

## FRISA FORJADOS S.A. DE C.V.

### General Terms & Conditions

- 1 **DEFINITIONS:** “Seller” means FRISA Forjados S.A. de C.V. “Buyer” means the business entity buying goods or services from “Seller” with a purchase order or other procurement document
- 2 **ACCEPTANCE/CONTRACT FORMATION.** The Parties agree that these general terms and conditions of sale (the “Seller Terms and Conditions”) apply to all quotations and offers made by the Seller and purchase orders performed by Buyer. To the extent that the Seller Terms and Conditions conflict with or are different from those contained in any Buyer purchase order or other procurement document, the Seller Terms and Conditions will control and any additional or inconsistent terms are rejected by Seller unless Seller’s acceptance thereof is in writing and expressly refers to each such additional or conflicting term. Buyer’s acceptance of, or payment, for goods will confirm Buyer’s assent to the Seller Terms and Conditions.
- 3 **ORDER ACKNOWLEDGMENT.** The order must be confirmed by a written acknowledgment from the Seller. For the avoidance of doubt, if no acknowledgment or proposal for modification is received by the Seller, the Purchase Order shall be deemed rejected.
  - 3.1 **PULL-IN/PUSH OUTS:** Buyer shall not make changes to the requested delivery dates once the Purchase Order has been confirmed by Seller. Seller reserves the right not to accept any change in the delivery schedule. In case Seller agrees any push out in the delivery schedule, all work in process and finish good inventory is subject to a storage and handling fee of 5% per month from sales price. Pushouts that exceeds ninety (90) days from the original delivery date might be considered cancelled by Seller, and Buyer shall be liable to the Seller for all costs, invoices in the settlement of any termination claim related to the execution of the termination. In any cancellation of order, Buyer will be liable to Seller for all finished goods product, work in process, and raw material in stock and on order which Seller cannot cancel.
- 3.2 **ORDER MODIFICATION:** Order modifications or stop deliveries are subject to Seller’s written approval. Prices are subject to renegotiation at Seller’s option when manufacturing schedules are modified, or where parts must be manufactured in smaller and/or less economical lot sizes. Seller reserves the right to pass raw material cost increases through to Buyer if longer than anticipated delivery periods.
- 4 **RAW MATERIAL.**
  - 4.1 Materials and testing are in accordance to the Specification provided by Buyer. The materials shall conform to the required chemical composition and mechanical properties for the grade ordered and described in the Specification.
  - 4.2 **SUPPLIER:** Materials shall come from sources certified by the Buyer or by the Seller following approval by the Buyer of the Supplier’s certification procedure. The Seller shall make available to the Buyer all documents certifying the quantity, origin, quality and the controls it has made or which have been made by certified organizations upon its request in connection with such raw material stock.
  - 4.3 **LEAD TIME:** Purchased orders may not request a required delivery date that is shorter than the Part/Product Lead Time. Part/Product Lead Time means the Raw Material Lead Time plus the production

cycle time required from the delivery of materials at Seller's facility to the completion of production. Raw material Lead Time will be determined by Seller's suppliers and it will be notified to Buyer once the Seller received the quotation request.

4.4 **LIABILITY:** Seller will place an order to material suppliers/sources in order to meet the Buyer requirements once (i) the Buyer send the Purchase Order signed and (ii) the Buyer receive the Seller's confirmation and acknowledgment of the Purchase Order.

4.4.1. **FORECAST:** If the Buyer provides a forecast assuming annual quantities along with a Purchasing Letter of Commitment signed, materials will be purchased by Seller based on the requirements of the Buyer's forecast. Forecast is considered cancelled by Seller once the Buyer accepts paying at 100% the cost of all materials purchased by Seller to meet the Buyer's forecast and such materials remain on hand at Seller's facility for 30 days, after those 30 days a monthly storage fee rate of 5% of the raw material value will be charged to the Buyer. Seller will use reasonable commercial efforts, including the mutual involvement of Buyer, to return unused inventory for full refund, net of restocking charges and to cancel open Purchase Order with Seller's suppliers. Seller shall invoice Buyer and Buyer will pay for the inventory and cancellation charges. Payment terms will be net thirty (30) days from the date of invoice.

4.4.2. **SAFETY STOCK:** Seller reserves the right not to make available a safety stock unless previous agreement.

4.5 **DIRECTED BUY:** Seller accepts to supply parts using materials purchased from a Directed Source provided by Buyer taking into consideration the following terms: (i) prices from Directed Sources are subject to change effective as per Seller's supplier notification (ii) if the Buyer's demand decrease or if the Buyer push deliveries out,

Seller can return excess material to the directed source and the charges involved will be covered by Buyer (iii) if the Buyer's demand increase, Seller will inform Directed Source the new demand and delivery dates will be determined according to the raw material lead time provided by Directed Source and production capacity of the Seller's plant.

## 5 PRICES

5.1 Buyer shall pay the prices for parts specified in Seller's Quote or as otherwise quoted at the time the purchaser orders are submitted to Seller.

5.2 The price includes all the costs and expenses incurred by Seller for the manufacturing of the parts and it will be in the currency stated in the quotation.

5.3 Risk Analysis has been performed and evaluated and it is included in the price.

5.4 All pricing is calculated based on the Incoterm stated in the quotation.

5.5 Deflation is not included in any contracted price.

5.6 Changes requested by the Buyer are subject to a price increase.

5.7 In case that the Seller had omitted involuntarily some cost during the quotation process, that omission will be quoted and added to the price prior notification to Buyer.

5.8 Invoices shall be drawn by the Seller in accordance with applicable regulations and include, in addition to legal notices the following elements:

The invoice number

The order number

The item number in the order

The invoice date

The BOL

Part number

Shipping address

A description of the part/piece

**6 DELIVERY/SHIPMENT DATES:** All shipping and delivery dates are approximate. Actual shipping date will be determined at the time the order is placed based on factory order backlog and it can be modified considering the following lead times: (i) raw material lead time; (ii) try- outs lead time; (iii) cut-ups lead time (iv) tooling lead time.

**6.1 TERMS OF DELIVERY:** Unless otherwise specified on quotation, Delivery will be Free Carrier (FCA) At Seller's dock or Seller's authorized location, per Incoterms 2010. Delivery point; Frisa Aerospace Valentín G. Rivero No.200 Col. Los Trevino Santa Catarina N.L. México.

**6.1.1** Buyer shall contact its freight forwarder ASAP once Seller notifies product is ready for pick up. If load is not picked up within 7 days, the incoterm will default change to Best Way Prepay and Add. Seller will ship the load to Buyer and transfer the freight cost to the Buyer.

**6.1.2** A standard ship window of plus/minus 30 days will apply to all deliveries. All deliveries are subject to the condition that all past due invoices have been paid or resolved in full

**6.2 DELAYS:** Seller shall not be responsible for any prohibition, failure, interruption or delay in manufacture or delivery that may be caused by sabotage, fire, flood, explosion, labor dispute, strike, work stoppage, riot, insurrection, war, terrorist act, government order, or priorities granted by request of or for the benefit, directly or indirectly, of any governmental body, authority or agency, shortage of raw materials or supplies, natural disaster, insufficient capacity, or any other cause beyond Seller's control. In the event of any such prohibition, failure, interruption or delay, Seller may, at its sole option, extend the delivery time for a period equal to the time lost by reason of delay, plus such additional time as may be reasonably necessary to overcome the effect of the delay.

**6.2.1** Seller shall inform Buyer as soon as practical of any unplanned production stoppage or withdrawal from its catalog of Supply.

**6.2.2** A Shutdown of the Seller Production Plant for improvements and maintenance in equipment will take place during the month of December and it will last two weeks. If take place during some other months and delivery dates are affected, the Seller will communicate the new commitment dates to the Buyer.

**6.3 RISK OF LOSS:** Unless otherwise specifically stated on a document of sale agreed to in writing by Seller, delivery shall occur and risk of loss shall pass to Buyer upon delivery of the material to a carrier at point of shipment according to Incoterm previously agreed. Any claim for loss or damage in transit shall be against the carrier only.

**7 CANCELLATION OF PURCHASE ORDER:** The Buyer may cancel his order only upon written notice and upon payment to Seller of reasonable and proper cancellation charges:

Cancellation Charges:	% of the selling price
Before factory release	20% (in case Seller is allowed to cancel the raw material order with the supplier) or the equivalent of the raw material cost (in case the Seller cannot cancel the raw material order with the supplier)
1 week after release	60%
2 & 3 weeks after release	80%
4 weeks after release	100%

In case the Buyer owns the raw material, the following cancellation charges will apply:

Cancellation Charges:	% of the selling price
Before factory release	10% (SG&A cost Selling ,General & Administrative Expenses)
1 & 2 weeks after release	55%
2 & 3 weeks after release	100%

Seller shall invoice Buyer and Buyer will pay for the inventory and cancellation charges. Payment terms will be net thirty (30) days from the date of invoice.

## 8 TOOLING

**8.1** Buyer shall be responsible for implicit cost of the tooling. Unless otherwise expressly agreed, all tools, dies, fixtures, jigs, gauges, and related drawings and designs shall be and remain Seller's property and shall be held by Seller at its disposal. Buyer shall be responsible for all costs of maintenance, repair and replacement of any such items, if used exclusively for the manufacture or processing of materials by Seller for Buyer. Payment of tooling to Seller does not warrant ownership of tools for Buyer.

**9** If at any time a period of 12 months has elapsed since the receipt of any order from Buyer requiring the use of such tools, dies, patterns, jigs, gauges or fixtures, etc. Seller may thereafter make any such used of disposition of such items as Seller desires, without any accounting to Buyer for such use

of disposition, or the proceeds thereof.

## 9 MODIFICATION TO SPECIFICATIONS

**9.1** The Buyer may modify at any time the Specification that shall be applied to the Purchase Order. The Seller shall provide to the Buyer an assessment of the modification and its impact on prices, delivery, quality, the specialized tooling required and the precise situation with respect to stock and work-in-process.

**9.2** Buyer shall provide the Purchase Order Amendment including the conditions agreed between the parties for the future deliveries and costs related to such modification shall be covered by Buyer.

**9.3** Approval cycle involves all kinds of approvals required by Seller from the Buyer including First Article Inspection Reports, Method of Manufacture, Condition of Supply Drawings and Furnace Approvals. If the Buyer exceeds the approval cycle time allowed, the shipment date will be extended to the extra time taken by Buyer.

Description	For Approval Update	For New Approval
Mailing of Approvals (Weeks)	2	4
Customer Approvals Return (Weeks)	2	2

**10 PAYMENT:** Except as otherwise agreed to by Seller in writing, the following payment terms apply:

**10.1** Terms of payment for all goods and other services shall be 100% upfront payment. Tooling charges will be invoiced upon initial delivery of goods, 100% upon payment. Buyer shall pay Seller all invoiced amounts in the currency stated on the invoice(s) and without right of set-off within the credit terms stipulated in the Quotation. Seller shall be entitled to payment of all charges associated with Seller's performance of services and/or delivery of products.

**10.2** *LATE PAYMENT:* The unpaid portion of amounts more than 1 day overdue is resulting in the stoppage of shipments and/or production from Seller. In addition, the unpaid portion of amounts due shall bear interest at the rate of 1.5% or the maximum interest rate permitted by law, whichever is less, for each calendar month that the payment is overdue. If the amount continues unpaid 20 days after the due date, Seller shall be entitled to take legal action to demand the amount overdue plus interest. If at any time Seller reasonably determines that Buyer's financial condition or payment history does not justify the unpaid portions of amounts due, Seller shall be entitled to suspend the following deliveries or terminate the Contract and also, Seller shall be entitled to change the credit terms requiring full or partial payment in advance for future Purchase Orders. Seller's accounts receivable department will be sending reminders/warnings every week in order to inform Buyer about these actions/consequences.

**10.3** *PROMPT PAYMENT DISCOUNT:* Discount for prompt payment means an invoice payment reduction offered by the Seller for payment prior to the due date. Seller accepts on annual percentage rate (annual discount) for prompt payment upon mutual agreement of the parties based on the total amount purchased by Buyer per year and the contract extension. The Buyer will have access to discount rate of each invoice if the Buyer pays the invoice in the first days after the invoice is issued.

## **11 INSPECTION AND WITNESS TEST**

**11.1** If Buyer wishes to inspect the equipment or to witness any tests, such viewing will be mutually agreed and Buyer will send a writing notification to Seller thirty (30) days' in advance. Witness Tests and this viewing should not exceed 1 day agreed. For Factory Witness tests, Seller will charge ten percent (10%) of the Purchased Order per Buyer representative. This price does not include any travel expenses. Buyer representative (maximum 1 person) is responsible for furnishing his own transportation, lodging and food expenses. In the event that Buyer or Buyer representative fail to attend the Factory on the due date, the Seller will be entitled to proceed in their absence and the results of such witness tests will be deemed to be in accordance with the Factory Acceptance Test certificate issued by Seller. Such certificate may record that the Factory witness test were carried out in the absence of Buyer representative and/or that the System passed the witness test subject to reservations relating to minor defects, which are to be remedied by Seller at a time to be agreed. If the Factory Witness Test shows that the System meets the Specification and if Buyer representative has attended the Factory, then Buyer representative will sign a Factory Acceptance Test certificate accordingly. The Factory Acceptance Test certificate may record that the System has passed the Factory Acceptance Tests but subject to reservations relating to minor defects which will be remedied by Seller at a time to be agreed. If during the Factory Witness Test any of the System is found not to be in accordance with the Specification, Seller will promptly remedy the defect. Thereafter (save in the case of minor defects not affecting the functionality of the System) the Factory Witness Tests will be repeated, insofar as it is necessary to demonstrate that the System fully conforms to the Specification.

**11.2** If the Buyer wishes any tests to be repeated or any additional test to be performed, Buyer will be responsible for all the cost associated with testing.

uses or transfers to Buyer in connection with the Order to allow Supplier to lawfully comply with the Order and use the Supply.

## 12 DEVELOPMENT PARTS CYCLE

- 12.1** Buyer acknowledges that the part to be developed may be completely new or it may be redesigned or modified from an existing one, in either case, the optimum process consists of many stages (production cycle) and this cycle may last a long time before the try- out part is completed and ready to be shipped and delivered to the Buyer.
- 12.2** Raw material to be used to the development parts will be ordered according to the progress of the project/development. Seller shall be entitled to order raw material for the try out part and the validation batch only. If the project/development is successful until the end of the forging operation, Seller will order raw material for the (2<sup>nd</sup>) second and (3<sup>rd</sup>) third batch. If the project/development continues to be successful until the end of the forging operation of the (2<sup>nd</sup>) second and (3<sup>rd</sup>) third batch, the delivery/shipment dates will be updated accordingly and Seller will be committed to such delivery/shipment dates updated.
- 12.3** Seller reserves the right to modify the duration of the production lead time for the try-out part and the validation batch. If the Buyer exceeds the approval cycle time allowed (see the point 10 of the FRISA FORJADOS S.A. DE C.V. terms and conditions) the shipment date will be extended to the extra time taken by Buyer.

## 13 INTELLECTUAL PROPERTY

- 13.1** The Seller shall own all Intellectual Property and tangible work product conceived, created, acquired, or first reduced to practice in connection with an Order, including but not limited to Results.
- 13.2** The Seller reserves the right to use the Results for research, development and statistical purposes in addition to the performance of the Order.
- 14** Seller represents and warrants that Seller has sufficient rights in all Supplies, Services, and Intellectual Property and other items that Supplier

## 15 TRANSFER /SUBCONTRACTING

- 15.1** The Seller reserves the right to transfer all or part of the manufacturing process to facilities within the organization that complies with the requirements established in the order.
- 15.2** The Seller reserves the right to subcontract machining, inspection, testing and heat treat capabilities with a third party who complies with the requirements established in the order.

## 16 WARRANTY

- 16.1** The Seller warrants that the part/pieces shall be (i) merchantable and fit for the purpose intended; (ii) new (iii) free for defects in design, in manufacturing or in operating defects as well as against any defects in materials and parts comprising an assembly. The Seller warrants the proper performance of the services in accordance with the contractual documents. Any items not manufactured by Seller shall carry only the warranty that the original manufactures provide and Seller gives no warranty on behalf of the manufacturers of such items.
- 16.2** RE-WORK/REJECTION: The Warranty shall cover any part correction, refurbishment or replacement. The warranty covers parts, labor, transport, travel and custom duties but it will not cover the cost of disassembly, handling and reassembly of the parts. The Buyer shall send a written notification about the defect of malfunction to the Seller, this case will be evaluated for approval by Seller's Quality Department, if the item involved is accepted to be returned, evaluated or re-worked by the Seller, the Buyer will receive an RMA (Return Material Authorization), this document does not mean that the Seller is accepting the failure, means that the Seller will evaluate the item(s) reported as non-conformance at Seller's facility to give the expert opinion and closure the open case. If no RMA or written confirmation is sent by the Seller, the case shall be deemed rejected.

**16.2.1** Unless otherwise stated in the Contract/Purchase order, the warranty period shall be (12) twelve months from shipment of the parts.

**17** **CODE OF ETHICS:** Seller solemnly declares that:

**17.1** It has not infringed any anti-corruption laws or regulations.

**17.2** It has not been subject to any civil or criminal sanctions, in Mexico or abroad, for violation or anti-corruption laws or regulations and that no investigation or proceedings which could lead to such sanctions have been brought against it.

**17.3** Seller will not be able to receive, directly or indirectly, any gift, present, payment, remuneration or benefit whatsoever (trip, etc.) to anyone with a view to or in exchange for the conclusion of the purchase order.

**17.4** In the event of failure to comply with this clause, the Seller shall automatically have the right to terminate the Orders in progress with immediate effect and without compensation and without prejudice to any other remedies the Buyer may request from the Seller.

**18** **GOVERNING LAW:** The parties hereby covenant and agree that either this Agreement or the Terms and Conditions of the Purchase Order shall be construed in accordance with, and governed by the substantive laws of, the United Mexican States (Mexico) and the State of Nuevo Leon, without reference to principles governing choice or conflicts of laws, including but not limited to the Federal Commerce Code and the Civil Code for the State of Nuevo Leon, Mexico. The parties hereby agree that the state and federal courts with competent jurisdiction in Monterrey City, State of Nuevo Leon, Mexico, shall have the authority to resolve any suit or claim arising under this Agreement.

All Exhibits hereto shall be governed by and construed in accordance with the laws of jurisdiction specified therein. The parties hereby waive to the jurisdiction of any court to whose jurisdiction they might have a right to, by virtue of their current or future domiciles.

**19** **TERMINATION**

**19.1** The Buyer shall be entitled to terminate the order under the terms and conditions referred to in article 7 "Cancellation of Purchase Order".

**19.2** The Seller shall be entitled to place on hold or terminate the order when Buyer fails to perform under the terms and conditions referred to in article 11 "Payment".

**19.3** Upon expiration of the order, or following its termination for any reason whatsoever, the Seller reserves the right to perform under the terms and conditions referred to in article 8 "Tooling".

**19.4** In all cases of termination referred to hereinabove, each Party shall still be required to comply with all its contractual obligations until the effective date of termination, without prejudice to any damage that the non-defaulting Party may be able to claim as compensation for the damage incurred as a result of the non-performance by the defaulting Party of the obligations set forth in the contractual documents.

## **20 FORCE MAJEURE**

Seller shall not be liable for failure or delay in delivery due to extraordinary event or circumstances, act of God, differences with workmen, fire, flood or other casualty, governmental regulations or requirements, shortages or failure of raw materials, supplies, fuel, power or transportation, pandemics, breakdown of equipment, or any other cause beyond Seller's reasonable control.