

Ferra Group has a policy of working with key suppliers to develop long term mutually beneficial supply relationships. This document defines the basic requirements that must be met by supplier organisations for the supply and delivery of goods and/or services to Ferra entities including Ferra Engineering Pty Ltd and Ferra Aerospace Inc.

Ferra has established high performance expectations both within the group and for external suppliers, rewarding supplier superior performance with ongoing business opportunities. Ferra maintains metrics of suppliers' performance related to on-time delivery and product conformity.

## 1 Acceptance

The Supplier accepts these conditions through acceptance of a Contract or Purchase Order which references this document, or through commencement of any related work or activities. Unless otherwise stated by a Ferra representative in writing the terms and conditions in this document are deemed to have been accepted by the Supplier in their entirety without modification.

## 2 General

Ferra's order number must be quoted on all documents and correspondence relating to the Purchase Order. A Purchase Order number must accompany verbal orders and a copy of that Purchase Order must be received by the Supplier within 48 hrs of the verbal order. The Supplier must not supply any Goods or provide any Services unless a Purchase Order or Contract has been issued by Ferra to the Supplier. This document applies to the supply of Goods and Services to the exclusion of all other terms proposed by the Supplier and such other terms will be of no legal effect and will not constitute part of this document or the Contract under any circumstances.

In this document:

**Ferra** means Ferra Engineering Pty Ltd ACN 060 996 465 or (if applicable) such other related entity specified on the Purchase Order;

**Contract** means the contract between Ferra and the Supplier for the purchase of Supplies on the terms of this document;

**Goods** means the articles, goods, materials or parts thereof to be supplied under the Contract;

**Intellectual Property Rights** means all intellectual property rights of any kind, in any jurisdiction, subsisting now or in the future (including, without limitation, business, company or trade names, domain names, patents, inventions, copyright, design rights, know-how, trade marks, the right to sue for passing off and rights to use, and protect the confidentiality of, confidential information), whether registered or unregistered, and including the rights to apply for or renew the registration of any such rights and any rights the subject of any lapsed application or registration;

**Services** means the services to be performed under the Contract;

**Supplier** means the person named on the Purchase Order who is to supply the Goods/Services to Ferra, and where the Supplier includes more than one person, those persons jointly and severally;

**Supplies** means the Goods and/or Services;

**Pre-existing IP Rights** means Intellectual Property Rights in all materials owned by Ferra or the Supplier independent of this document; and

**Purchase Order** means a written order for Supplies placed by Ferra on the Supplier and includes any attachments to that order; such an order will become a Contract upon the Supplier's written (including e-mail) acknowledgement thereof as envisaged in clause 3 below.

## 3 Acknowledgement

Purchase Orders must be acknowledged and written confirmation received by Ferra within 24 hours of the Supplier receiving their copy of the Purchase Order or Contract. Any queries must be raised by the Supplier before proceeding to confirm the Purchase Order or Contract. Acceptance of a Purchase Order or Contract by the Supplier or the performance thereof shall be deemed to be an acceptance of this document notwithstanding that the sales order or other documentation of the Supplier may contain a condition similar in terms to these conditions.

## 4 Delivery

The time of delivery stated in a Contract is of the essence of the order. Ferra requires 100% on-time delivery. The date specified for delivery in a Contract is the required delivery date at Ferra's premises (FOB destination), this includes all relevant paperwork requested in the Contract. When the Supplier expects difficulties in production or sourcing of materials or when circumstances beyond the Supplier's control arise which may affect timely delivery to the required quality, the Supplier shall inform Ferra in writing (including e-mail) without delay.

## 5 Quantity

Ferra shall not be liable to accept or pay for quantities in excess of those set out in the Contract, or otherwise requested by Ferra in writing and accepted by the Supplier. Ferra may return to the Supplier any quantities in excess at the Supplier's expense.

## 6 Identification

All deliveries must be accompanied by the Supplier's delivery documentation and material certification. All documentation must refer to Ferra's part number (where applicable), part description, order number and quantity delivered. A Certificate of Conformity certifying that the Supplier's quality assurance department has accepted the product/parts must accompany the Supplies where applicable. Failure to comply may result in rejection of the delivery.

## 7 Packing and Shipment

All Goods must be suitably packed to ensure arrival in good order and condition. Unless otherwise expressly agreed by the parties in writing, the cost of delivery to Ferra including boxing, packing, crating, cartage and storage shall be borne by the Supplier.

## 8 Warranty

Ferra's policy is one of full cost recovery. The Supplier must have in place a control system to ensure that all Goods:

- conform to the specifications, drawings, samples, symbols or other descriptions provided by Ferra in or referred to in the Contract and shall be merchantable, of good material and workmanship, in safe working condition, comply with all applicable laws and free from defects.
- are made in accordance with the Supplier's designs, drawings, specifications or other descriptions shall be suitable for the purpose intended, merchantable, of good material and workmanship in safe working condition, comply with all applicable laws and free from defects.

The Supplier warrants that the Supplies are free from defects and in workmanship for a period of 12 months from the date of delivery.

Any defect identified within the warranty period must be reported to the Supplier in writing within 30 days of its discovery. The Supplier will rectify any defect in the Supplies by repair or replacement of defective Goods or by re-rendering of defective Services without any charge for labour or materials.

## 9 Provision of Materials

Materials provided by Ferra free of charge shall remain Ferra's property. Such materials shall only be applied for the purpose intended by the Contract.

## 10 Non-conforming Supplies

Ferra must be notified in writing where Supplies (including process or service that has potentially affected Supplies) is non-conforming. A concession will be issued if approved by Ferra. The concession number must be referenced on all delivery documentation, the Supplies and package(s) identified as non-conforming.

The Supplier shall provide written notification to Ferra when a non-conformance is determined to exist, or is suspected to exist, on Supplies already delivered to Ferra. Written notification shall include:

- affected Supply/ies or product number/s and name/s;
- description of the nonconforming condition and the affected engineering requirement (should be & is condition);
- quantities, dates and Purchase Order numbers of the delivered Supplies; and
- suspect/affected serial numbers or date codes where applicable.

Notification must occur within three business days of the Supplier knowing all above information. However, for aerospace Purchase Orders if the non-conforming condition creates a possible flight safety risk, the Supplier must submit all available information to Ferra immediately.

The terms and conditions in this document shall be flowed down by the Supplier to its direct suppliers and the sub-tier supply chain.

## 11 Special Requirements

Special requirements, critical items and key characteristics identified through the Contract or referenced documents, shall be observed by the Supplier and flowed down to sub tier suppliers as applicable.

## 12 Specification, Design and Scope Changes

Ferra may at any time require the Supplier to implement changes to the specifications or design of the Goods or to the scope of the Supplies covered by the Contract, including (but not limited to) work related to inspection, testing or quality control. Such changes shall be reflected in an amendment to the Contract agreed to by the parties in writing (including e-mail). While Ferra will endeavour to discuss any such agreed changes with the Supplier as early as practical, the Supplier must promptly implement such changes.

## 13 Termination for Breach or Insolvency

Ferra may terminate the Contract in whole or in part when the Supplier:

- fails to deliver the Goods or provide the Services at the time and place specified in the Contract;
- becomes bankrupt or insolvent, or is unable to complete the Contract; or
- fails to remedy a breach of this document within the time specified in a notice of breach issued by Ferra.

## 14 Termination for Convenience

Ferra may at any time give notice in writing to the Supplier to terminate the Contract or any part without cause. In such an event Ferra shall compensate the Supplier for all recurrent and non-recurrent costs and expenses incurred under the Contract up to the date of termination with a reasonable allowance for profit on that part of the Contract performed up to the date of termination.

## 15 Quality

The manufacture and provision of Supplies shall be carried out in accordance with the quality assurance requirements stated in the Contract. The Supplier shall comply with all quality requirements and procedures Ferra specifies in the Contract, as accepted. Any certification requirements stated in the Contract must be current at time of shipping.

The Supplier shall promptly notify the Ferra Supplier Quality Representative ("Ferra SQR") that supports the Supplier of any changes in the management representative with assigned responsibility and authority for the quality system. The Supplier shall promptly notify the Ferra SQR that supports the Supplier of any changes in certification or approval status that affects the Supplier's ability to meet the obligations under this document.

The Supplier shall flow down all relevant quality requirements to its direct suppliers and the sub-tier supply chain.

**16 Right of Access / Audits**

Ferra's representatives, its customers & regulatory authorities shall have the right of access to inspect and evaluate Supplier's facilities systems, data, equipment, personnel and all completed Supplies at all reasonable times for any purpose in connection with the performance by the Supplier of the Contract and to establish whether the Supplier is capable of meeting or maintaining specified requirements. The Supplier shall secure the same rights of access to the premises of its subcontractors and flow down these requirements to all sub tier suppliers.

**17 Drawings, Tools and Equipment**

All tools, gauges, jigs, dies and other equipment, drawings, blueprints, specifications, programs, samples and other data ("Materials") provided to the Supplier by Ferra, and any materials which have been or are to be purchased or manufactured by the Supplier for the purpose of manufacturing the Goods, or for which Ferra has paid or will pay in full or in part, shall be and remain the property of Ferra and shall be deemed to be confidential to Ferra and shall not be disclosed or used by the Supplier or its agents or sub-contractors, except as required by the Contract. Upon completion, cancellation or other termination of work under the Contract, the Supplier shall return all Materials together with all copies thereof, and shall thereafter not disclose or make any further use either directly or indirectly of any information derived therefrom without Ferra's prior written consent. Designs of tools, equipment dies etc. shall be subject to approval by Ferra prior to commencement of manufacture thereof.

All Materials held at the Supplier's premises or at the premises of any agent or sub-contractor of the Supplier shall be at the Supplier's risk and shall be insured by the Supplier at the Supplier's expense for current replacement value in respect or loss or damage for any reason whatsoever.

**18 Payment**

Payment terms are strictly 30 days EFT from the end of the month in which the Goods or Services are received. A Ferra vendor application form is to be completed and provided to Ferra with the relevant EFT details. Basic conditions for timely payment is that the invoice is correctly addressed, quotes Ferra's Purchase Order number and includes all other information that is necessary to Ferra. Ferra may withhold payment for any Goods or Services until Ferra receives evidence, in such form and detail as Ferra requires, of the absence of any liens, encumbrances and claims on such Goods or Services.

Ferra may set off or deduct from any payment due to the Supplier any amount for which the Supplier may be liable to Ferra, including but not limited to costs, charges, damages, expenses and any debts owed by the Supplier to Ferra. This does not limit Ferra's right to recover those amounts in other manners.

**19 Indemnity**

The Supplier agrees that it will defend, indemnify and hold harmless Ferra, its officers, employees, and agents (those indemnified) from and against any liability, claims, demands, damages, costs or expenses (including, without limitation, reasonable attorney and other professional fees and disbursements) arising from or in connection with any third party claims or demands to recover for personal injury or death or damage to or loss of property or in respect of defects in the Supplies, all to the extent caused by the negligence or wilful misconduct of the Supplier. The Supplier will, however, not be responsible for consequential or indirect losses suffered by Ferra.

**20 Insurance**

The Supplier is required, at its cost, to effect and maintain throughout the term of this document and any additional period Ferra deems necessary, each of the following insurances (where required by applicable law or as reasonably requested by Ferra), General and Product Liability Insurance, Workers Compensation and Employees Liability Insurance, Supplier's Plant and Equipment, Goods in Transit, Motor Vehicle/Automobile Third Party Liability Insurance, Professional Indemnity Insurance, Marine Insurance and Aviation Insurance, in relation to risks or occurrences arising, or which may arise, out of the performance of the Contract.

**21 Confidentiality**

The Supplier shall:

- not use technical and/or proprietary information and the features on Materials provided to the Supplier except for the purpose of supplying to Ferra;

- not grant third parties access to Contract information without prior written consent of Ferra; and
- return a signed copy of the Non-Disclosure Agreement to Ferra within 48 hours of receiving the document.

**22 Force Majeure**

A party will not be liable for any delay or failure to perform any of its obligations under the Contract (other than an obligation to pay money) where such delay or failure results from events, circumstances or causes beyond the party's control (**Force Majeure**) if as soon as possible after the beginning of the Force Majeure affecting the ability of the party to perform any of its obligations under the Contract, it gives notice to the other party that complies with the following. A notice given must:

- specify the obligations the party cannot perform;
- fully describe the Force Majeure;
- estimate the time during which the Force Majeure will continue; and
- specify the measures proposed to be adopted to remedy or abate Force Majeure.

The performance of the affected obligations must be resumed as soon as practicable after such Force Majeure is removed or has ceased. If the delay due to the Force Majeure continues for at least 14 days, Ferra may terminate the Contract immediately on providing written notice to the Supplier.

**23 Intellectual Property**

All Pre-existing IP Rights remain the sole property of the owner.

The Supplier grants Ferra a worldwide, non-exclusive, royalty-free, transferrable licence to use its Pre-existing IP Rights for the purpose of using and exploiting the Intellectual Property Rights in the Supplies.

Ferra grants the Supplier a non-exclusive, royalty-free, non-transferable licence to use the Pre-existing IP Rights owned by it for the sole purpose of performing its obligations under this document and the Contract.

Where Ferra furnishes the design of the Supplies any Intellectual Property Rights shall belong to Ferra.

The Supplier absolutely assigns to Ferra all its rights, title and interest in any Intellectual Property Rights created pursuant to this document and the Contract from the date of their creation, to the extent permitted by law.

The Supplier warrants and represents to Ferra that the provision of the Supplies will not infringe the Intellectual Property Rights of any person.

**24 Applicable Law and Jurisdiction**

The laws of the State of Queensland, Australia shall govern this document. The parties hereto submit to the jurisdiction of the Queensland Courts.

**25 Documentation Storage & Retention**

The Supplier shall maintain and have available on a timely basis, quality records traceable to the conformance of Supply/ part numbers delivered to Ferra. The Supplier shall make such records available to regulatory authorities and Ferra's authorised representatives. The Supplier shall retain such records for 10 years from date of shipment for all Supply/part numbers under each applicable Contract unless otherwise stated in the Contract. Documents which exceed the retention requirement period may be disposed of. Disposition shall render the documents unreadable and unrecoverable.

**26 Acceptance and inspection**

Unless otherwise stated on the Contract or referenced documents, all Supplies manufactured or processed based on Ferra supplied drawings shall be subject to inspection by Ferra prior to their acceptance. Any sampling inspection plans shall be subject to written approval by Ferra prior to shipping.

Use of statistical techniques for acceptance shall be based on a scientific approach and be compliant with a relevant industry standard.

**27 First Article Inspection Report (FAIR)**

Where First Article Inspection ("FAI") is stated as a requirement in the Contract, it shall be in compliance with the AS9102 standard. Unless otherwise stated, FAI documentation shall be submitted prior to or with the initial delivery and subject to acceptance by a Ferra SQR.

Subsequent partial FAI's must be communicated to Ferra prior to delivery of affected Supplies for approval. Reasons for partial FAI shall include: changes to external providers, change of manufacturing location and other conditions specified in the AS9102 standard.

**28 Counterfeit parts**

It is a condition of supply to Ferra that the Supplier must plan and implement control processes appropriate to the Supplier's organisation and the Supplies, for the prevention of counterfeit or suspect counterfeit part/s inclusion in Supplies.

Controls against counterfeit parts shall be in compliance with a recognised industry standard for counterfeit parts.

The above conditions are applicable to all Supplies including electronic parts, mechanical parts and raw materials.

If suspect/counterfeit materiel is furnished under the Contract, such items shall be impounded. The Supplier shall promptly replace such Supplies with Supplies acceptable to Ferra and the Supplier may be liable for all costs relating to impoundment, removal, and replacement. Ferra may turn such items over to an Authority having jurisdiction for investigation and reserves the right to withhold payment for the suspect Supplies pending results of the investigation.

**29 Awareness**

The Supplier shall ensure the awareness of individuals within their organisation of:

- their contribution to product or service conformity;
- their contribution to product safety; and
- the importance of ethical behaviour.

**30 Flow Down Requirements**

The Supplier shall flow down (as applicable) all requirements stated in this document, and any additional requirements stated in the Contract or referenced documents, to their external providers.

Where any work associated with the carrying out of a Contract is to be undertaken by any agent or subcontractor of the Supplier:

- Ferra shall have the right to approve or disapprove any such agent or subcontractor;
- the Supplier must diligently supervise and manage the agent or subcontractor in the performance of carrying out the Services in accordance with the Contract and this document;
- the Supplier is responsible, and remains liable to Ferra, for the acts, defaults or omissions of the agent or subcontractor (and, if the agent or subcontractor is a company, its officers and employees) as if they were those of the Supplier; and
- the Supplier is not relieved of any of its obligations under the Contract or this document.

**31 General***Severability*

1. If any part of this document or the Contract is invalid or unenforceable, that part will (if possible) be read down to the extent necessary to avoid the invalidity or unenforceability, or alternatively will be deemed deleted; and this document and the Contract will remain otherwise in full force.

*Amendments to be in writing*

2. No amendment to this document or the Contract has any force unless it is in writing.

*Joint and several*

3. An obligation of two or more persons under this document or the Contract binds them jointly and severally and every expressed or implied agreement or undertaking by which two or more persons derive any benefit in terms of this document or the Contract will take effect for the benefit of those persons jointly and severally.

*Waiver*

4. The failure of a party to this document to enforce a provision or the granting of any time or indulgence will not be construed as a waiver of the provision nor of a waiver of the right of the party at a later time to enforce the provision.

*No merger*

5. The rights and obligations of the parties contained in this document will not be extinguished by or upon completion.