 all Information provided by the Supplier to the Buyer as to the nature, standing and interests of the business of the Supplier and its shareholders is accurate and complete.

3.2 The Supplier further represents and warrants to the Buyer that:

3.2.1 each Deliverable will, on Delivery, be new and unused and contain no Conflict Minerals;

3.2.2 each Deliverable will, on Delivery:

(a) fully conform and perform in accordance with the requirements of the Contract, including the Specification;

(b) be free from any defects (whether actual or latent) in workmanship and materials;

(c) be fit for the particular purpose set out in the Contract or an Order; and

(d) where the Buyer is not responsible for the design of the Deliverables, be free from defects (whether actual or latent) in design;

and the Supplier will deliver a certificate of conformity on Delivery that all Deliverables conform with this clause 3.2.2. If a Deliverable fails to comply with this clause 3.2 then this will be deemed a material breach of the Contract and the Buyer may terminate the Contract in accordance with clause 17.1.2. This will be in addition to the Buyer's other rights and remedies in the Contract.

3.3 The representations and warranties in clauses 3.1 and 3.2 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, PAYMENT AND COST IMPROVEMENT**

4.1 If not set out separately in the Contract, the price of the Deliverables and the currency for payment will be set out in the Order it being agreed that unless otherwise specified by the Buyer in an Order, the price for all Deliverables will be invoiced and paid in GB Pounds. Supplier acknowledges and agrees that the price payable in respect of a Deliverable is set by reference to the period in which the Scheduled Delivery Date for that Deliverable occurs and that any delay in delivery of a Deliverable will not entitle Supplier to any amount in addition to the price to which it would have been entitled had the Deliverable been delivered on the Scheduled Delivery Date.

4.2 Prices are exclusive of value added tax or any other similar tax ("**VAT**") payable in the Buyer's jurisdiction of incorporation but are otherwise fully inclusive including in respect of all other taxes, duties, levies and Tariffs. If applicable, the Supplier will provide the Buyer with a properly executed United States Internal Revenue Service form W-9 certifying whether the payments to the Supplier are subject to backup withholdings. If VAT is chargeable in the Buyer's jurisdiction of incorporation, it will be separately identified on the invoice and subject to the Supplier's compliance with its obligations in clause 4.4 or 4.5 below, as applicable, will be payable by the Buyer. If applicable, the Buyer will provide the Supplier with a valid resale certificate, blanket exemption certificate, direct pay certificate or similar certificate establishing that the Buyer is not subject to local transaction taxes (including, without limitation, sales or use tax, value added tax) in respect of purchases made pursuant to the Contract. Buyer has been issued Direct Pay Permit No. 0005631904 by the State of Indiana, therefore the Supplier is not required to collect Indiana sales tax on purchases from RRC. RRC will remit Indiana sales tax directly to the State of Indiana

4.3 Subject to clause 4.2 and notwithstanding Clause 24.10, 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 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 supply of Deliverables under the Contract.

4.4 Subject to acceptance of the Deliverables (as applicable) pursuant to clauses 6 (Acceptance) and 9 (Remedy for Defects), the Supplier will be entitled to submit an invoice to the Buyer upon Delivery of the Deliverables (or at such other times as agreed by the Parties), and the Supplier confirms that it will comply with the terms of the Order in respect of submitting its invoice(s) (to include the use of an online portal if and as directed by the Buyer) and that each invoice will quote the number of the Order and a full breakdown of the price (with sufficient information to enable the Buyer to verify the price) and any other relevant references provided at Delivery and will comply with all applicable tax requirements. The Supplier agrees and acknowledges that the Buyer will have no liability in respect of any payments due hereunder which are not invoiced by the Supplier in accordance with the Order or that is not invoiced within twelve (12) months of the date when such invoice had properly become presentable under this clause 4.4. . If an Order specifies labor and material, then the material costs must to be stated separately on the Supplier's invoice.

4.5 In respect of Deliverables only:

- 4.5.1 subject to compliance with applicable Law, where the Supplier has registered to participate in a goods collection service with the Buyer or an Affiliate of the Buyer (for example, 'E-Manifest' or 'Matrix') then:
- (a) after the later of the Scheduled Delivery Date or the Delivery of all the Deliverables, the Buyer will raise an invoice on the behalf of the Supplier for the Deliverables that will serve as a VAT invoice (a "**Self-billed Invoice**");
 - (b) the Buyer will use a sequential invoicing procedure to generate the applicable invoice number that will be referenced on the Self-Billed Invoice);
 - (c) the Buyer may elect to use e-invoicing as a method for raising Self-Billed Invoices electronically;
 - (d) the Supplier will, either before or as soon as practicable after the Effective Date, provide the Buyer with the Supplier's VAT registration number and any other details reasonably requested by the Buyer for the purposes of raising the Self-billed Invoice and the provision by the Supplier of this information will, subject to clause 4.5.1(f) below, constitute the Supplier's acceptance to the VAT treatment applied by the Buyer;
 - (e) the Supplier will not raise its own invoice for the Deliverables;
 - (f) in addition to clause 4.9, the Supplier will notify the Buyer as soon as practicable if: (i) the Self-Billed invoice is not compliant with the requirements of its local tax authority; or (ii) subject always to clauses 12.7 and 17 of the GCP, the Supplier transfers its business as a going concern;
 - (g) the Buyer and Supplier will during each contract year of the Contract, confirm to the other in writing its approval to continue with the Self-Billed Invoice process. The Buyer, or its nominated third party service provider, may, at its absolute discretion and on an annual basis, audit the Supplier's compliance with the requirements of this clause 4.5.1 and the Supplier agrees to provide all necessary facilities and assistance for such audit to take place;
 - (h) the Buyer and Supplier agree that if either elect to cease operating the Self-Billed Invoice process, then they will notify the other in writing and the Buyer will cease raising Self-Billed Invoices within 1 (one) year of receipt or provision (as applicable) of such notice; and
 - (i) if the Buyer is unable to raise Self-Billed Invoices, this clause 4.5.1 will cease to apply and the Buyer and Supplier agree to use the invoicing method set out in clause 4.4;
- 4.5.2 notwithstanding clause 4.4, where the Supplier has not registered to participate in a goods collection service with the Buyer or an Affiliate of the Buyer or where the issue of a Self-billed Invoice is not permitted under applicable Law then the Supplier will be entitled to invoice the Buyer after the later of the Scheduled Delivery Date or the Delivery of all the Deliverables. The Supplier will agree the format of the invoice in advance and in accordance with the Buyer's instructions;
- 4.5.3 the Supplier is liable to pay any VAT due on the Deliverables to its local tax authorities as output tax; and
- 4.5.4 For the purpose of converting the applicable VAT amount into GBP (£) Sterling, the Buyer will use the currency conversion rates as published by Reuters (on its webpage), at the end of the business day of the Thursday prior to the start of each Accounting Period (for the purposes of this clause 4.5.4 only, "Accounting Period" means the period during which the financial year is divided in to 12 calendar month periods for the Buyer's accounting purposes).

4.6 Subject to Supplier's compliance with its obligations in clause 4.4 or 4.5 (as applicable) and provided the Deliverables have been accepted in accordance with clause 6 (Acceptance) , then the Self-billed Invoice or invoice (as applicable) will be due and payable by the Buyer on the first Friday seventy-five (75) days after the issue of the Self-billed Invoice or the receipt of a valid, complete, accurate and undisputed invoice from the Supplier, as applicable. If such a Friday is not a normal banking day in the United Kingdom then payment will be made on the following normal banking day in the United Kingdom.

4.7 Subject to and in accordance with clause 4.6, the Buyer will electronically transfer payment to the Supplier using (at the Buyer's option) BACS transfer or wire transfer and unless otherwise agreed between the Parties, the Supplier acknowledges and agrees that the Buyer will not be responsible for any charges incurred on the payment from intermediary banks during the transfer of such payment to the Supplier. Unless otherwise agreed between the Parties, the Buyer will not make payments to third parties (other than to the Supplier's account with a reputable bank).

- 4.8 The Supplier will notify the Buyer as soon as practicable if: (i) its VAT registration number changes; (ii) it ceases to be VAT registered; and/or (iii) there are any other changes which may affect how VAT is assessed in relation to the Contract.
- 4.9 Without prejudice to any other right or remedy, the Buyer will be entitled, at its sole discretion and without notice, to set-off any liability or amount owed by it to the Supplier under the Contract against any liability of the Supplier or any Supplier Affiliates to the Buyer or any of the Buyer Affiliates (including any amounts arising under any indemnity in the Contract) under the Contract or under any other agreement, whether such liability is present, future, actual, contingent, disputed, liquidated or unliquidated and regardless of the currency in which such liabilities arise.
- 4.10 If the Supplier does not receive any amount due from the Buyer under the Contract on its due date (pursuant to clause 4.6 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. The Parties agree that without prejudice to clause 17.4.2, Supplier's entitlement to such interest is the Supplier's sole and exclusive remedy in respect of any late payment by Buyer.
- 4.11 No variation in the price nor extra charges can be made (whether on account of increased material, labour or transport costs, fluctuation in rates of exchange or otherwise) without the prior written consent of the Buyer. In addition to this, the Supplier will at all times, and will ensure that its suppliers will at all times, enact or implement any available exemptions and/or reliefs from Tariffs (including but not limited to the use of inward processing relief, duty drawback, temporary import bond, foreign trade zone, deep processing model and defence exemptions) and will provide to the Buyer upon request any information regarding the status of the Supplier's (and its suppliers') applications in respect of such exemptions and/or reliefs and the effects on its costs (where applicable). The Supplier will absorb any increase in costs resulting from Tariffs and will not pass such costs on to the Buyer.
- 4.12 The Buyer will make all payments under the Contract without any Tax Deduction unless applicable law requires a Tax Deduction to be made. If a Tax Deduction is required by law to be made by the Buyer::
- 4.12.1 the Buyer may make the minimum Tax Deduction permitted by law;
- 4.12.2 and subject to the Supplier providing the Buyer with a valid and properly completed government form (such as the appropriate W-8 form) authorizing the Supplier to reduce or eliminate the amount of Tax Deduction, the Buyer will reduce the amount of the Tax Deduction to the amount permitted under the terms of such form;
- 4.12.3 the Buyer will deliver to the Supplier an official receipt, or if an official receipt is not available, such other evidence satisfactory to the Supplier (acting reasonably) that the Tax Deduction has been made or, as applicable, any supporting payment paid to the relevant taxing authority.

For the purposes of this clause 4.12, "**Tax Deduction**" means a withholding or deduction for or on account of Tax and "**Tax**" means all present and future income, turnover, business, license, corporation, capital gains, franchise, export/import, registration, stamp, documentary and other taxes, levies, duties, imposts, fees and charges of whatever nature together with interest and penalties, if any, and any payments made on them or in respect of them.

- 4.14 If the Buyer receives an invoice from the Supplier, which it disputes in good faith, the Buyer will notify the Supplier in writing of such dispute as soon as reasonably practicable and the Buyer may withhold payment of such sums as are in dispute pending resolution of such dispute with the Supplier.
- 4.15 The Supplier will, no later than 60 (thirty) days from receipt of a request from the Buyer, provide a completed CCW (or, as applicable, updated CCW) with full and then current information. For these purposes, "**CCW**" means a component cost worksheet applicable to each Deliverable in such form as Buyer requests and containing cost information reasonably required by the Buyer to allow it to assess the potential for reducing the cost of the Deliverables.
- 4.16 Within 90 (ninety) days of Buyer's written request, Supplier will provide the Buyer with a draft CIP regarding the Deliverables. For each draft CIP submitted by the Supplier, the Buyer may: (i) require further information or amendments (in which case the Supplier will provide the same), or (ii) approve the plan and once approved by the Buyer it will become the CIP.
- 4.17 The Supplier will implement and comply with the CIP. The output of all cost reduction activities set out in the CIP will be reflected in a reduced price for the Deliverables which reflects the full saving achieved and will take effect from the date of implementation of the relevant cost reduction activity.
- 4.18 If the Buyer determines that the Supplier has failed to implement one or more cost reduction initiatives within the timescales specified in the then current CIP, the price of the relevant Deliverable will be deemed uncompetitive and each such Deliverable will be an "**Uncompetitive Deliverable**". The Buyer will provide written notice of such a determination ("**Notice of Uncompetitive Deliverable**"). If the Supplier cannot disprove the Buyer's findings to the Buyer's reasonable satisfaction within 30 (thirty) days of the date of the Notice of Uncompetitive Deliverable, then the Supplier will promptly reduce the

price of such Uncompetitive Deliverable(s) to at least the level to which it would have been reduced pursuant to clause 4.17 had the Supplier implemented the relevant cost reduction initiative in accordance with the CIP.

5. DELIVERY OF DELIVERABLES

5.1 In respect of Deliverables:

5.1.1 it is a material condition of the Contract that the Supplier will, unless otherwise stated in the Order, Deliver each Deliverable to the relevant Buyer in accordance with FCA Incoterms (2020) on the Scheduled Delivery Date to the Delivery Location with all documentation required by the Contract;

5.1.2 the Supplier will participate in a goods delivery service with the Buyer;

5.1.3 the Supplier:

(a) will not, as a material condition of the Contract, supply any Deliverables made using any materials or components provided by the Buyer to any party other than the Buyer, the Buyer's Affiliates or an entity in the Buyer's Group; and/or

(b) agrees that in consideration for the IPR and Information provided to the Supplier by the Buyer as well as technical assistance to expedite the Supplier's qualification, funding for tooling, cost of non-recurring expense and qualification pieces, the Supplier agrees that it may sell Deliverables contemplated by the Contract (including revisions over time) only to the Buyer (or its Affiliates) or to third parties authorized in writing by the Buyer. Any sale of such Deliverables to any third party without express written consent from the Buyer will constitute a material breach of the Contract for which the Buyer will be entitled to obtain immediate injunctive relief without the necessity of posting bond, in addition to any other remedy available at law or in equity;

5.1.4 the Supplier will ensure, as a material condition of the Contract, that title to a Deliverable transfers to the Buyer on receipt at the Buyer's designated facility with full title guarantee and free from all Security Interests. Notwithstanding anything contained in the FCA Incoterm (2020), risk of loss or damage to a Deliverable will pass to the Buyer on Delivery and not before; and

5.1.5 the Supplier will maintain a stock of the Deliverables at its premises. This stock will:

(a) be maintained at Supplier's cost;

(b) be in addition to the Deliverables which are required to fulfil Binding Orders and Supplier's obligations under the Buyer's quality requirements on the R-R Website; and

(c) unless otherwise specified in the Contract, be no less than 10% (ten percent) of the Trade Off Zone Volume. For this purpose, "**Trade Off Zone Volume**" means, at the relevant time, the total number of Deliverables of the relevant type having a Scheduled Delivery Date within the Trade Off Zone.

5.2 Subject to clause 11 (Force Majeure), if the Supplier fails to Deliver a conforming Deliverable on the Scheduled Delivery Date, then Supplier will pay Buyer, as liquidated damages, the amount equal to two and a half percent (2.5%) of the price of the delayed Deliverable for each seven-day (7) period of delay subject to a maximum of ten percent (10%) of the price of the Deliverable so delayed. Buyer and Supplier acknowledge and agree that:

5.2.1 the payment of such liquidated damages is only intended to compensate Buyer for the internal management costs arising from the need to manage the consequence of the delay within Buyer's production processes up to and including the fourth complete week of delay ("**Internal Management & Production Disruption Cost**");

5.2.2 the payment of such liquidated damages does not and is not intended to compensate Buyer for Losses other than the Internal Management & Production Disruption Costs and therefore is without prejudice to any other of Buyer's rights including, without limitation, Buyer's right to recover Losses caused by the relevant delay (excluding Internal Management and Production Disruption Costs); and

5.2.3 for the avoidance of any doubt, Buyer will have no right to recover liquidated damages and actual Losses in respect of the Internal Management and Production Disruption Cost.

- 5.3 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.
- 5.4 All Deliverables covered by the Contract are subject to the Buyer's Third Party Logistics (3PL) program.
- 5.5 For ocean shipments to the United States, the Supplier will provide the following data elements via electronic mail to the Rolls-Royce Customs Compliance Office-US a minimum of three (3) business days prior to cargo lading to comply with Importer Security Filing (ISF) requirements: (a) Automated Manifest System (AMS) bill of lading number (lowest level), (b) vessel name, (c) voyage number, (d) cargo lading date, (e) seller name and address, (f) buyer name & address, (g) Importer of Record Number, (h) consignee number, (i) manufacturer (Supplier) name and address, (j) ship-to name and address, (k) Container Stuffing location name and address, (l) Consolidator (Stuffer) name and address, (m) Country of origin, (n) Harmonized Tariff Number, and (o) R-R part number of each invoice line item. The ISF pre-alert will also include invoice(s) for the shipment.
- 5.6 The Supplier agrees to participate in an inventory management and continuous replenishment program ("VMI Program") with a third party logistics provider ("3PL") at a Buyer designated 3PL facility for Deliverables mutually agreed to and specified as vendor managed inventory parts. The Supplier will enter into any necessary agreements with the 3PL and will have the VMI Program fully implemented no later than forty-five (45) days after the Effective Date or as agreed upon with the Buyer.

6. ACCEPTANCE

- 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 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 or inspections, the Buyer will in respect of Deliverables, if the Buyer is not satisfied that the Deliverables are in full conformance with the requirements of the Contract, have the right to reject the Deliverables, in whole or in part, within a reasonable period of time following the Delivery, not to be less than forty-five (45) days in any circumstances.
- 6.3 Any acceptance of the Deliverables by the Buyer 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).
- 6.4 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 thirty (30) days of such notification. If the Supplier does not collect the Deliverable within thirty (30) days of the notification of rejection, the Buyer may scrap or dispose of the Deliverable at the Supplier's cost. If the Buyer rejects a Deliverable the Supplier agrees and acknowledges that the Buyer will have no liability in respect of any payments due for such rejected Deliverable and the Supplier will reimburse the Buyer any prepaid payments in respect of any rejected Deliverable within fourteen (14) days following receipt of notification by the Buyer (in accordance with this clause 6.4).

7. BUYER PROPERTY

- 7.1 Buyer Property and title therein (including in respect of tooling produced pursuant to an Order) will remain the property of the Buyer or its Affiliate or the relevant nominee (as applicable) at all times.
- 7.2 Buyer Property while in the Supplier's custody or control will be held at the Supplier's risk and the Supplier will at all times:
- 7.2.1 be fully responsible for any loss of, or damage to any Buyer Property with the exception of normal wear and tear;
 - 7.2.2 only use the Buyer Property for the purposes of the Contract or fulfilling Orders or as otherwise instructed or authorised in writing by the Buyer;
 - 7.2.3 at the Supplier's expense, keep the Buyer Property insured in an amount equal to the replacement cost with insurance proceeds payable to the Buyer or its Affiliate or their nominee (with all Losses payable to the Buyer);
 - 7.2.4 ensure that the Buyer Property is kept separate from other property and plainly and permanently marked or otherwise adequately identified by the Supplier as belonging to the Buyer or its Affiliate (or their nominee) or to such other third party as notified by the Buyer;

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- 7.2.5 at the Supplier's expense, maintain and keep in good condition the Buyer Property (fair wear and tear excepted) at such locations as specified in the Order or as otherwise approved in advance in writing by the Buyer and in respect of Deliverables at the Supplier's expense, maintain and keep in good condition all such tools, material and equipment in order that such tools, materials and equipment at all times have the capacity to produce parts in conformance with the Contract; and
- 7.2.6 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.
- 7.3 The Supplier will promptly provide the Buyer with a list of the Buyer Property and the location of such Buyer Property and, if appropriate, a forecast of the remaining usable life of such property:
- 7.3.1 at monthly intervals or as otherwise agreed upon to the extent necessary under applicable Law and in any event no less than within thirty (30) days of each anniversary of the Effective Date;
- 7.3.2 on the request of the Buyer;
- 7.3.3 on the termination of the Contract; and/or
- 7.3.4 when all of the Deliverables have either been cancelled or delivered.
- 7.4 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 and will not dispose of the Buyer Property at any time other than in accordance with the Buyer's written instructions or authorisation and will deliver the Buyer Property in the same condition as originally received by the Supplier, reasonable wear and tear excepted, at the Supplier's expense..
- 7.5 The Supplier will indemnify the Buyer or its Affiliates against any and all liability for loss or damage to the Buyer Property or injury to or death of persons arising from or incidental to the presence or use of the Buyer Property, whether such loss, damage, injury, or death be caused by defects in such property, negligence in the use of such property, strict liability or otherwise.
- 7.6 The Supplier grants to the Buyer a security interest in all Buyer Property. The Supplier agrees to cooperate, execute and deliver a brief description of the collateral or such financing statements, amendments and other necessary documents requested by the Buyer so that they Buyer may establish and maintain its security interest. The Supplier irrevocably authorizes the Buyer to file the financing statements and amendments as required by Article 9 of the Uniform Commercial Code or any equivalent state statute. In the event of the Supplier's bankruptcy or the Supplier defaults on any of its realty leases, and without prejudice to any other right which Buyer may have in respect of Buyer Property, the Buyer reserves the right to enter the Supplier's premises during normal business hours to remove all Buyer Property.
- 7.7 The Supplier agrees to do such reasonable acts and things and deliver or cause to be delivered such other documents as the Buyer may deem necessary to establish and maintain a valid security interest in the Buyer Property referenced in clause 7.6 (free of all other liens and claims except permitted encumbrances) to secure the payment and performance of the Contract and to defend title to the Buyer Property against any person(s) claiming any interest therein adverse to the Buyer. the Buyer will execute and file a financing statement in those public offices deemed necessary to protect the security interests of the Buyer herein granted. If permitted by Law, the Supplier agrees that a carbon, photographic or other reproduction of a financing statement may be filed as a financing statement. At its own expense, each party to the Contract, as applicable will, and will use all reasonable endeavors to procure that the necessary third party will promptly execute and deliver such documents and perform such acts as may be reasonably required for the purpose of giving full effect to the Contract.
- 7.8 Nothing in this clause 7 will be deemed to affect the rights, if any, of the United States Government in Buyer Property.

8. **QUALITY, CHANGE CONTROL AND OBSOLESCENCE**

- 8.1 The Supplier warrants and represents that it will comply and it will ensure that, where applicable, the Deliverables will comply in full with any requirements set out in the Global Supplier Portal, 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 Subject to clause 8.3 and 8.4 and clause 21.15, the Supplier will incorporate the Buyer's requested Changes in accordance with the Change Control Process and will procure that its sub-contractors and suppliers comply with and undertake any and all relevant Changes.
- 8.3 This clause 8.3 only applies in Contracts under which the Supplier is contracted to design and supply the Deliverables and is without prejudice to clause 21.15. Up to and including the Design Change End Date, the Supplier will accept all Changes and fund all associated recurring and non-recurring costs, (including any third party charges and costs) including costs after such period in respect of Changes requested during such period, as requested by the Buyer.
- 8.4 Subject to clause 8.3 and 8.5 (as applicable), if a Change will increase the cost of a Deliverable, then the Buyer and Supplier will enter into good faith discussions to agree a revised price. The revision to the price will reflect only the impact of the Change on the Supplier's costs, as demonstrated by the Supplier to the reasonable satisfaction of the Buyer. Any decrease in the cost of a Deliverable arising from a Change will be reflected in a reduction to the price in accordance with clause 4.15. Pending agreement on the revised price, Supplier will continue to supply the unmodified Deliverable in accordance with the Contract.
- 8.5 This clause 8.5 only applies in Contracts under which the Supplier is contracted to design and supply the Deliverables and is without prejudice to clause 21.15. The Supplier will take all actions (and bear the costs of any necessary Change) to ensure that the Deliverables are not affected by obsolescence including but not limited to the following:
- 8.5.1 periodically monitoring availability of Deliverables to identify actual or potential obsolescence issues:
 - 8.5.2 providing regular reports to the Buyer of relevant obsolescence issues in an agreed format;
 - 8.5.3 making recommendations to the Buyer of actions to be taken to mitigate any identified obsolescence issues, including cost and timescale impact; and
 - 8.5.4 work with the Buyer to ensure that any customers of the Buyer do not suffer any delay or financial impact as a result of such obsolescence and to ensure that continuity of supply of Deliverables is sustained.

9. REMEDY FOR DEFECTS

- 9.1 Notwithstanding clause 6 (Acceptance) and, in each case, without prejudice to Buyer's other rights and remedies at law or otherwise::
- 9.1.1 if a Deliverable has a Defect then the Supplier will, on written notice from the Buyer and at the sole discretion of the Buyer:
- (a) collect the Deliverable from its then current location, repair or replace the Deliverable and Deliver the repaired or replacement Deliverable at the Supplier's sole cost to the location specified by Buyer (such costs to include any transportation costs, any costs related to the removal or re-installation of the Deliverable from any higher assembly item and any other costs that the Buyer incurs that it would not have incurred but for the Defect);
 - (i) within thirty (30) days of the Buyer's written notice; or
 - (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 and repair or replace and Deliver the repaired or replacement Deliverable within the timescale stated in the Buyer's written notice; or
 - (b) promptly refund the price of the Deliverable to the Buyer in full; and
 - (c) indemnify the Buyer in full for any costs the Buyer incurs in obtaining a Deliverable (or any equivalent item) from a third party, such costs to be paid within thirty (30) days of the Buyer sending an invoice to Supplier for such costs.
- 9.1.2 if the Buyer notifies the Supplier that it intends to exercise its rights under clauses 9.1.1(b) or 9.1.1(c), the Supplier will collect the defective Deliverable, at the Supplier's sole cost, from the Buyer within thirty (30) days of such a notification and risk and title to the defective Deliverable will pass to the Supplier on collection. If the Supplier does not collect the defective Deliverable within thirty (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 9.2.1(a), risk

in the defective Deliverable will pass to the Supplier on collection, risk in a repaired Deliverable will pass back to the Buyer on re-Delivery and risk in a replacement Deliverable will pass to the Buyer on Delivery.

9.1.3 If the Supplier fails to rectify the Defect in accordance with clause 9.2.1(a)(i) or (ii) (as applicable) the Buyer may without prejudice to its other rights and remedies:

- (a) choose to accept the Defect and the Buyer will be entitled to reasonably adjust the price of the Deliverable;
- (b) rectify or arrange to have rectified the Defect (in each case, at Supplier's cost); or
- (c) procure the Deliverables from alternate sources in order to meet the Buyer's requirements (it being acknowledged by Supplier that Buyer's Losses arising from the Defect will include, but not be limited to, any increase in the cost to Buyer of procuring the Deliverables from an alternative source).

9.1.4 if a Deliverable has a Defect, the Supplier acknowledges that the Buyer may incur associated internal administrative costs and so the Cost of Non-Quality Terms will apply and the Supplier will comply with the same (including payment of any charges specified in such terms). Supplier acknowledges and agrees that:

- (a) the payment of such charges is only intended to compensate Buyer for the internal management costs arising from the need to process the Defect within its quality management processes ("**Defect Processing Cost**");
- (b) the payment of such charges does not and is not intended to compensate Buyer for Losses other than the Defect Processing Cost and therefore is without prejudice to any other of Buyer's rights including, without limitation, Buyer's right to recover Losses caused by the relevant Defect (excluding Defect Processing Costs); and
- (c) ; for the avoidance of any doubt, Buyer will have no right to recover liquidated damages and actual Losses in respect of the Defect Processing Cost; and

9.1.5 the Supplier hereby acknowledges that for the purposes of this clause 9.1, if the Defect is a latent defect the latest the Buyer can exercise its rights under clause 9.1 will be three (3) years from the date the Buyer becomes aware of such latent defect.

9.2 The representations and warranties set out at clause 3.2 will apply in full to any Deliverable that is repaired pursuant to this clause 9 and any replacement Deliverable provided by Supplier pursuant to this clause 9.

10. **SOLE RECOURSE**

For the purposes of this Clause 10, a 'Buyer customer' means any agency or division of the government of the United States of America which acquires goods and/or services directly or indirectly from Buyer or any Affiliate of Buyer which, in each case, incorporate or include the provision of the Deliverables. Without prejudice to any other term of the Contract the effect of which is to exclude or limit the liability of Buyer or any Affiliate of Buyer, Supplier acknowledges and agrees the following in relation to any Buyer customer:

10.1 Supplier's sole recourse in respect of the Contract is against Buyer; and

10.2 it will not, in respect of the subject matter of the Contract, commence any claim or proceedings in any court or other forum against any Buyer customer other than pursuant to and in accordance with the United States of America Federal Tort Claims Act or such other applicable law of the United States of America or any state thereof; and

10.3 to the extent set out in Clause 10.2, this Clause 10 grants rights to and is intended to be enforceable by any Buyer customer and Buyer may disclose this Clause 10 and any other terms of the Contract to the extent necessary to give effect to this Clause 10.

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:
- 11.3.1 full details of the Force Majeure Event;
 - 11.3.2 its anticipated effect; and
 - 11.3.3 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 and without any liability to the Supplier, cancel any of its Order(s) under the Contract in respect of some or all of the Deliverables.
- 11.5 In the event of cancellation pursuant to clause 11.4 the Supplier will repay to the Buyer any amount paid by the Buyer in respect of the cancelled Deliverables before their cancellation and clause 2.10 will not apply to any cancellation made under clause 11.4 and neither Party will have any other liability to the other in respect of such cancellation.

12. SUPPLY OF INFORMATION, RIGHTS OF INSPECTION AND PERFORMANCE PLANS

- 12.1 The Buyer may, in its absolute discretion and at any time before the termination or expiry of the Contract or the Delivery or cancellation of all of the Deliverables (pursuant to clause 2.10) inspect or nominate a Permitted User, a regulatory body, an independent third party or a customer of the Buyer (together for the purposes of this clause 12 "Inspector"), to inspect:
- 12.1.1 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 Deliverables;
 - 12.1.2 any processes, procedures, policies, systems or plans used by the Supplier in connection with the supply of Deliverables;
 - 12.1.3 any materials used, or to be used, by the Supplier in connection with the supply of Deliverables;
 - 12.1.4 the Deliverables themselves, regardless of what stage they are at in the manufacturing, assembly or supply process; and
 - 12.1.5 any financial information of the Supplier, including any annual report, interim accounts or monthly management accounts, income statements, balance sheets, cash flow statement and supporting data, of the Supplier and of any related company of the Supplier involved in producing, supplying, or financing the Deliverables or any component part of the Deliverables and the Buyer may use financial such financial information provided under this clause 12.1.5 only to assess the Supplier's ongoing ability to perform its obligations under the Contract and for no other purpose, unless the Supplier agrees otherwise in writing;
- and the Supplier will co-operate to the fullest possible extent with the Buyer to ensure the Buyer or, as applicable, the Inspector is able to conduct and complete such inspections promptly and to the Buyer's satisfaction.

- 12.2 The Buyer will give the Supplier reasonable written notice of its intention to exercise its rights under clause 12.1.
- 12.3 The Supplier will ensure that the Buyer is able to exercise all its rights set out in clause 12.1, 12.2 and 12.5 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 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 the Supplier may be unable to perform its obligations under the Contract, the Buyer may:

- 12.5.1 require the Supplier to provide written evidence, to the Buyer's satisfaction, that the Supplier is able to fulfil its obligations under the Contract within thirty (30) days of the Buyer's request. If the Supplier fails to provide such evidence within thirty (30) days of the Buyer's request, the Buyer may treat that failure as a material breach and terminate the Contract in whole or part;
- 12.5.2 deploy its representatives (being either its own employees or contractors or those from its nominated service provider) to the Supplier's relevant site to provide recommendations to the Supplier on how Supplier may remedy or mitigate any existing non-conformance with the Contract and/or attempt to avoid any future non-conformance with the Contract (a "**Performance Plan**"). Buyer will ensure that its representatives consult with Supplier in preparing any Performance Plan and will ensure that its nominated service provider is subject to reasonable confidentiality obligations in respect of any Performance Plan and confidential information belonging to Supplier which is disclosed to its representatives pursuant to clause 12.6.1.
- 12.6 The Supplier will:
- 12.6.1 provide Buyer's representatives with all information reasonably required to enable them to prepare a Performance Plan and permit Buyer's representatives to access Supplier's relevant site(s) for the purposes of preparing and monitoring the Supplier's implementation of a Performance Plan;
- 12.6.2 implement, in full, any Performance Plan; and
- 12.6.3 by later than [30] days after Buyer's written demand, reimburse Buyer's reasonable and properly incurred costs arising from the preparation and implementation of the Performance Plan (including the cost to Buyer of using a nominated service provider to prepare and monitor the implementation of the plan)
- 12.7 Without prejudice to clause 17.1.1(c), 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.
- 12.8 Any:
- 12.8.1 inspections carried out by the Buyer, a Permitted User, a regulatory body or an independent third party in accordance with this clause 12: and/or
- 12.8.2 preparation, implementation or non implementation of a Performance Plan;
- will not, in each case, imply any waiver of the Supplier's obligations or Buyer's rights under the Contract.
- 12.9 The Supplier will, on request, promptly provide the Buyer with a certificate of origin for any Deliverable or part of any Deliverable, and ensure that each such certification reflects the requirements of the World Trade Organization Trade Facilitation Agreement (where applicable).

13. **SUBCONTRACTORS**

- 13.1 The Supplier will not, without prior written notice to the Buyer, sub-contract, transfer or part with any right or obligation under the Contract nor delegate any of its responsibilities or obligations under the Contract, provided always that the Supplier will be liable for the acts and omissions of the sub-contractor and will ensure that such sub-contractor's performance and/or delivery in connection with the Contract conforms to the requirements of the Contract ("**Authorised Sub-contractor**"). The Buyer may in its sole discretion and at any time during the term of the Contract, prohibit the use of a sub-contractor by the Supplier and the Supplier will not utilise such sub-contractor in the performance of the Supplier's obligations under the Contract.
- 13.2 The Supplier will ensure that any sub-contract agreed between the Supplier and an Authorised Sub-contractor will be subject to:
- 13.2.1 the Supplier entering into a legal binding agreement or commitment with the Authorised Sub-contractor that contain clauses that are materially similar to those in the Contract; and
- 13.2.2 each sub-contract containing a term prohibiting the Authorised Sub-contractor from sub-contracting any of its obligations.

13.3 The Supplier will, immediately on the Buyer's request, terminate the relevant sub-contract with the Authorised Sub-contractor.

14. **WORKFORCE MATTERS**

14.1 The Supplier will ensure that all Staff:

14.1.1 are in sufficient number, suitably experienced, qualified, skilled and trained to the level expected of a specialist professional providing services required for the performance of the Contract to customers of the same nature as the Buyer, its Affiliates and any Permitted Users and will ensure that such Staff will act at all times in a professional manner;

14.1.2 observe and comply with all health and safety rules and regulations and security requirements and other procedures and other regulations (including health, safety and site policies) in force at any relevant Buyer or Permitted User premises; and

14.1.3 observe and comply with the Global Supplier Code of Conduct and any other applicable codes of practice as set out on the Global Supplier Portal.

14.2 Staff will at all times remain employed or engaged by the Supplier and the Supplier will meet all employment costs and liabilities in respect of Staff.

14.3 The Supplier will not without the prior consent of the Buyer allow any person on to any of the Buyer's sites other than those persons directly engaged in performing the services required for the performance of the Contract.

15. **CYBER SECURITY**

15.1 The Supplier will and will procure that any Authorised Sub-contractor(s) will comply with the Rolls-Royce Supplier Minimum Cyber Security Standard together with any applicable Laws, in connection with the supply of Deliverables under the Contract.

15.2 If the Supplier is unable to comply with, or at any time during the term of the Contract ceases to comply with, any security measures contained in the Rolls-Royce Supplier Minimum Cyber Security Standard (including any changes to certifications and accreditations) the Supplier will immediately notify the Buyer and unless otherwise directed by the Buyer, the Supplier will provide the Buyer with a cyber implementation plan within thirty (30) days from the date of such notification and the Parties will agree in good faith the remedial actions required.

15.3 Unless otherwise agreed between the Parties, the Supplier agrees to complete all remedial actions agreed pursuant to clause 15.2, to the Buyer's reasonable satisfaction within six (6) months from the date of the Supplier's notification pursuant to clause 15.2 and the Parties will review progress of such cyber implementation plan no less than once every four (4) weeks.

15.4 The Supplier will (and will procure that any Authorised Sub-contractor will) if so requested by the Buyer on reasonable notice and no more than once per annum, submit to periodic formal security reviews conducted by the Buyer or the Buyer's third-party representatives (or by the Supplier on any Authorised Sub-contractor) to:

15.4.1 review and verify the confidentiality, integrity and security of any data relating to the Contract; and

15.4.2 review the Supplier's compliance with the Rolls-Royce Supplier Minimum Cyber Security Standard and the Contract.

15.5 The Supplier will (and will procure that any Authorised Sub-contractors will) submit to a review by the Buyer and/or its third-party representatives in the event of a Cyber Security Incident in order to assess the impact of the Cyber Security Incident on the Buyer.

15.6 In the event of a breach of this clause 15 by the Supplier, including failure by the Supplier to provide a cyber implementation plan in accordance with clause 15.2 and/or complete the remedial actions within any agreed timelines pursuant to clause 15.3, the Buyer may, in its sole discretion:

15.6.1 extend the timeline for submission of a cyber implementation plan or completion of the remedial actions (if, and as, applicable);

15.6.2 suspend the Contract;

15.6.3 agree in good faith any additional measures (including technical and organisational) to protect and secure the Buyer's Information and implement the same within timescales to be agreed between the Parties; or

15.6.4 immediately terminate the Contract by written notice to the Supplier.

15.7 The Supplier will (and will procure that any Authorised Sub-contractors will) notify the Rolls-Royce Security Operations Centre and submit a summary report to the Buyer, as soon as reasonably practicable, in the event of:

15.7.1 a Cyber Security Incident or any action that causes or in the Supplier's (and/or the relevant Authorised Sub-contractor's) reasonable opinion may cause a Cyber Security Incident;

15.7.2 a breach of this clause 15; and/or

15.7.3 a breach of clause 18 (*Confidentiality*).

16. DIRECTED BUY AND THIRD PARTY AGENTS

16.1 If the Buyer nominates a third party vendor for the supply of materials or components to the Supplier regarding the Deliverables the Supplier will purchase them from such third party (a "**Direct Buy Vendor**").

16.2 Where applicable the Buyer may disclose the relevant terms (or relevant parts of those terms) it has agreed with the Direct Buy Vendor (and any changes to such terms from time to time) to the Supplier in writing (the "**R-R Supply Chain Terms**"). The Supplier will enter into an agreement with such Direct Buy Vendor for the supply of the relevant materials and components. Such agreement will contain the R-R Supply Chain Terms and may also contain other terms provided they do not conflict with, or otherwise diminish or impair the benefit of the R-R Supply Chain Terms. The Supplier will use such materials and components only for the manufacture of Deliverables under the Contract. At any time, a Buyer may change any such Direct Buy Vendor or any R-R Supply Chain Terms (including price) in respect of Deliverables and will notify the Supplier of the change. Such change will only be effective if approved by all Buyers under the Contract.

16.3 If there is a conflict between the terms of the Contract and the R-R Supply Chain Terms and, due to a breach of the R-R Supply Chain Terms by the Direct Buy Vendor, the Supplier is liable to a Buyer and is prevented from recovering such liability from the Direct Buy Vendor due to the terms of the R-R Supply Chain Terms, the Buyer's rights and remedies against the Supplier will be restricted to those rights and remedies which the Supplier in turn has under the R-R Supply Chain Terms.

16.4 Any changes to:

16.4.1 the price of material and components purchased from a Direct Buy Vendor (where such change is in accordance with the R-R Supply Chain Terms or otherwise agreed by all relevant Buyers); or

16.4.2 the price of materials and components caused by an addition of, or change to, the Direct Buy Vendors (or the materials or components they supply);

may (subject to the remainder of this clause 16.4) result in a proposed change to the price of the relevant Deliverables but such proposed change in price of Deliverables will, if agreed in writing by the Parties, be limited to that required to pass through to the Buyer, without margin, the cost or benefit of the relevant change in price of material or components. Such proposed change in price must be notified in writing by the Supplier to the relevant Buyer and will be subject to the written agreement of the Parties acting reasonably, provided always that each relevant Buyer will be entitled, at its sole discretion, to reject any proposed increase to the Price that relates to Tariffs payable in respect of the relevant material or components either by the Supplier or the Direct Buy Vendor. The Supplier will not submit any proposed change in the price (under this clause or otherwise) that relates, directly or indirectly to Tariffs and any proposed change in respect of the price that relates directly or indirectly to Tariffs will have no force and effect.

16.5 On request of a Buyer, the Supplier will enter into and comply with a supply agreement ("**Supply Chain Supply Agreement**") regarding the Deliverables with a Buyer Affiliate, sub-contractor, supplier or risk and revenue sharing participant on the same or more favourable terms (including at the same or a more favourable price) as the Contract (subject to such amendments as may be required to comply with the local Law of such Affiliate, sub-contractor, supplier or risk and revenue sharing participant) and for these purposes the Buyer may disclose the terms of the Contract to such Affiliates, sub-contractors, suppliers and risk and revenue partners. Failure by the Supplier to comply with a Supply Chain Supply Agreement will also be deemed to be a breach of the Contract by the Supplier. For the purposes of this clause 16.5, 'more favourable' means more favourable from the perspective of the Buyer Affiliate, sub-contractor, supplier or risk and revenue sharing participant.

- 16.6 At any time during the term of the Contract, Buyer may appoint a third party agent to manage and perform part or all of the Contract on Buyer's behalf. If Buyer appoints such an agent:
- 16.6.1 Supplier will, in relation to the performance and administration of the Contract, comply with instructions given to Supplier by any such agent as if those instructions had been given by Buyer;
 - 16.6.2 any order submitted by the agent in relation to the Contract will be treated in all respects as an Order;
 - 16.6.3 Supplier will accept the agent's performance of the Contract as if it were by Buyer; and
 - 16.6.4 Buyer may disclose Information to the agent to the extent required to enable the agent to perform its obligations to Buyer. Buyer will ensure that it has suitable confidentiality terms in place with the agent.

17. TERMINATION

17.1 The Buyer may, without prejudice to its other rights or remedies under the Contract terminate the Contract in whole or in part without liability to the Supplier:

17.1.1 immediately on written notice to the Supplier, if:

- (a) the Supplier suffers an Insolvency Event;
- (b) the Supplier ceases or threatens to cease to carry on its business;
- (c) there is a Change of Control of the Supplier;
- (d) the financial position of the Supplier deteriorates to such an extent that in the opinion of the Buyer the capability of the Supplier to adequately fulfil its obligations under the Contract has been placed in jeopardy;
- (e) the Supplier becomes an Affiliate of a Competitor;
- (f) the Supplier breaches clauses 5.1.1, 18 (Confidentiality), 21 (Compliance with Law) or clause 23 (Ethics);
- (g) any representation or warranty made by the Supplier in clause 3.1 is or becomes incorrect;
- (h) 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 the relevant Affiliate of the Buyer has a right to terminate such agreement following a breach by the Supplier or an Affiliate of the Supplier's (or its Affiliate's) obligations under such agreement;
- (i) 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 thirty (30) days of receiving from the Buyer written notice of the breach and a request to remedy the breach; or
- (j) the Buyer reasonably believes that any of the events mentioned above is about to occur in relation to the Supplier;

17.1.2 immediately on written notice pursuant to clauses 3.2.2, 15.6, 23.5 and 24.8.3; or

17.2 On termination of the Contract, for whatever reason, the Supplier will promptly return to the Buyer or at the Buyer's request destroy (and the Supplier will provide written certification of such destruction) so that the Information is no longer retrievable, all Information relating to the Contract and all copies thereof and all other materials, data, information, documentation and the like (including such materials which are electronically stored) which have been provided, used or processed or created by or on behalf of the Buyer in respect of the Contract.

- 17.3 On termination in accordance with clause 17.1 , the Supplier will, if required by the Buyer to do so:
- 17.3.1 promptly provide the Buyer (and any Permitted User and/or a third party engaged by the Buyer to complete the Deliverables (for the purposes of this clause 17.3 only, together the “**Users**”)) with and licence the Buyer (and any Users) to use, or ensure that the Buyer (and any Users) is promptly provided with and the Buyer (and any Users) is (or are) licensed to use, all such designs, documentation, IPR and information as may be necessary to enable the Buyer (and any Users) to complete the Deliverables, over the period of time the Supplier would have completed the Deliverables if the Contract had been performed as originally intended by the Parties. Subject to clause 20 (Intellectual Property Rights), the Buyer (and any Users) will have no right to use such designs, documentation and information provided under this clause 17.3 for any purpose other than completing the Deliverables and/or having a third party complete the Deliverables; and
 - 17.3.2 continue to fulfil Binding Orders and supply Deliverables at the contracted price until the earlier of (a) such time as a satisfactory alternative source of supply for the Deliverables (as determined by the Buyer in its absolute discretion) is approved by Buyer as being able to supply fully conforming Deliverables at Buyer’s required rate of supply; and (b) the date on which the Contract would have expired had it not been terminated.
- 17.4 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:
- 17.4.1 if the Buyer suffers an Insolvency Event (excluding any solvent reorganisation); or
 - 17.4.2 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 (ninety) 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.

18. **CONFIDENTIALITY**

- 18.1 Subject to clause 18.2, 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;
- 18.1.1 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);
 - 18.1.2 not to use the Information other than for the purposes of the Contract;
 - 18.1.3 not to disclose the Information at any time or to any third party without the written approval of the other Party; and
 - 18.1.4 not to remove, alter or deface any proprietary, confidentiality or security designations denoted on the Information.
- 18.2 The provisions of clause 18.1:
- 18.2.1 do not apply to Information which is:
 - (a) already in the public domain;
 - (b) received from a third party who is without an obligation of non-disclosure; or
 - (c) already known (without any obligation of confidentiality) by the receiving Party at the time of receipt.
 - 18.2.2 will not prevent either Party from disclosing the Contract and financial information concerning the business between the Parties to appointed auditors, legal advisers, insurers, accountants and in respect of the Buyer, to any relevant Government(s);
 - 18.2.3 will not prevent the Buyer from using the Information for its internal business purposes;
 - 18.2.4 will not prevent the Buyer from disclosing Information to its Representatives solely to the extent necessary for the purposes of using the Deliverables (as applicable), exercising its rights and performing its obligations under the Contract and/or for its internal business purposes;

- 18.2.5 will not prevent the Supplier from disclosing Information to its Authorised Sub-contractors solely to the extent necessary for the purposes of supplying the Deliverables (as applicable);
- 18.2.6 will not prevent the Buyer from disclosing Information to its Affiliates and/or Permitted Users; and
- 18.2.7 will not prevent the Buyer from disclosing Information protected by the Supplier's IPR, if and to the extent that it is entitled to sublicense the use of such IPR.
- 18.3 Each Party will be responsible for the observance of the provisions of this clause 18 by its employees or any other third parties to whom Information is disclosed in accordance with this clause 18.
- 18.4 If the Party receiving the Information (the "**Receiving Party**") believes it is required by Law to disclose any Information to any third party:
- 18.4.1 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
- 18.4.2 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 on materially similar confidentiality terms as contained in 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.
- 18.5 For the purpose of this clause 18, the Buyer will be deemed to be the Disclosing Party, and the Supplier to be the Receiving Party of any Information that constitutes Manufacturing Foreground IP.

19. **GOVERNMENT FLOW DOWNS**

The Supplier acknowledges that the Buyer and its Affiliates (from time to time) has or have customers including governmental or other public bodies which may require, pursuant to their agreements and arrangements with the Buyer and/or a Buyer Affiliate, that the Buyer and/or a Buyer Affiliate complies with terms, conditions, restrictions and other obligations of such government or other public body (together, the 'government requirements') and the Supplier will and will procure that its Authorised Sub-contractors will comply with any such government requirements provided or made available to the Supplier in writing from time to time. Without prejudice to any other term of the Contract that requires Supplier to procure that its Authorised Sub-contractors take an action, Supplier will procure that its Authorised Sub-contractors include in any relevant contract to which the Authorised Sub-contractor is a party a provision requiring the counterparty to flow down the government requirements to its suppliers. For these purposes, a 'relevant contract' means any contract between an Authorised Sub-contractor and its supplier which relates directly or indirectly to the Deliverables.

20. **INTELLECTUAL PROPERTY RIGHTS**

- 20.1 Subject to clause 20.2, 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. The Supplier acknowledges that the Buyer is the Original Equipment Manufacturer (OEM) of, and owns all right and title to the technical data provided to the Supplier in connection with the Deliverables covered by the Contract.
- 20.2 Subject to clause 20.3, 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, reports, diagrams, documentation, business methods or methods of manufacture ("**Foreground IP**") together with any Enforcement Rights will vest in and become the absolute property of the Buyer. The Supplier hereby assigns, and will ensure that any third party creating Foreground IP on the Supplier's behalf assigns, all Foreground IP to the Buyer with full title guarantee together with all Enforcement Rights, with effect immediately on creation of such Foreground IP, free from any Security Interest and the Supplier will:
- 20.2.1 take all necessary actions, or will ensure that the necessary actions are taken, (including signing any documents) to ensure that such Foreground IP vests in full with the Buyer immediately on creation;
- 20.2.2 ensure that its and its suppliers' employees and contractors waive any moral rights in or relating to any works to which such Foreground IP relates and will on request provide the Buyer with written evidence of such waiver; and

- 20.2.3 take any steps reasonably required by the Buyer to enable the Buyer to register its ownership of such Foreground IP.
- 20.3 Manufacturing Foreground IP will be owned by the Supplier who will have the free unrestricted right to use, license and disclose it for any purpose whatsoever. For these purposes, “**Manufacturing Foreground IP**” means any Foreground IP in the processes, techniques and tooling used by the Supplier in the manufacture of the Deliverables which: (a) are applicable to the manufacture of products or parts other than the Deliverables; (b) are not determined or influenced by the design, geometry, size, materials or other property or characteristic of the Deliverables; and (c) are not based on processes, techniques and tooling disclosed to Supplier by a Buyer.
- 20.4 Subject to clause 20.3, the Supplier will not use, exploit, develop, transfer or licence any Foreground IP or any other IPR belonging to, or provided to the Supplier by the Buyer and any Affiliate of the Buyer for any purpose other than fulfilling its obligations to the Buyer under the Contract.
- 20.5 The Buyer hereby grants to the Supplier a non-exclusive, royalty-free, non-transferrable, non-sub-licensable licence to use, for the sole purpose of and to the extent necessary for performing the Contract, any of the Buyer’s IPR that the Buyer discloses or makes available for such purpose. Subject to obtaining Buyer’s prior written consent to the terms of any sub-license, Supplier may sub-license such IPR to Authorised Subcontractors to the extent necessary to permit the Authorised Subcontractor to perform the service required by the Supplier.
- 20.6 The Supplier hereby grants to the Buyer a non-exclusive, royalty-free, transferable, perpetual, irrevocable, worldwide, freely sub-licensable licence to use any IPR owned by the Supplier or licensed to the Supplier on terms permitting the grant of this licence for the purpose of possessing, using, distributing, copying, exploiting, developing, repairing, maintaining or selling the Deliverables.
- 20.7 The Supplier will indemnify the Buyer in full against any loss suffered by the Buyer as a result of a third party allegation or claim that the possession, use, exploitation, development, sale or repair of the Deliverables infringes such a third party’s IPR (an “**IPR Claim**”). This clause 20.6 will not apply where the IPR Claim is the direct and unavoidable result of the Supplier using IPR that was provided to the Supplier by the Buyer or any Affiliate of the Buyer and that the Buyer required the Supplier to use in the performance of the Contract.
- 20.8 In addition to the indemnity set out at clause 20.7 above, if there is an IPR Claim or if the Buyer reasonably suspects that there will be an IPR Claim and notifies the Supplier in writing thereof, the Supplier will take all steps required by the Buyer to ensure that the Buyer and its customers can continue to use the Deliverables without infringing a third party’s IPR, which may include obtaining for the Buyer and its customers a worldwide, non-exclusive, royalty-free, irrevocable, sub-licensable and perpetual licence to possess, use, exploit, develop, sell, maintain or repair the Deliverables (or any part thereof) (and in respect of Deliverables to manufacture or have manufactured the Deliverables) which are the subject of the IPR Claim or, at the Buyer’s sole discretion, replacing such Deliverables with substantially equivalent non-infringing Deliverables.
- 20.9 While the United States Government may have rights to some technical data associated with the Deliverables, the Supplier must protect its IPR associated with the Deliverables. The Supplier agrees to promptly notify the Buyer in the event it receives a Request for Proposal (RFP), Request for Information (RFI), or similar inquiry from a third party about performing the manufacture or remanufacture of any Deliverables covered by the Contract or related Orders. The Buyer and the Supplier will meet and confer on whether and how the Supplier can respond to the inquiry.

21. COMPLIANCE WITH LAW

- 21.1 The Supplier will, and will procure that any Associated Persons and Authorised Subcontractors will, at all times:
- 21.1.1 obtain, maintain and comply with all regulatory approvals applicable in connection with the supply of the Deliverables;
- 21.1.2 comply with all applicable Laws;
- 21.1.3 notify the Buyer of any restrictions or provisos:
- (a) that exist in respect of any regulatory approvals granted in connection with the supply of the Deliverables;
- (b) that exist under any Law; or
- confirm in writing that no such restrictions apply; and
- 21.1.4 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.

- 21.2 The Supplier will ensure that all Deliverables supplied under the Contract will be so formulated, designed (where the Supplier is contracted to design the Deliverables), constructed, finished, and packaged so as to be safe and without risk to health and all Deliverables will be supplied with full instructions for their proper use maintenance and repair and with any necessary warning notices clearly displayed.
- 21.3 The Supplier agrees before Delivery to furnish the Buyer in writing with a list, by name and description, of any harmful or potentially harmful properties or ingredients in the Deliverables whether in use or otherwise and following Delivery to notify the Buyer of any changes in such properties or ingredients.
- 21.4 The Supplier represents and warrants that any information provided by the Supplier in accordance with clause 21.3 will be true and accurate in all respects and the Supplier hereby acknowledges that the Buyer will rely on such information to satisfy its own obligations under the Health and Safety at Work Act 1974 (as extended, applied, replaced or amended and in force from time to time) and any other Laws.
- 21.5 The Supplier will, and will procure that all its officers, employees, subcontractors (including any Authorised Sub-contractors) and agents will:
- 21.5.1 comply with the Modern Slavery Act 2015 and, without limiting the generality of this clause 21.5, only employ individuals whose presence is voluntary and not use forced, indentured, involuntary, imprisoned, or uncompensated labour under any circumstances;
 - 21.5.2 ensure that its employees and other personnel have the right to work in the territories appropriate to their engagement and comply with applicable government guidance on appropriate right to work checks; and
 - 21.5.3 be compliant with the off payroll working rules (IR35) and unless otherwise stated in an Order, be solely responsible for the direction, supervision and control of any of their employees or other personnel in the supply of Deliverables as the end hirer and that it is not an “intermediary” for the purposes of s61N ITEPA 2003.
- 21.6 For the purposes of the off payroll working rules (IR35), neither the Buyer nor the Supplier will be responsible for directing, supervising or controlling the other party’s officers, directors, employees, consultants, contractors, personnel and any other of its representatives or its relevant Affiliates involved in the performance of their respective obligations under the Contract.
- 21.7 The Supplier represents and warrants that neither the Supplier nor any of its officers, employees, subcontractors (including Authorised Sub-contractors), any Associated Persons and agents:
- 21.7.1 has been convicted of any offence involving fraud, slavery and/or human trafficking; and
 - 21.7.2 to the best of its knowledge, has been or is the subject of any investigation, inquiry or enforcement proceedings by any governmental, administrative or regulatory body regarding any offence or alleged offence of or in connection with fraud, slavery and/or human trafficking.
- 21.8 The Supplier will implement due diligence procedures for its own suppliers, subcontractors (including Authorised Sub-contractors) and other participants in its supply chains, to ensure that there is no fraud, slavery and/or human trafficking in its supply chains.
- 21.9 The Supplier will notify the Buyer as soon as it becomes aware of any actual or suspected fraud, slavery and/or human trafficking in a supply chain which has a connection with the Contract.
- 21.10 For the purposes of clauses 21.11 to 21.13, references to:
- 21.10.1 **“Declarable Substance”** means any substance for which information is requested by the Buyer; and
 - 21.10.2 **“Article”** means any Deliverable that falls within the definition of an “article” under the EU REACH regulation (EC) No 1907/2006.
- 21.11 Where required in accordance with Laws in a particular destination country, the Supplier will prior to and at the time of any shipment of Deliverables, submit to the Buyer safety data sheets prepared in the official language of the destination countries and in accordance with the Laws applicable in those countries.
- 21.12 The Supplier will provide the Buyer with all information necessary to ensure the use of the Deliverables will not cause harm to health, safety or the environment, such information to include information on safe usage, storage, transportation and disposal and any applicable labelling in the official language of the destination countries and other information required by the Laws applicable to the Deliverables or any substances contained in a Deliverable in the country of destination.

- 21.13 In respect of Articles and where reasonably requested by the Buyer, the Supplier will promptly furnish to the Buyer information relating to the Articles in such form and detail as the Buyer may direct including:
- 21.13.1 a list of all Declarable Substances in the Deliverables;
 - 21.13.2 a list of all Declarable Substances used in the manufacturing process of the Deliverables, to include those relied on for manufacture or processing of its constituents;
 - 21.13.3 information concerning any changes in or additions to such Declarable Substances in the Deliverables or manufacturing process of the Deliverable; and
 - 21.13.4 confirmation that the presence of a substance in the Deliverable or use of a substance in the manufacturing process of the Deliverable, is in compliance with any applicable Laws in the country of origin of the Deliverable and the country of destination.
- 21.14 Notwithstanding clause 13.1, the Supplier will ensure that all persons associated with the Supplier or other persons who are performing services or providing goods in connection with the Contract (including any Authorised Sub-contractors) comply with this Clause 21.
- 21.15 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.
- 21.16 Supplier and the Buyer will comply with Fair Labor Standards Act of June 30, 1938 (USC 201-209) as amended, Occupational Safety and Health Act, Americans with Disabilities Act, Title VII of the Civil Rights Act, Age Discrimination in Employment Act, Immigration Reform and Controls Act, Family and Medical Leave Act, 29 CFR part 471, appendix A to subpart A, pertaining to employee rights under federal labor laws, and any and all other federal, state and local laws, statutes, ordinances, rules, regulations, codes, orders and/or programs including but not limited to identification and procurement of required permits, certificates, approvals and inspections, labor and employment obligations, affirmative action, wage and hour laws and any other laws which subsequently become applicable under the Contract.
- 21.17 The Contract incorporates by reference: (a) all provisions of 41 C.F.R.60-1.4, as amended, pertaining to the equal opportunity clause in government contracts; (b) all provisions of 41 C.F.R.60-300.5(a), as amended, pertaining to affirmative action for veterans; and (c) all provisions of 41 C. F. R. 60-741.5(a), as amended, pertaining to the affirmative action for individuals with disabilities. **Supplier will, and will procure that its Authorised Subcontractors will, abide by the requirements of 41 C.F.R. 60-300.5(a).** This regulation prohibits discrimination against qualified protected veterans, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans. **Supplier will, and will procure that its Authorised Subcontractors will, abide by the requirements of 41 C.F.R. 60-741.5(a).** This regulation prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action covered by prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities. The Supplier certifies that it is in compliance with all applicable provisions of 41 C.F.R.60-1, including but not limited to: (a) developing and presently having in full force and effect a written affirmative action compliance program for each of its establishments as required by 41 C.F.R. 60-1.40, as amended; (b) filing EEO-1 Reports as required by 41 C.F.R. 60-1.7, as amended; and (c) neither maintaining segregated facilities nor permitting its employees to perform services at segregated facilities as prohibited by 41 C.F.R. 60-1.8, as amended. The Buyer requests that the Supplier adopt and implement a policy to extend employment opportunities to qualified applicants and employees on an equal basis, prohibit discrimination and harassment against any applicant or employee on the basis of race, color, religion, sex, sexual orientation, gender identity and expression, national origin, age, disability, pregnancy, veteran status, genetic information or any other basis prohibited by law, and prohibit any and all forms of retaliation or threats of retaliation against any individual for engaging in protected activity.
- 21.18 The Supplier will review and comply with the security criteria of the Customs-Trade Partnership Against Terrorism (C-TPAT) program of the United States Customs & Border Protection. Detailed C-TPAT minimum security criteria are available at the Global Supplier Portal. Without prejudice to any other obligation of Supplier, Supplier will complete a security questionnaire, grant access to facilities, and/or other written verification of compliance to these criteria upon request, including those of sub-tier suppliers or service providers chosen by the Supplier in provision of the Deliverables. The Supplier will notify the Buyer immediately of any breach of security in the supply chain. The Supplier acknowledges failure to respond to requests in this clause and/or subsequent corrective actions will be reasonable grounds for termination of the Order.

22. OFFSET

- 22.1 The Supplier agrees that the Buyer's decision to enter into the Contract involves consideration of the potential for such work to count towards any current or future Offset obligations whether in the Supplier's country of incorporation or elsewhere in the world.

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This information is provided by Rolls-Royce in good faith based upon the latest information available to it; no warranty or representation is given; no contractual or other binding commitment is implied unless as otherwise stated herein.

- 22.2 The Buyer may include within an Offset arrangement, in whole or in part, the value of business to which the Contract applies. On the Buyer's request the Supplier will support any submission(s) the Buyer may make in this respect.
- 22.3 On the Buyer's request the Supplier will enter into good faith discussions with the Buyer to source work with technically competent suppliers of materials, capital goods and/or services in support of work that is the subject of the Contract, in countries that the Buyer or any Buyer Affiliate has Offset requirements, the sourcing of which will not incur a further cost increase unless previously agreed by the Buyer in writing.
- 22.4 Without prejudice to the other rights and obligations in this clause 22, on the Buyer's request the Supplier will enter into good faith discussions with the Buyer as to whether it can support the Buyer in countries where the Buyer or the Buyer's Affiliates have or may have Offset requirements by entering into an agreement with the Buyer that would allow the Buyer to capture and use for its own (or the Buyer Affiliates) purposes Offset benefits that may be available as a result of the Supplier's operations and/or purchases. As part of the foregoing, the Supplier will provide the Buyer with a written summary of the countries from which it operates and/or purchases goods and/or services not the subject of the Contract (such summary to be promptly updated at intervals reasonably requested by the Buyer).

23. ETHICS

23.1 The Supplier represents that neither it nor its Associated Persons:

23.1.1 have engaged in any conduct which was or would be an offence under any of the ABC Laws; nor

23.1.2 has done anything that may put the Buyer or any of its Associated Persons in breach of any of the ABC Laws.

23.2 The Supplier will ensure that neither it nor its Associated Persons:

23.2.1 will engage in any conduct which was or would be an offence under any of the ABC Laws (whether or not the Supplier is subject to that ABC Law); or

23.2.2 will do anything that may put the Buyer or any of its Associated Persons in breach of any ABC Laws.

23.3 The Supplier will ensure that they will not:

23.3.1 act in breach of any duty of confidentiality owed to any third party in the course of performing its obligations under the Contract; and/or

23.3.2 offer or provide any Prohibited Information, whether specifically related to the subject matter of the Contract or otherwise.

23.4 The Supplier will ensure that neither it nor its Associated Persons, in respect of the Contract has or will:

23.4.1 undertake any action or activity; or

23.4.2 refrain from any action or activity,

where doing so is or was intended directly or indirectly to facilitate any offence of tax evasion.

23.5 Notwithstanding any other provision of these GCP, the Buyer may, without prejudice to any of its rights under law, contract or equity, terminate the Contract immediately by written notice, if the Supplier is in breach of this clause 23.

23.6 The Supplier will comply in full with, and acknowledges receipt of, the Global Supplier Code of Conduct, as in force from time to time.

23.7. Notwithstanding any other provision of these GCP, any money due from the Buyer to the Supplier in connection with the Contract will not be payable if the Supplier or any of its Associated Persons has committed any breach of any of the ABC Laws, or has caused the Buyer to breach any of the ABC Laws.

24. EXPORT CONTROL, SANCTIONS AND TARIFFS

- 24.1 The Parties acknowledge that there may be products, engines, parts, services and/or related technology, software or technical data provided or received pursuant to the Contract that are subject to government export control laws, regulations and orders (collectively and individually “**Export Controlled Items**”).
- 24.2 In performing their respective obligations under the Contract, each of the Parties will strictly comply with all applicable requirements under any government export control laws, regulations and orders as they be amended from time to time.
- 24.3 If a Deliverable or any information provided, or to be provided, by (or on behalf of) 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 (by notification to the Buyer) (as applicable) as being restricted and must, as soon as possible after the Effective Date, provide the Buyer with all relevant details, including: (i) whether the Deliverable or information is of a military or dual-use; (ii) the export control classification(s) of the item(s); (iii) which export control law(s) the Deliverable or information is restricted under; (iv) a full description of the Deliverable and/or information concerned; (v) full details of any applicable export licence or technical assistance agreement; (vi) details of any authorised end-users; (vii) full details of any applicable restriction or proviso; and (viii) any other information requested by the Buyer.
- 24.4 Each Party warrants and undertakes that it will not export or transfer, re-export or re-transfer by any means, electronic or otherwise, any Export Controlled Item(s) without complying in all respects with the applicable export control laws and regulations and export authorisation(s) in relation to any such export or transfer of the Export Controlled Items.
- 24.5 Each Party acknowledges the importance and responsibilities of full compliance with all applicable economic and trade sanctions laws, regulations, and orders administered or enforced by the United States, the United Nations Security Council, the European Union or any member state thereof, the United Kingdom, Canada, or other sanctions authority of any relevant jurisdiction (collectively “**Sanctions**”).
- 24.6 Each Party represents and warrants to the other, in respect of the Contract, that neither such Party, nor any of its subsidiaries or Affiliates, to the knowledge of such Party, or any director, officer or employee of such Party or any of its subsidiaries or Affiliates, is an individual or entity:
- 24.6.1 listed on any Sanctions List;
 - 24.6.2 located or resident in, or incorporated or organized under the laws of a country or territory that is, or whose government currently is, the target of any Sanctions;
 - 24.6.3 directly or indirectly owned or otherwise controlled by, acting on behalf, or at the direction, of any person that are listed on any Sanctions List, or directly or indirectly owned or controlled by any person who is located or resident in, or incorporated or organized under the laws of a country or territory that is, or whose government currently is, the target of any Sanctions;
 - 24.6.4 that has received notice of, is currently the subject of, or is aware of, any claim, action, suit, proceeding or investigation against it with respect to Sanctions, or is directly or indirectly owned or controlled by any person who is currently the subject of a Sanctions investigation;
 - 24.6.5 that is or has been engaged in any transaction, activity or conduct that is, or could reasonably be expected to result in, a breach of Sanctions applicable to it (either directly or indirectly) in connection with the subject matter of the Contract; or
 - 24.6.6 that is otherwise a target of Sanctions that would prohibit either Party from engaging in any conduct contemplated under the Contract.
- 24.7 Each Party hereby acknowledges and agrees that it will not directly or indirectly deliver or otherwise make any information or Deliverable available to a legal entity (including any subsidiary, Affiliate or joint venture partner of any legal entity), individual, country or territory in any manner that would result in a violation of Sanctions.

24.8 Without prejudice to the other provisions of this clause 24, if the Contract is a contract to which Article 12g (including any subsections of Article 12g) of Regulation (EU) No. 833/2014 (as amended) and/or Article 8g (including any subsections of Article 8g) of Regulation (EC) Nr. 765/2006 (as amended) applies, the following provisions of this clause 24.8 will apply to the Contract:

24.8.1 the Supplier undertakes not to re-export to Russia (or Russian-controlled Ukrainian territories) and/or Belarus and/or re-export for use in Russia (or Russian-controlled Ukrainian territories) and/or Belarus the products or technology that are the subject of the Contract and (i) Article 12g of Regulation (EU) No. 833/2014 (as amended) and/or (ii) Article 8g of Regulation (EG) Nr. 765/2006 (as amended);

24.8.2 if, pursuant to the Contract, Buyer is selling, licensing or transferring in any other way IPR or trade secrets or grants rights to access or re-use any material or information protected by IPR or protected as trade secret related to the common high priority items as listed in Annex XL to Regulation (EU) No 833/2014 ("**Common High Priority Items**"), Supplier is prohibited from (and is obligated to prohibit any potential sublicensees) using such IPR, trade secrets or other information in connection with Common High Priority Items that are intended for sale, supply, transfer or export, directly or indirectly, to Russia (or Russian-controlled Ukrainian territories) or for use in Russia (or Russian-controlled Ukrainian territories);

24.8.3 any breach of clauses 24.8.1 and/or 24.8.2 by the Supplier will be reported by Supplier to Buyer without delay and will be deemed a material breach of the Contract. It will entitle Buyer, without prejudice to any other rights or remedies it may have under the Contract or at Law, to terminate the Contract or any individual Order (in whole or in part) and, subject to any applicable limitations or exclusions of liability in the Contract, to claim all damages incurred by Buyer as a result of such breach. In the event of such a breach, Buyer will be permitted to report it to the competent authority within the EU;

24.8.4 The Supplier will set up and maintain an adequate monitoring mechanism to detect conduct by any third parties further down the commercial chain, including by possible resellers, that would frustrate the purpose of clauses 24.8.1 and/or 24.8.2; and

24.8.5 The Supplier will immediately inform Buyer about any problems in applying this clause 24.8, including any relevant activities by third parties that could frustrate the purpose of clauses 24.8.1 and/or 24.8.2. The Supplier will make available to Buyer information concerning compliance with the obligations of this entire clause 24.8 within two weeks of a request for such information.

24.9 The Supplier will indemnify the Buyer and/or any of its Affiliates against any and all losses, damages, liabilities, costs (including legal fees) and expenses (including any indirect, special, or consequential losses (including loss of profit, production delays, or penalties)) which the Buyer and/or any of its Affiliates may incur or suffer as a result of or arising from:

24.9.1 Tariffs imposed or incurred on the Deliverables (or the material or components that are included or contained within the Deliverables) and:

24.9.1.1 for which the Buyer, any of its Affiliates, sub-contractors, suppliers or risk and revenue sharing participants is liable for or pays for any reason (whether under the Contract or otherwise);

24.9.1.2 for which the Supplier or any other third party is liable for or pays for any reason and seeks to recover, directly or indirectly, from the Buyer and/or its Affiliates,

24.9.2 Tariffs imposed or incurred as a result of the collection of a Deliverable by the Supplier in accordance with Clause 6.4;

24.9.3 Tariffs imposed or incurred as a result of any collection or re-delivery of a Deliverable or an item following a Defect in a Deliverable and the Parties following the process in Clause 9.1.1; and

24.9.4 Tariffs imposed or incurred as a result of the delivery to the Buyer of work-in progress and any materials in accordance with Clause 2.12.

24.10 The indemnity in Clause 24.9 will apply regardless of any allocation of responsibility for Tariffs set out elsewhere in the Contract including under the applicable Incoterms (including FCA Incoterm (2020)) or any other delivery terms.

25. **INSURANCE**

25.1 The Supplier will, during the term of the Contract and for a period of 6 (six) years after the termination or expiry of the Contract, maintain in force:

25.1.1 where the Deliverables are to be incorporated in or attached to any product connected to aviation, aviation products legal liability insurance with a limit of at least the amount set out in the table below for any one occurrence and in the annual aggregate. Coverage must include: (i) war writeback endorsement AVN52E or AVN52G for the full value of the aviation products legal liability insurance policy; and (ii) grounding

liability cover for a sub-limit of at least US\$ 125,000,000 (one hundred and twenty five million US dollars) any one grounding and in the annual aggregate;

	If the Deliverables are to be installed on a civilian aircraft application	If the Deliverables are to be installed on a defence aircraft application
For any Contract where the Supplier is contracted to design and supply the Deliverables	US\$1,000,000,000 (one billion US Dollars)	US\$500,000,000 (five hundred million US Dollars)
For any Contract where the Supplier is contracted to supply but not design the Deliverables	US\$500,000,000 (five hundred million US Dollars)	US\$250,000,000 (two hundred and fifty million US Dollars)

- 25.1.2 where the Deliverables are not going to be incorporated in or attached to any product connected to aviation, product liability insurance with an annual aggregate limit of at least £15,000,000 (fifteen million pounds sterling) per claim (or series of connected claims) or its equivalent in US dollars;
- 25.1.3 public liability insurance with a limit of at least £15,000,000 (fifteen 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;
- 25.1.4 cyber insurance with a limit of at least £10,000,000 (ten million pounds sterling) per incident (or series of connected incidents) or its equivalent in US dollars; and
- 25.1.5 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.

25.2 For the insurance policies set out at clauses 25.1.1, 25.1.2, 25.1.3 and 25.1.4 the Supplier will:

- 25.2.1 ensure that (i) each Buyer's interest is recorded on the policies as an 'additional insured' for the benefit of each Buyer and (ii) each policy includes a severability of interest clause;
- 25.2.2 ensure that the policies include a waiver of subrogation in favour of each Buyer;
- 25.2.3 within 30 (thirty) days of the commencement of the Contract, and on Buyer's reasonable request, send to each Buyer a certificate of insurance as confirmation of cover; and
- 25.2.4 administer and maintain the policies and the Supplier's relationship with its insurers at all times to preserve the benefits for each Buyer set out in this clause 25 and will procure that the terms of such policies will not be altered in such a way as to diminish the benefit to a Buyer of the policies referred to in this clause 25.

25.3 If the insurances in clause 25.1.1 are not placed in the London or New York markets, appropriate reinsurances must be obtained and placed by in the London or New York markets and the accompanying certificates of reinsurance provided. Where required, reinsurance for the limit of the primary insurance will be arranged through an independent firm of internationally recognized aviation insurance brokers and placed with insurers of recognized responsibility, specializing in and normally participating in the international aviation insurance markets and with a financial rating of at least 'BBB' as rated by S&P, and/or 'A minus' as rated by the American credit rating agency AM Best. Any reinsurance will contain a cut through clause (where possible to do so) as follows:

"The Reinsurers hereby agree (at the request and with the agreement of the Reinsured) that in the event of any valid claim arising hereunder the Reinsurers will in lieu of payment to the Reinsured its successors in interest and assigns pay to the person(s) named as loss payee(s) under the original insurance effected by the Insured that portion of any loss for which the Reinsurers would otherwise be liable to pay the Reinsured (subject to proof of loss) it being understood and agreed that any such payment will fully discharge and release Reinsurers from any and all further liability in connection with such claim. Payment will be made under this reinsurance notwithstanding (i) any bankruptcy, insolvency, liquidation or dissolution of the Reinsured, and/or (ii) that the Reinsured has made no payment under the original insurance policies. It is a condition that the provisions of this clause will not operate in contravention of the Laws, statutes or decrees of the country of domicile of the Reinsured"

- 25.4 The Supplier will, during the term of the Contract and for a period of 6 (six) years thereafter: (i) do nothing to invalidate the insurance policies set out in this clause 25 by any act or omission (including misrepresentation and non-disclosure) of any other person or party which results in a breach of any term, condition or warranty of the insurance; (ii) will preserve each Buyer's entitlement under such policies; and (iii) without prejudice to each Buyer's other rights and remedies, will provide to all relevant Buyers, 30 (thirty) days' notice (or such lesser period as may be customarily available in relation to war risks) before any such policy is altered or cancelled in any material respect.
- 25.5 The Supplier's insurance coverage will not be the exclusive remedy of Buyer and is without prejudice to any other rights and remedies Buyer may have under the Contract.
- 25.6 The insurance arranged by the Supplier will be primary and without right of contribution from any other insurance which may be available to the Buyer.

26. **AUDIT**

- 26.1 The Supplier will, and will ensure that its Authorised Sub-contractors will, maintain and make available to the Buyer complete auditable records related to its supply of the Deliverables and compliance with its obligations under the Contract in order for the Buyer to verify:
- 26.1.1 the accuracy of the charges and invoices;
 - 26.1.2 the Supplier's conformance to the terms of the Contract;
 - 26.1.3 the Supplier's policies and the Supplier's compliance with applicable Buyer policies and training requirements; and
 - 26.1.4 the Supplier's risk management and monitoring activities with respect to any Authorised Sub-contractors.
- 26.2 During the term of the Contract and for the period thereafter that the Supplier is required to maintain records hereunder, the Supplier will, and will cause its Authorised Sub-contractors to provide to the Buyer, its auditors (internal and external), inspectors, regulatory authorities and other applicable entities as the Buyer may from time to time designate in writing, access at all reasonable times (and in the case of regulators at any time required by such regulators) to any facility or part of a facility at which either the Supplier or any Authorised Sub-contractor is providing the Deliverables to Staff, and to data, records, systems and applications relating to the Deliverables, for the purpose of performing audits and inspections related to this clause 26.

27. **COMMUNICATIONS**

- 27.1 All communications under the Contract must be in writing entirely in the English language.
- 27.2 All notices under the Contract must be delivered by hand, by commercial courier, by registered or certified post or by e-mail to the address or e-mail address (if applicable) of the relevant Party and for the attention of the person or office set out and 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 and/or its approved and/or registered agent pursuant to the Secretary of State of qualification or incorporation's records.
- 27.3 Any notice will be deemed received if:
- 27.3.1 delivered by hand, at the time of delivery;
 - 27.3.2 delivered by commercial courier or registered or certified post, at the date and time of signature provided that if delivery occurs after 6pm or on a day which is not a Working Day at the recipient's location, the notice will be deemed received at 9a.m. on the following Working Day; or
 - 27.3.3 delivered by email, at the time of sending the e-mail provided notification of a successful and complete transmission is obtained.
- 27.4 Notice delivered by fax will not be effective.
- 27.5 Either Party may change its notice details by giving at least seven (7) days' notice to the other Party.

28. **CONFLICT**

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

- 28.1.1 any provisions referenced to or contained in an Order that are stated in the Order to derive from a contract with a Government;
- 28.1.2 any other provisions expressly set out in an Order;
- 28.1.3 any other provisions expressly set in the Contract;
- 28.1.4 these GCP; and
- 28.1.5 any other document specifically referred to in the Order as applying to the Contract.

29. **ASSIGNMENT**

- 29.1 The Contract is personal to the Supplier and the Supplier will not assign or delegate responsibility for or otherwise transfer or purport to assign or transfer to any other person any of its rights or subcontract any of its rights and obligations under the Contract.
- 29.2 The Buyer may assign the Contract or any part thereof to any person.

30. **MISCELLANEOUS**

- 30.1 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.
- 30.2 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.
- 30.3 If any provision of the Contract is or becomes illegal, invalid or unenforceable in any jurisdiction in relation to either 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.
- 30.4 The Contract may be varied only by a written agreement between the Parties, signed by a duly authorised representative, that expressly states that it is intended to act as an amendment to the Contract.
- 30.5 The Supplier acknowledges and agrees that the Buyer may require the Supplier to supply the Deliverables to an Affiliate of the Buyer and the Supplier acknowledges that if any Losses are suffered by an Affiliate of the Buyer as a result of the Buyer exercising its rights under this clause 30.6 and/or clause 16 then such Losses will be treated as if they had been suffered or incurred by the Buyer. Accordingly, the Buyer will be able to recover from the Supplier any Losses suffered by the Affiliate of the Buyer subject to there being no double recovery of the same Losses by the Affiliate of the Buyer.
- 30.6 The Buyer may perform any of its obligations and may exercise any of its rights under the Contract either itself or through an Affiliate. Each member of the Rolls-Royce Group that is a party to the Contract will only be liable in connection with its own acts and omissions and will not be liable in respect of the acts and omissions of any other party.
- 30.7 Each Affiliate and Permitted User of the Buyer will be entitled to benefit from and enforce all or any of the provisions of the Contract. Each Buyer customer (as defined in Clause 10) will, to the extent set out in Clause 10, be entitled to benefit from and enforce the relevant provisions of the Contract. Notwithstanding the foregoing, in the event that the Buyer and the Supplier agree to rescind, vary or terminate the Contract for any reason the consent of any Affiliate will not be required and no person who is not a party to the Contract will have the right to enforce any term of the Contract.
- 30.8 Nothing in the Contract will:
 - 30.8.1 constitute a partnership or joint venture between the Parties;
 - 30.8.2 constitute either Party the agent of the other Party; or
 - 30.8.3 create any fiduciary obligations between the Parties.
- 30.9 Neither Party will:

- 30.9.1 represent itself as the agent or partner of the other Party; or
- 30.9.2 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.
- 30.10 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).
- 30.11 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.
- 30.12 The Contract constitutes the entire agreement between the Parties with respect to the Deliverables. Neither Party has placed any reliance on any representations made by the other Party before entering into the Contract, whether orally or in writing, relating to the supply of the Deliverables other than those expressly incorporated in 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. This clause 30.12 does not apply to any representation made fraudulently.
- 30.13 All rights and remedies exercisable by the 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.

31. ONGOING OBLIGATIONS

Clauses 1 (Interpretation), 2.1 (Applicability and Orders and Demand), 3.2, 6.4, 7.3, 8 (Quality, Change Control and Obsolescence) (in relation to record-keeping and traceability requirements), 9 (Remedy for Defects), 10 (Sole Recourse), 13 (Subcontractors), 18 (Confidentiality), 20 (Intellectual Property Rights), 21 (Compliance with Law), 22 (Offset), 23 (Ethics), 24 (Export Control, Sanctions and Tariffs), 25 (Insurance), 26 (Audit), 28 (Conflict), 30.2, 30.3, 30.5, 30.7, 30.8, 30.9, 30.11, 30.13 (Miscellaneous) , 31 (Ongoing Obligations), 32 (Publicity) and 33 (Law and Jurisdiction) of the Contract together with all other provisions of these GCP that either expressly or by implication continues in force, will survive the termination or expiry of the Contract and such provisions will continue in full force and effect.

32. PUBLICITY

The Parties will not and will procure that none of their Affiliates and in the case of the Supplier any Authorised Sub-contractors, disclose the existence of the Contract during its term or at any time following its expiry or termination in any journal, magazine or publication or any other medium or otherwise use the other Party's trademark, trade name or logo in any of its advertising or publicity material without the other Party's prior written consent.

33. LAW AND JURISDICTION

- 33.1 This Contract and any claim, controversy or dispute arising under or related to the Contract, the relationship of the parties, or the interpretation and enforcement of the rights and duties of the parties will be governed by the laws of the State of New York without regard to any conflicts of law principles..
- 33.2 The United Nations Convention for International Sale of Goods dated April 11th 1980 will not apply to the Contract.
- 33.3 Subject to clause 33.5, if litigation is initiated, Buyer and Seller agree that venue and jurisdiction of any litigation between them arising out of or relating to the Contract will be vested solely in a court of competent jurisdiction sitting in the county of Buyer's choosing, New York and agree to accept service of process outside of the State of New York. **The Parties expressly agree to waive trial by jury in any such legal proceeding.**
- 33.4 If the Supplier is not incorporated in the United States, the Supplier will provide the name and contact details of its process agent under the Contract for service of process in any proceedings before the New York courts. 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. The Parties agree that this clause 33 will not affect any other method of service allowed by Law.

33.5 Nothing in this clause 33 limits the right of the Buyer to take legal action under the Contract or any Contract in any other courts with jurisdiction. To the extent allowed by Law, the Buyer may take:

33.5.1 proceedings in any other court; and

33.5.2 concurrent proceedings in any number of jurisdictions.

33.6 Each Party:

33.6.1 waives any objection to the courts of New York on grounds of inconvenient forum or otherwise as regards proceedings in connection with the Contract;

33.6.2 agrees that a judgment or order of a court of New York in connection with the Contract will be binding on it and may be enforced against it in the courts of any other jurisdiction; and

33.6.3 represents and warrants that is subject to civil and commercial Law with respect to its obligations under the Contract.

34. COUNTERPARTS

A Contract in the form of a written agreement may be executed in any number of counterparts, each of which when executed will constitute a duplicate original, but all the counterparts will together constitute the one agreement. The Contract may be executed by a Party's signature transmitted by electronic means, and copies of the Contract executed and delivered by means of electronic signatures will have the same force and effect as copies executed and delivered with original signatures. All Parties to the Contract may rely upon electronic signatures as if such signatures were handwritten originals. All Parties to the Contract agree that an electronic signature page may be introduced into evidence in any proceeding arising out of or related to the Contract as if it were an original signature page.

SCHEDULE 1: INTERPRETATION

1. INTERPRETATION

1.1 Definitions

“**ABC Laws**” means the United Kingdom Bribery Act 2010, the United States Foreign Corrupt Practices Act 1977 (15 U.S.C. Section 78dd-1, et. seq.), as amended, and any other laws relating to anti-bribery and corruption matters applicable to the subject matter of the Contract.

“**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 any:

- (a) Affiliates of a Party;
- (b) any directors, owners, employees or representatives of that Party or its Affiliates; and/or
- (c) any other persons acting on behalf of that Party or its Affiliates.

“**Authorised Subcontractor**” will have the meaning given to it in clause 13.1 (Sub-contractors).

“**Base Rate**” means for the period 1st January to 30th June, the Bank of England base rate at the close of business on 31st December of the previous year and, for the period 1st July to 31st December, the Bank of England base rate at the close of business on 30th June the same year.

“**Binding Order**” has the meaning set out in clause 2.5.

“**Buyer**” means any legal entity within the Rolls-Royce Group that is a Party to the Contract and issues the Order to the Supplier.

“**Buyer Property**” means all materials, equipment, parts, tools, drawings, Specifications, property, data, of the Buyer, Affiliate of the Buyer or a nominee (and any replacements of the same) which are (i) provided, loaned, bailed, consigned or supplied to the Supplier by or on behalf of the Buyer and/or Affiliate of the Buyer in connection with the Contract; and/or (ii) paid for or funded by Buyer.

“**Cancelled Deliverables**” will have the meaning given to it in clause 2.9.

“**Cancellation Date**” has the meaning set out in clause 2.9.

“**Cancelled Deliverable**” has the meaning set out in clause 2.9.

“**Change**” means a change to the Specification, periods of manufacture, quality or performance requirements or other characteristics of a Deliverable. For the avoidance of doubt, “Change”, excludes without limitation, any direct or indirect effect of any Tariff.

“**Change Control Process**” means the relevant product and production process requirements of SABRe that govern any Change.

“**Change of Control**” means, in relation to the Supplier:

- (a) the Supplier becoming Controlled by a new person or ceasing to be Controlled by any other person; or
- (b) a person holding (directly or indirectly) more than a ten (10) per cent ownership interest in the Supplier for the first time at any time throughout the duration of the Contract.

CIP: means a cost improvement plan which sets out all reasonable opportunities and plans to reduce the costs of Deliverables and identifies activities and measures required to remove the Should Cost Price Gap and the associated timescales and to mitigate any impact of Tariffs including through the application of any available exemptions and/or reliefs.

“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.

“Conflict Minerals” means tantalum, tungsten, tin or gold, which originated from mines in the Democratic Republic of the Congo, Angola, Burundi, Central African Republic, Congo Republic, Rwanda, Sudan, Tanzania, Uganda or Zambia that directly or indirectly benefit unlawful armed groups in those countries.

“Contract” means the legally binding contract between the Buyer and the Supplier for the supply of the Deliverables in accordance with these GCP in the form of either (i) an agreement signed by the Buyer and Supplier which is specified as a “Contract” for the purposes of these GCP; or (ii) if there is no written agreement as described in (i), an Order, comprising these GCP, the Specification (if applicable), the Order and any other documentation and/or terms and conditions specifically referred to in the Order.

“Control” means the power, directly or indirectly to: (a) vote more than fifty percent (50%) of the securities having ordinary voting power of that person at a general meeting of that person; or (b) appoint or remove more than fifty percent (50%) of the directors (or persons performing similar functions) of such person; or (c) direct or cause the direction of the management and policies of such person, whether by contract or otherwise, and **“Controlled”** will be interpreted accordingly.

“Cost of Non-Quality Terms” means those terms, as may be amended or superseded from time to time, located on the Global Supplier Portal titled Cost of Non-Quality Charges (Civil Aerospace suppliers) governing the process for managing defects in Deliverables (including the payment of sums by Supplier to Buyer in respect of administration charges arising from such defects)

“Cyber Security Incident” means an adverse event or chain of events in or affecting an information system that constitutes actual harm or the attempt to harm, including any events that compromises the confidentiality, integrity or availability of any confidential or sensitive business information to include a policy violation(s) of the system’s security policy, unauthorised access attempts or usage, or changes made without the owner’s (of the electronic information system or business information (as applicable)) knowledge, instruction or consent.

“Defect” means any non-conformance with one or more of the warranties and representations in clause 3.2 and/or the requirements specified in clause 8.1

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

“Delivery” means the physical delivery of a Deliverable to the Buyer in accordance with clause 5.1 and **“Deliver”** will be construed accordingly.

“Delivery Location” has the meaning set out in the Contract or, if not in the Contract, the relevant Order.

“Demand” means the quantities, required Delivery dates and Delivery locations for the Deliverables as set out in the purchase order or scheduling agreement in accordance with clause 2.

“Design Change End Date” has the meaning set out in the Contract or, if no date is specified, the date on which Supplier is required to deliver the first Deliverable.

“Direct Buy Vendor” has the meaning set out in clause 16.1.

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

“Enforcement Rights” means the right to sue for damages and other remedies for any infringement of IPR (irrespective of when it occurred) for the full duration of such IPR, including all renewals, revivals, re-issues, divisions, continuations or extensions.

“Export Controlled Items” will have the meaning given to it in clause 24.1.

“EPM System” means the electronic procurement marketplace system used by the Buyer from time to time (including the Exostar system).

“Firm Zone” means, on any day and in respect of each Deliverable, the period of time from that day which is specified in the Contract as being the ‘Firm Zone’ or ‘FZ’ for that Deliverable.

“Force Majeure Event” means an event or sequence of events that directly prevent that Party from performing its obligation(s) under the Contract that are: (a) unforeseeable at the time of the Parties entered into the Contract and; (b) beyond the reasonable control and prevention of the affected Party; and (c) not caused by or attributable to negligence or default on the part of the affected Party, including acts of God, the refusal of any government to grant a necessary

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export licence or the withdrawal or suspension of such licence, any other government or other legal or regulatory authority action or inaction, fires, collapse of buildings, floods, wars or threats of war, riots, national labour or trade disputes, strikes, industrial action or lockouts (however to the extent that these relate to the Supplier, Supplier Affiliates, Supplier contractors or agents this will not count as a Force Majeure Event), acts of terrorism, disruption to essential services such as electrical power and utility services, extreme weather, quarantine or any government or regulatory authority mandated precautions against contagious disease epidemics or pandemics other than those in each case caused directly or indirectly by the Supplier and excluding, in each case, any events that could have been avoided or mitigated by the Supplier by implementing and complying with appropriate business continuity procedures. The application of, or increase in, any one or more Tariffs will not count as a Force Majeure Event.

“Foreground IP” will have the meaning giving to it in clause 20.2.

“GCP” means the terms and conditions contained herein.

“Global Supplier Code of Conduct” means the Buyer’s Global Supplier Code of Conduct as in force from time to time and available on the Global Supplier Portal.

“Global Supplier Portal” means the Buyer’s website for suppliers at <https://suppliers.rolls-royce.com/>, as updated and amended from time to time.

“Government” means:

- (i) the government of any jurisdiction (or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank or other authority thereof, including any entity directly or indirectly owned or controlled thereby;
- (ii) any public international organisation or supranational body (including the European Union) and its institutions, departments, agencies and instrumentalities; or
- (iii) any quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax or other governmental or quasi-governmental authority.

“Governmental Official” means any person who would constitute either: (i) a "foreign public official" as defined in the UK Bribery Act 2010; or (ii) a "foreign official" as defined in the United States Foreign Corrupt Practices Act 1977 (15 U.S.C. Section 78dd-1, et. seq), as amended.

“Group” means in respect of either Party, that Party, its holding company, its subsidiaries and any other direct or indirect holding company or subsidiary from time to time of such holding company or subsidiary.

“Inappropriate Inducement” means any payment or thing of value or any financial or other advantage to or for the use or benefit of:

- (i) any Governmental Official;
- (ii) any director, officer, employee, agent or representative of any commercial organisation or private individual; or
- (iii) any other person, entity or third party intermediary while knowing or having reason to know that all or any portion of such payment, thing of value or advantage would be offered, promised, paid or given to any of the persons described in sub-paragraphs (i) to (ii) above,

for the purpose of influencing any act or decision of any such person, including a decision to do or omit to do any act in violation of the duty of such person in order to obtain or retain business, secure any improper advantage or obtain any licence, permit, approval, certificate or clearance.

“Insolvency Event” means an event where a person: (i) is deemed to be or states in writing that it is insolvent; (ii) 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; (iii) proposes to enter or enters into any composition or arrangement with its creditors generally or any class of creditors; (iv) 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; (v) any other steps are taken to enforce any encumbrance over all or part of that persons assets and/or undertaking; or (vi) takes steps, or is subject to actions, analogous to the items specified in (i) to (v) 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), copyright and neighbouring and related rights, design rights, database rights, moral rights, trade secrets, know-how, metatags, petty patents, rights to inventions, 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, domain 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.

“ITEPA 2003” means the Income Tax (Earnings and Pensions) Act 2003;

“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 as extended, applied, replaced or amended and in force from time to time.

“Losses” means any and all: (a) claims, demands, awards, suits, judgments (however obtained and of whatever nature awarded against or incurred or paid by the Buyer), payments by way of settlement and orders; and, (b) taxes, losses, liabilities, damages, costs and expenses (however described, characterised or classified and whether direct or indirect), including injury, loss of profits or revenues, fines (including administrative fines imposed on the Buyer by a governmental or regulatory authority), costs of unwinding funding arrangements, liability for professional fees (including legal fees) and expenses.

“Offset” (otherwise known as industrial participation or industrial cooperation) 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, which may include a less formal or ad hoc request by a Government or a prime manufacturer to which the Buyer supplies its products and/or services.

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

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

“Performance Plan” has the meaning set out in clause 12.5.2.

“Permitted User” means any Affiliate or customer of the Buyer, notified to the Supplier from time to time as being authorised by the Buyer to receive the benefit of the Contract.

“Prohibited Information” means any information whether offered in written, verbal or other form that such Party is not authorised to have and use in connection with the Contract, including any information from a competitor’s confidential proposals, bid terms or contract and pricing terms.

“Representatives”: means the Buyer’s Affiliates, employees, officers, agents, consultants, contractors, advisors, customers, suppliers and any regulator or licensing authority responsible for the approval or certification of its products.

“Rolls-Royce Security Operations Centre” means the Rolls-Royce security operations centre contactable at sec.reporting@rolls-royce.com.

“Rolls-Royce Supplier Minimum Cyber Security Standard” means the Rolls-Royce’s minimum cyber security requirements as amended or replaced from time to time by the Buyer and available on the Global Supplier Portal.

“R-R Supply Chain Terms” has the meaning set out in clause 16.2.

“SABRe” means the ‘Supplier Management System Requirements’ which is the supplier element of the Buyer’s management system, including addendums, reference documents, forms, guidance and deployment and assessment document, as may be updated from time to time and which is available on the Buyer’s Global Supplier Portal.

“Sanctions” has the meaning given to it in clause 24.5.

“Sanctions List” means any list of individuals or entities subject to asset freeze or blocking sanctions, including: (i) the "Specially Designated Nationals and Blocked Persons" (SDN) maintained by the Office of Foreign Assets Control, U.S. Department of the Treasury; (ii) the Denied Persons List and Entity List maintained by the U.S. Department of Commerce; (iii) the consolidated list of persons, groups and entities subject to EU financial sanctions maintained by the EU; (iv) the Consolidated List of Financial Sanctions Targets maintained by His Majesty’s Treasury; and/or (v) any similar lists or public announcement of Sanctions designations, each as amended, supplemented or substituted from time to time.

“Scheduled Delivery Date” means, in respect of a Deliverable, the date for Delivery of that Deliverable, as set out in the Demand.

“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.

“Self-billed Invoice” has the meaning given to it in clause 4.5.1.

“Should Cost Price Gap” means the difference in the price of a Deliverable and the 'should cost' price as reasonably determined by the Buyer.

“Specification” means the Rolls-Royce specification in respect of the Deliverable as set out or referred to in the Contract or an Order or subsequently supplied to the Supplier by the Buyer or as otherwise advised by the Buyer to the Supplier.

“Staff” means any employees, officers and individuals employed or contracted to the Supplier and involved to any extent in the supply of the Deliverables and/or the performance of the Contract.

“Supplier” means the person, firm, company or entity entering into the Contract.

“Supply Chain Supply Agreement” has the meaning set out in Clause 16.5.

“Tariff” means all present and future (standard, retaliatory, punitive, temporary or permanent) tariffs, import duties and taxes, imposts, trade relation duties, antidumping duties, countervailing duties, surtaxes, customs duties and charges, border taxes and fees (including inspection fees, handling fees, port charges and administrative processing costs), financial charges, and similar levies imposed by any governmental or supranational authority in connection with goods and services that cross its border.

“Trade-Off Zone” means, on any day and in respect of each Deliverable, the period of time from that day which is specified in the Contract as being the 'Trade-off Zone' or 'TOZ' for that Deliverable. The Trade-Off Zone includes the Firm Zone.

“Working Day” means any day on which banks in London are open for business excluding Saturdays, Sundays and bank and public holidays in England and Wales.

1.2 Construction

1.2.1 In these GCP unless the context otherwise requires any reference to:

- (a) an “amendment” includes an amendment, supplement, novation, re-enactment, replacement, restatement or variation and “amend” will be construed accordingly;
- (b) a clause, sub-clause or a schedule is a reference to a clause or sub-clause of, or a schedule to, these GCP;
- (c) a currency is a reference to the lawful currency for the time being of the relevant country;
- (d) “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”;
- (e) 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;
- (f) 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;
- (g) a provision of any Law is a reference to that provision as extended, applied or amended and includes any subordinate legislation;
- (h) words imparting the singular include the plural and vice versa;

- (i) unless the context otherwise requires, a reference to one gender will include a reference to the other genders; and
- (j) “days” is a reference to calendar days.

1.2.2 The headings in these GCP do not affect its interpretation.