

DAVID PAULL (CNC) ENGINEERING LIMITED (TRADING AS DP ENGINEERING)
PURCHASE TERMS AND CONDITIONS

This document (together with the documents expressly referred to in it) sets out the terms and conditions on which DP Engineering orders, and the Supplier supplies, the Products and/or Services (all as defined below).

1. INTERPRETATION

1.1 In these Conditions, the following definitions apply:

Business Day: a day (other than a Saturday, Sunday or public holiday) when banks in London are open for business;

Certificate of Conformity: a document issued by the Supplier which confirms that all Products supplied in relation to an Order comply with the Product Specification and requirements relating to the Order, including test results required for confirming conformity with the Product Specification and requirements relating to the Order;

Conditions: the terms and conditions set out in this document;

Confidential Information: all confidential information (however recorded or preserved) disclosed by a party or its representatives in connection with the Contract, whether before or after the date of the Contract, including but not limited to, the existence and terms of the Contract and any information that would be regarded as confidential by a reasonable business person relating to: the business, affairs, customers, clients, suppliers, plans, financial information or marketing information of the disclosing party; the operations, processes, product information, know-how, technical information, engineering information, manufacturing information (including models, prototypes and samples), designs, specifications, trade secrets or software of the disclosing party; and any information developed by the parties in the course of carrying out the Contract;

Contract: these Conditions and the relevant Order;

Counterfeit Parts: any material, part, or assembly and/or its accompanying documentation that is knowingly misrepresented as genuine or conforming, or a substitute that has been represented, identified or marked as genuine and/or altered by a source without legal right with intent to mislead deceive or defraud.

Deliverables: all documents, products and materials developed by the Supplier or its agents, contractors and employees as part of or in relation to the Services in any form or media, including drawings, plans, diagrams, designs, pictures, computer programs, data, specifications and reports (including drafts).

Delivery: delivery of the Products in accordance with these Conditions;

Delivery Date: the delivery date specified in the Order;

Delivery Location: the address for delivery of the Products as set out in the Order;

DP Engineering: David Paull (CNC) Engineering Limited registered in England and Wales with company number 04378564 whose registered office is at Lowin House, Tregolls Road, Truro, Cornwall, TR1 2NA;

DP Engineering Materials: all plans, drawings, patterns, blue prints, descriptions, designs, jigs, tools, materials, equipment, written text, Product Specifications, Service Specification and data supplied by DP Engineering to the Supplier;

FAI Report: the first article inspection report produced by the Supplier in accordance with AS9102;

FAI Article: the article produced by the Supplier and used to compile the FAI Report;

F.O.D. or Foreign Object Debris: any object, particle, substance, debris or agent alien to the component, assembly, system or environment it is in.

Intellectual Property Rights: patents, rights to inventions, copyright and neighbouring and related rights, moral rights, trade marks and service marks, business names and domain names, rights in get-up, goodwill and the right to sue for passing off or unfair competition, rights in designs, rights in computer software, database rights and all other intellectual property rights, in each case whether registered or unregistered and including all applications and rights to apply for and be granted, renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world;

Mandatory Policies: the mandatory policies of DP Engineering set out on DP Engineering's website;

Order: DP Engineering's order for the Products and/or Services set out in DP Engineering's purchase order form;

Part Submission Warrant: a document which summarises the whole Production Part Approval Process;

Products: the products (or any part of them) set out in the Order;

Product Specification: any Product Specification for the Products, including any related plans and drawings that are supplied by DP Engineering with the Order;

Production Part Approval Process: the documented product and process validation of the advanced product quality planning process (prepared in accordance with AS9145) to the requested submission level set out on the Order (if any);

Samples: the samples of the Products to be provided to DP Engineering by the Supplier in accordance with the requirements set out in the Order;

Services: the services, including any Deliverables, to be provided by the Supplier under the Contract as set out in the Service Specification;

Service Specification: the description or specification for Services that are supplied by DP Engineering with the Order;

Supplier: the person, firm or company (acting in the course of business) from whom DP Engineering purchases the Products and/or Services;

Supplier Quality Assurance (SQA) Standard Requirements: the quality assurance standards, a copy of which is available at DP Engineering's website at <http://www.dpengineeringltd.co.uk/about-us/policies>.

1.2 The headings do not affect the interpretation of the Contract.
1.3 Any reference to a party's employees includes its agents, consultants and sub-contractors

2. HOW THE CONTRACT IS FORMED

2.1 The Order constitutes an offer by DP Engineering to purchase the Products and/or Services in accordance with these Conditions.

2.2 The Order shall be deemed to be accepted on the earlier of:
(a) the Supplier accepting the Order, orally or in writing; or
(b) the Supplier doing any act consistent with fulfilling the Order,
at which point the Contract shall come into existence.

3. APPLICATION OF CONDITIONS

3.1 These Conditions apply to the Contract to the exclusion of any other terms that the Supplier seeks to impose or incorporate, or which are implied by trade, custom, practice or course of dealing.

3.2 The Supplier waives any right it might otherwise have to rely on any term endorsed upon, delivered with or contained in any documents of the Supplier that is inconsistent with these Conditions.

4. SUPPLIER'S OBLIGATIONS

4.1 The Supplier shall ensure that the Products shall:

- (a) correspond with their description and any applicable Product Specification in all respects;
- (b) correspond with the Production Part Approval Process (if any);
- (c) be of satisfactory quality (within the meaning of the Sale of Goods Act 1979, as amended) and fit for any purpose held out by the Supplier or made known to the Supplier by DP Engineering expressly or by implication, and in this respect DP Engineering relies on the Supplier's skill and judgement;
- (d) in the absence of any specified Supplier guarantee's, be free from defects in design, materials and workmanship and remain so for 18 months after Delivery, or 12 months after use (whichever is less);
- (e) comply with all applicable statutory and regulatory requirements relating to the manufacture, labelling, packaging, storage, safety, handling and delivery of the Products;
- (f) if the Products are intended for aircraft applications or if otherwise specified on the Product Specification, identify the date code/lot number control. Deliveries of parts/components with multiple lot numbers must be segregated such that each part/component is identifiable by its date code or lot number. The Supplier agrees that any associated documentation must also confirm if multiple date codes or lot numbers have been delivered;
- (g) if requested in the Order, be accompanied by a Certificate of Conformity; and
- (h) be free from F.O.D.

4.2 The Supplier shall ensure that at all times it:

- (a) complies with the Supplier Quality Assurance (SQA) Standard Requirements;
- (b) has and maintains adequate measures for the detection of Counterfeit Parts and preventing Counterfeit Parts from entering the supply chain; and
- (c) has and maintains, all the licences, permissions, authorisations, consents and permits that it needs to carry out its obligations under the Contract.

4.3 If requested in the Order, the Supplier shall provide a FAI Report on the first Delivery Date.

4.4 If requested in the Order, the Supplier shall provide a Part Submission Warrant in advance of the Delivery Date and the Supplier shall not deliver the Products (specified in the Order) until DP Engineering has signed and returning to the Supplier the Part Submission Warrant.

4.5 If, following a review of the FAI Report and the FAI Article, DP Engineering reasonably considers that the Products do not conform or are unlikely to comply with the Supplier's undertakings at clause 4.1, DP Engineering shall inform the Supplier in writing and DP Engineering may:

- (a) refuse to take Delivery of the Products;
- (b) refuse to pay the price of the Products;
- (c) require the Supplier to refund the price of the Products (if paid); and
- (d) terminate the Contract.

4.6 The Supplier shall allow DP Engineering, its professional advisers, its customers and/or any regulatory authorities access to the Supplier's premises, personnel, systems and relevant records to verify or review the Services, the Products or their method of manufacture.

- 5. DELIVERY OF PRODUCTS**
- 5.1 DP Engineering shall have the right to inspect and test the Products at any time before Delivery.
- 5.2 The Supplier shall ensure that:
- (a) the Products are properly packed and secured in such manner as to enable them to reach the Delivery Location in good condition; and
 - (b) each Delivery of the Products is accompanied by a delivery note (as a minimum) which shows the date of the Order, the purchase order number, the type and quantity of the Products (including the code number of the Products, where applicable), special storage instructions (if any) and, any other documents requested on the Order (Certificates of Conformity test results, chemical composition, etc.).
- 5.3 The Supplier shall deliver the Products:
- (a) on the Delivery Date and time is of the essence in respect of Delivery;
 - (b) at the Delivery Location; and
 - (c) during DP Engineering's normal business hours, or as otherwise instructed by DP Engineering.
- 5.4 Delivery of the Products shall be completed on the completion of unloading the Products at the Delivery Location and obtaining a signed delivery receipt.
- 5.5 The Supplier shall not deliver the Products in instalments without DP Engineering's prior written consent. Where it is agreed that the Products are to be delivered by instalments, they may be invoiced and paid for separately. However, failure by the Supplier to deliver any one instalment on time or at all, or any defect in an instalment shall entitle DP Engineering to the remedies set out in clause 6.
- 6. DP ENGINEERING'S REMEDIES**
- 6.1 If the Products are not delivered on the Delivery Date, do not comply with clause 4.1 or are not delivered in one instalment, then, without limiting any of its other rights or remedies, and whether or not it has accepted the Products, DP Engineering may exercise any one or more of the following rights and remedies:
- (a) to terminate the Contract;
 - (b) to reject the Products (in whole or in part) and, if the Supplier is unable to collect, return them to the Supplier at the Supplier's own risk and expense;
 - (c) to require the Supplier to repair or replace the rejected Products, or to provide a full refund of the price of the rejected Products (if paid);
 - (d) to refuse to accept any subsequent Delivery of the Products which the Supplier attempts to make; and
 - (e) to recover from the Supplier any costs incurred by DP Engineering in obtaining substitute Products from a third party.
- 6.2 These Conditions shall apply to any repaired or replacement Products supplied by the Supplier.
- 6.3 DP Engineering's rights and remedies under these Conditions are in addition to its rights and remedies implied by statute and common law.
- 7. TITLE AND RISK**
- Title and risk in the Products shall pass to DP Engineering on completion of unloading the Products at the Delivery Location and obtaining a signed delivery receipt.
- 8. SUPPLY OF SERVICES**
- 8.1 The Supplier shall from the date set out in the Order and for the duration of the Contract supply the Services to DP Engineering in accordance with the terms of the Contract.
- 8.2 The Supplier shall meet any performance dates for the Services specified in the Order or that DP Engineering notifies to the Supplier and time is of the essence in relation to any of those performance dates.
- 8.3 In providing the Services, the Supplier shall:
- (a) co-operate with DP Engineering in all matters relating to the Services, and comply with all instructions of DP Engineering;
 - (b) allow DP Engineering to inspect the performance of the Services;
 - (c) perform the Services with the best care, skill and diligence in accordance with best practice in the Supplier's industry, profession or trade;
 - (d) use personnel who are suitably skilled and experienced to perform tasks assigned to them, and in sufficient number to ensure that the Supplier's obligations are fulfilled in accordance with the Contract;
 - (e) ensure that the Services will conform with all descriptions, standards and specifications set out in the Service Specification, and that the Deliverables shall be fit for any purpose that DP Engineering expressly or impliedly makes known to the Supplier;
 - (f) provide all equipment, tools and vehicles and such other items as are required to provide the Services;
 - (g) use the best quality goods, materials, standards and techniques, and ensure that the Deliverables, and all goods and materials supplied and used in the Services or transferred to DP Engineering, will be free from defects in workmanship, installation and design;
- (h) obtain and at all times maintain all licences and consents which may be required for the provision of the Services;
 - (i) observe all health and safety rules and regulations and any other security requirements that apply at any of DP Engineering's premises;
 - (j) hold all DP Engineering Materials in safe custody at its own risk, maintain DP Engineering Materials in good condition until returned to DP Engineering, and not dispose or use DP Engineering Materials other than in accordance with DP Engineering's written instructions or authorisation;
 - (k) not do or omit to do anything which may cause DP Engineering to lose any licence, authority, consent or permission upon which it relies for the purposes of conducting its business, and the Supplier acknowledges that DP Engineering may rely or act on the Services;
 - (l) comply with any additional obligations as set out in the Service Specification; and
 - (m) comply with all applicable statutory and regulatory requirements relating to the supply of the Services.
- 9. PRICE AND PAYMENT**
- 9.1 The price of the Products:
- (a) shall be the price set out in the Order or the reference to the Supplier's quotation number relating to the Order;
 - (b) includes the costs of packaging, insurance and carriage of the Products and no extra charges shall be effective unless agreed in writing with DP Engineering.
- 9.2 The charges for the Services shall be set out in the Order, and shall be the full and exclusive remuneration of the Supplier in respect of the performance of the Services. Unless otherwise agreed in writing by the Customer, the charges shall include every cost and expense of the Supplier directly or indirectly incurred in connection with the performance of the Services.
- 9.3 In respect of the Products, the Supplier shall invoice DP Engineering on or at any time after completion of Delivery.
- 9.4 In respect of Services, the Supplier shall invoice DP Engineering on completion of the Services. Each invoice shall include such supporting information required by DP Engineering to verify the accuracy of the invoice, including the relevant purchase order number.
- 9.5 Unless otherwise agreed in writing, DP Engineering shall pay correctly rendered invoices before the end of the month following receipt of the invoice provided that the invoice is received within 10 days of the start of the month. Payment shall be made to the bank account nominated in writing by the Supplier.
- 9.6 All amounts payable by the Customer under the Contract are exclusive of amounts in respect of valued added tax chargeable from time to time ("VAT"). Where any taxable supply for VAT purposes is made under the Contract by the Supplier to the Customer, the Customer shall, on receipt of a valid VAT invoice from the Supplier, pay to the Supplier such additional amounts in respect of VAT as are chargeable on the supply of the Products and/or Services at the same time as payment is due for the supply of the Products and/or Services.
- 9.7 The Supplier shall maintain complete and accurate quality management system records of the materials and processes used by the Supplier in producing the Products for the periods required by the relevant industry standard or as specified in the Order, and the Supplier shall allow DP Engineering to inspect such records at all reasonable times on request.
- 9.8 DP Engineering may at any time, without limiting any of its other rights or remedies and without notice to the Supplier, set off any liability of the Supplier to DP Engineering against any liability of DP Engineering to the Supplier, whether either liability is present or future, liquidated or unliquidated, and whether or not either liability arises under the Contract. If the liabilities to be set off are expressed in different currencies, DP Engineering may convert either liability at a market rate of exchange for the purpose of set-off. Any exercise by DP Engineering of its rights under this clause shall not limit or affect any other rights or remedies available to it under these Conditions or otherwise.
- 10. INTELLECTUAL PROPERTY RIGHTS**
- 10.1 Unless otherwise agreed in writing, all Intellectual Property Rights in or arising out of or in connection with the Services (other than Intellectual Property Rights in any DP Engineering Materials) shall be owned by the Supplier.
- 10.2 The Supplier grants to DP Engineering, or shall procure the direct grant to DP Engineering of, a fully paid-up, worldwide, non-exclusive, royalty-free perpetual and irrevocable licence to copy and modify the Deliverables (excluding DP Engineering Materials) for the purpose of receiving and using the Services and the Deliverables.
- 10.3 DP Engineering grants the Supplier a fully paid-up, non-exclusive, royalty-free non-transferable licence to use any DP Engineering Materials provided by DP Engineering to the Supplier for the term of the Contract for the purpose of providing the Products and/or Services to DP Engineering.
- 10.4 The Supplier acknowledges that all Intellectual Property Rights in the DP Engineering Materials are and shall remain the exclusive property of DP Engineering (or its licensors). The Supplier shall keep the DP Engineering Materials in safe custody at its own risk, maintain them in good condition until returned to DP Engineering and not dispose or

- use the same other than in accordance with DP Engineering's written instructions or authorisation.
- 11. INDEMNITY**
- 11.1 The Supplier shall keep DP Engineering indemnified against all liabilities, costs, expenses, damages and losses (including, but not limited to, any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other reasonable professional costs and expenses) suffered or incurred by DP Engineering as a result of or in connection with:
- any claim made against DP Engineering for actual or alleged infringement of a third party's Intellectual Property Rights arising out of or in connection with the manufacture, supply or use of the Products, or the receipt, use or supply of the Services (excluding the DP Engineering Materials);
 - any claim made against DP Engineering by a third party for death, personal injury or damage to property arising out of or in connection with defects in the Products, or the Deliverables; and
 - any claim made against DP Engineering by a third party arising out of or in connection with the supply of the Products or the Services.
- 11.2 This clause 11 shall survive termination of the Contract.
- 12. INSURANCE**
- During the term of the Contract and for a period of 3 years thereafter, the Supplier shall maintain in force, with a reputable insurance company, professional indemnity insurance, product liability insurance and public liability insurance to cover the liabilities that may arise under or in connection with the Contract, and shall, on DP Engineering's request, produce both the insurance certificate giving details of cover and the receipt for the current year's premium in respect of each insurance.
- 13. CONFIDENTIALITY**
- 13.1 Each party undertakes that it shall not at any time during the Contract and for a period of five years after expiry or termination of the Contract, disclose to any person any Confidential Information concerning the business, affairs, customers, clients or suppliers of the other party, except as permitted by clause 13.2.
- 13.2 Each party may disclose the other party's Confidential Information:
- to its employees, officers, representatives or advisers who need to know such information for the purposes of exercising the party's rights or carrying out its obligations under the Contract. Each party shall ensure that its employees, officers, representatives or advisers to whom it discloses the other party's confidential information comply with this clause 13; and
 - as may be required by law, a court of competent jurisdiction or any governmental or regulatory authority.
- 13.3 Neither party shall use the other party's Confidential Information for any purpose other than to exercise its rights and perform its obligations under or in connection with the Contract.
- 14. COMPLIANCE WITH RELEVANT LAWS AND POLICES**
- 14.1 In performing its obligations under the Contract, the Supplier shall:
- comply with all applicable laws, statutes, regulations from time to time in force; and
 - comply with the Mandatory Policies.
- 14.2 DP Engineering may immediately terminate the Contract for any breach of this clause 14.
- 15. TERMINATION**
- 15.1 DP Engineering may terminate the Contract in whole or in part at any time, with immediate effect, by giving the Supplier written notice, whereupon the Supplier shall discontinue all work on the Contract. DP Engineering shall pay the Supplier fair and reasonable compensation for any work in progress on the Products, or any Services supplied, at the time of termination, but such compensation shall not include loss of anticipated profits or any consequential loss.
- 15.2 Without limiting its other rights or remedies, DP Engineering may terminate the Contract with immediate effect by giving written notice to the Supplier if:
- the Supplier commits a material breach of any term of the Contract and (if such a breach is remediable) fails to remedy that breach within 14 Business Days of that party being notified in writing to do so;
 - the Supplier takes any step or action in connection with its entering administration, provisional liquidation or any composition or arrangement with its creditors (other than in relation to a solvent restructuring), being wound up (whether voluntarily or by order of the court, unless for the purpose of a solvent restructuring), having a receiver appointed to any of its assets or ceasing to carry on business or, if the step or action is taken in another jurisdiction, in connection with any analogous procedure in the relevant jurisdiction;
 - the Supplier takes any step or action in connection with the Supplier being made bankrupt, entering any composition or arrangement with its creditors, having a receiver appointed to any of its assets, or ceasing to carry on business or if the step or action is taken in another jurisdiction, in connection with any analogous procedure in the relevant jurisdiction;
- the Supplier suspends, or threatens to suspend, or ceases or threatens to cease to carry on all or a substantial part of its business; or
 - the Supplier's financial position deteriorates to such an extent that, in DP Engineering's opinion, the Supplier's capability to adequately fulfil its obligations under the Contract has been placed in jeopardy.
- 15.3 On termination of the Contract, the Supplier shall immediately deliver to DP Engineering all Deliverables whether or not then complete, and return all DP Engineering Materials to DP Engineering. If the Supplier fails to do so, then DP Engineering may enter the Supplier's premises and take possession of them. Until they have been returned or delivered, the Supplier shall be solely responsible for their safe keeping and shall not use them for any purpose not connected with the Contract.
- 15.4 Termination or expiry of the Contract shall not affect the parties' rights and remedies that have accrued as at termination or expiry, including the right to claim damages in respect of any breach of the Contract which existed at or before the date of termination or expiry.
- 15.5 Any provision of the Contract that expressly or by implication is intended to come into or continue in force on or after termination or expiry of the Contract shall remain in full force and effect.
- 16. FORCE MAJEURE**
- Neither party shall be in breach of the Contract nor liable for delay in performing, or failure to perform, any of its obligations under the Contract, if such delay or failure results from events, circumstances or causes beyond its reasonable control. In such circumstances the affected party shall be entitled to a reasonable extension of the time for performing such obligations. If the period of delay or non-performance continues for 12 weeks, the party not affected may terminate the Contract by giving 10 Business Days' written notice to the affected party.
- 17. CONFLICT**
- If there is an inconsistency between any of the provisions of these Conditions and the provisions of the Order, the provisions of the Order shall prevail.
- 18. ASSIGNMENT**
- 18.1 DP Engineering may at any time assign, transfer, mortgage, charge, subcontract, delegate, declare a trust over or deal in any other manner with any or all of its rights or obligations under the Contract.
- 18.2 The Supplier may not assign, transfer, mortgage, charge, delegate, declare a trust over or deal in any other manner with any or all of its rights or obligations under the Contract without the prior written consent of DP Engineering.
- 18.3 The Supplier may not subcontract any or all of its rights or obligations under the Contract without the prior written consent of DP Engineering. If DP Engineering consents to any subcontracting by the Supplier, the Supplier shall remain responsible for all the acts and omissions of its subcontractors as if they were its own acts and omissions.
- 19. NO PARTNERSHIP OR AGENCY**
- 19.1 Nothing in these Conditions is intended to, or shall be deemed to, establish any partnership or joint venture between any of the parties, constitute any party the agent of another party, or authorise any party to make or enter into any commitments for or on behalf of any other party.
- 19.2 Each party confirms it is acting on its own behalf and not for the benefit of any other person
- 20. NOTICES**
- 20.1 Any notice required to be given pursuant to the Contract shall be in writing and either be:
- delivered by hand or sent by pre-paid first class post or recorded delivery ; or
 - sent by email, to the address or email address notified by the relevant party for that purpose from time to time.
- 20.2 A notice shall be deemed to have been received:
- if delivered by hand, on signature of a delivery receipt;
 - if delivered by post, at 9:00am on the second Business Day after posting; or
 - if sent by email, at the time of transmission, or, if this time falls outside business hours in the place of receipt, when business hours resume. In this clause 20.2(c), business hours means 9.00am to 5.00pm Monday to Friday on a day that is not a public holiday in the place of receipt
- 21. WAIVER**
- A failure or delay by a party to exercise any right or remedy provided under the Contract or by law shall not constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict the further exercise of that or any other right or remedy. A single or partial exercise of such right or remedy shall not prevent or restrict the further exercise of that or any other right or remedy.
- 22. THIRD PARTY RIGHTS**
- A person who is not a party to the Contract shall have no rights under this Contract pursuant to the Contracts (Rights of Third Parties) Act 1999.
- 23. VARIATION**
- 23.1 DP Engineering may amend these Conditions from time to time, but amendments will not affect any order already placed with the Supplier.

- The Conditions were last updated on the date set out at the end of these Conditions.
- 23.2 Every time DP Engineering orders Products and/or Services from the Supplier, the Conditions in force at the time of the order will apply to the Contract formed between the Supplier and DP Engineering.
- 23.3 No variation to the Contract shall be binding unless agreed in writing between the authorised representatives of DP Engineering and the Supplier.
- 24. GOVERNING LAW AND JURISDICTION**
- 24.1 The Contract, and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject

- 24.2 matter or formation, shall be governed by and construed in accordance with the law of England and Wales.
- 24.2 Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with the Contract or its subject matter or formation.

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