Purchasing Conditions between Pankl Aerospace Systems Inc. "PANKL" 16615 Edwards Road, Cerritos, CA 90703, USA, and "SUPPLIER". PANKL and SUPPLIER are sometimes hereinafter referred to as the "Parties."

§ 1. General Terms / Scope

§ 1.1 SUPPLIER has agreed to provide and deliver product and / or services to PANKL and PANKL has agreed to receive such Goods and/or Services in accordance with the terms, conditions and provisions ("Purchasing Conditions") of this Agreement. Notwithstanding anything herein to the contrary, if a written Agreement signed by both Parties is in existence covering the sale of the Goods and Services covered hereby, the terms and conditions of that Agreement shall prevail to the extent they are inconsistent with these Terms. Any individual agreements concluded between SUPPLIER and PANKL have priority to these Purchasing Conditions

§ 1.2 Contravening or differing terms and conditions (in particular general terms and conditions or sales conditions) of the SUPPLIER shall not be applicable, even if PANKL has not explicitly contradicted them in individual cases. The Purchasing Conditions apply also in cases, where PANKL accepted the Goods and / or Services supplied by SUPPLIER and/or paid for such Goods and / or Services, even if PANKL was aware of SUPPLIER's contravening or differing terms and conditions.

§ 1.3 The Purchasing Conditions shall continue to apply to all future orders of PANKL and until and unless PANKL issues new purchasing conditions, all Purchasing Conditions contained in this Agreement shall continue to apply irrespective of whether PANKL makes reference to the Purchasing Conditions in such future orders.

§ 1.4. SUPPLIER undertakes to comply with the PANKL Code of Conduct in its current version (available at: pankl.com/en/code-of-conduct/) and also to oblige its sub-suppliers/subcontractors to comply with the principles and requirements defined in the PANKL Code of Conduct. PANKL reserves the right to verify compliance with the Code of Conduct.

§ 2. Conclusion of the Contract / Orders and Acceptance / Changes and Amendments

§ 2.1 Supply contracts, orders and acceptances, order releases and other transactions, as well as any changes and amendments thereof must be made in writing and approved by all Parties.

§ 2.2 Orders and order releases may be issued by electronic data-transfer, including, but not limited to via email, telecopier and all other electronic means.

§ 2.3 All changes made prior to, during or after the conclusion of this Agreement, including, but not limited to amendments or changes of the Purchasing Conditions, including any kind of ancillary or collateral agreements must be approved in writing by PANKL.

§ 2.4 Unless otherwise agreed in writing, SUPPLIER shall be solely responsible for preparing and paying for the cost of preparing cost estimates and offers and once accepted by PANKL, SUPPLIER will be solely responsible for supplying its goods and / or services in accordance with such estimates, and upon acceptance by PANKL it shall create a legally binding contract.

§ 2.5 PANKL's acceptance of SUPPLIER's cost estimate must be in writing and delivered to SUPPLIER. Delivery by electronic data-transfer will be deemed received by SUPPLIER on the business day of receipt. Delivery via Federal Express or other overnight delivery service will be deemed received on the first business day after being sent to SUPPLIER. Delivery via certified mail or priority mail shall be deemed delivered at the time of receipt by SUPPLIER. Delivery via first class mail, shall be deemed received three days after it is deposited into the United States Mail.

§ 2.6 Nothing in this Agreement will prevent PANKL from requesting that SUPPLIER make changes to the ordered Goods and / or Services, which changes include, but are not limited to the amounts, time and place of Goods, quality, specifications, drawings, design, construction and/or packaging ("Change Requests"),

§ 2.6.a. The Parties will negotiate in good faith regarding Change Requests, including the revised costs, including increased or reduced of costs, delivery dates and other provisions of such Change Requests.

§ 2.6.b. Any changes in accordance with this provision must be in writing.

§ 2.7 Nothing in this Agreement will prevent SUPPLIER from requesting that PANKL accept modification to the ordered Goods and / or Services which SUPPLIER considers required or useful based on expertise or any legal or otherwise binding regulations, however any changes made in accordance with this provision must be expressly approved by Pankl to be valid.

§ 3. Product and/or Service Price and Payment Terms and Conditions

§ 3.1 SUPPLIER shall fill in the prices for the Goods and / or Services into the copy of PANKL's order and shall return the copy to PANKL in cases where the prices are not determined at the time of PANKL's order. A valid contract shall only come into force, if PANKL accepts the delivery price in writing. All additional charges (customs, packaging, transport, insurance) have to be stated separately in the SUPPLIER's offer and shall be borne by the SUPPLIER (except the applicable value added tax (VAT)), unless otherwise agreed in writing. Any increase of the price including additional charges is subject to the prior written approval of PANKL.

§ 3.2 Unless the parties have agreed otherwise in writing, PANKL shall pay the price after the receipt of the appropriate invoice within 30 days following the delivery and it will be entitled to a Three Percent (3%) cash discount if payment is sent within 14 days following the delivery.

§ 3.3. PANKL shall be entitled to retain payment or to charge back any executed payment until the contract is fulfilled in an orderly manner.

§ 3.4 PANKL is entitled to exercise a setoff even if the own receivable is not yet due or is denominated in a foreign currency.

§ 3.5 SUPPLIER shall notify PANKL immediately if its bank details change. Any such change must be confirmed by PANKL in writing.

§ 4. Delivery Dates, Passing of Risk, Transport

§ 4.1 The delivery dates and terms as defined in the order or the order releases are binding.

§ 4.2 Goods shall be packaged and delivered at SUPPLIER's expense. All Goods must be packed by SUPPLIER securely to be delivered to PANKL in perfect condition. Packaging shall be clearly marked with appropriate order/ installment number. Packages containing Goods supplied against PANKL's drawings, part numbers or catalogues must be marked with the appropriate reference with reasonable details of the order, including a statement of origin.

§ 4.3 Delivery to PANKL shall be made DDP Incoterms 2020 to PANKL or to the place named by PANKL, unless different delivery terms are agreed in writing. In case of DDP deliveries or in case PANKL agrees to bear the transportation costs, PANKL shall have the right to change the delivery term from DDP to FCA Incoterms 2020. If PANKL changes to FCA, the transportation costs shall be deducted from the delivery price. If PANKL bears the transportation costs, SUPPLIER shall choose the commercially most common and suitable ways and modes for transport and packaging, unless PANKL uses its right to determine itself the transportation and packaging ways and modes.

§ 4.4 For agreed DDP deliveries, delivery dates shall be considered fulfilled ("receipt"), if all of the Goods and the dispatch documents were timely received by PANKL or at the destination defined by PANKL, including, at PANKL's discretion, their assembly or installation, operating manuals or documentation, training and commissioning. This shall explicitly also apply if FCA is agreed. SUPPLIER shall then make the Goods available in time for loading and dispatch taking into consideration customary dispatch and transport times.

§ 4.5 SUPPLIER shall handle reusable packaging carefully and shall be liable for any damage.

§ 4.6 In case of contracts where the amount of the Goods to be delivered have to be determined by a respective release order of PANKL, PANKL shall define the amount of the single order in its sole discretion and also the date of the deliveries. Any notifications of SUPPLIER by PANKL concerning the estimated amounts of Goods will not bind PANKL to issue the respective release orders. Release orders may also be issued by electronic data transfer according to the standards applicable in the aerospace industries.

§ 4.7 In case SUPPLIER delivers more or less Goods than ordered, as well as in case of an early delivery of Goods, PANKL reserves the right to reject and return the delivery at SUPPLIER's expense or to amend the invoice accordingly.

§ 4.8 PANKL's acceptance of Goods and/or Services following an incoming Goods inspection shall not, in any way, be considered a waiver, exclusion or restriction of PANKL's rights with regards to any deviations, defects or other consequences which are discovered or cause impacts at a later point in time.

§ 5. Delayed Delivery

§ 5.1 If SUPPLIER is in delay, PANKL shall be entitled to demand performance and to claim the damage caused by the delay or may, at the end of a reasonable grace period to be determined by Pankl, terminate the agreement and claim damages due to non-performance. In both cases damages contain, among other things, loss of profit, expenses from business interruption, production and other downtimes, special transportation and other damages. As a penalty for any delay, SUPPLIER shall pay PANKL an amount equal to 0.5% per calendar day for the duration of such delay up to a maximum of ten Percent (10%) of the value of the delayed order. Such cap of 10% shall not apply to actual damages incurred by Pankl as a result of such delay, and there shall be no limitation on the amount of such damages.

§ 5.2 SUPPLIER must notify PANKL as soon as SUPPLIER becomes aware of a potential delay in the delivery of Goods and/or Services stating the reasons and the anticipated time of delay. PANKL's acceptance and/or payment of delayed Goods and/or Services shall not be considered a waiver of damages.

§ 6. Place and Manner of Performance of Services

Services shall be provided at the locations specified in PANKL's purchase order, and if not specified at FCA SUPPLIER's premises; all personal property of PANKL entrusted to SUPPLIER for the performance of the Services shall be transported from and to PANKL's facility at SUPPLIER's expense. All such personal property shall be packed securely to ensure it is not damaged in transit and shall be clearly marked with the order number as well as such other means of identification as PANKL may reasonably request.

§ 7. Time for Performance of Services, Property and Risk

§ 7.1 Services shall be provided and completed on the date(s) specified.

§ 7.2 Time shall be of the essence and PANKL shall (without prejudice to any other rights of PANKL) be entitled to reject the untimely provision of Services and terminate the contract, and to obtain Services similar to those with respect to which default has been made, and SUPPLIER will indemnify PANKL against any loss PANKL may sustain as a result of such default if the Services ordered are not provided on the specified date(s) or at the specified hour of the specified date (depending on the nature of the Service).

§ 7.3 The entrustment of PANKL's personal property to SUPPLER for the performance of the Services described in the order constitutes a bailment of said personal property, and is not a sale, lease or the creation of a security interest in said personal property, and title to such property will at all times remain that of PANKL.

§ 7.4 SUPPLIER will not have, or at any time acquire, any right, title, or interest in said personal property, except the right to possession and use as provided in the order.

§ 7.5 PANKL will always be the sole owner of the property. If said personal property is lost, damaged or destroyed resulting from any cause whatsoever during its possession by SUPPLIER or in transit between PANKL and SUPPLIER, SUPPLIER shall be fully liable for the loss or damage incurred by PANKL.

§ 7.6 PANKL has advised SUPPLIER and SUPPLIER is aware, that the personal property, the goods, delivered to SUPPLIER for processing has undergone extensive machining to obtain critical tolerances, and if damaged, lost or destroyed, will require PANKL to incur substantial direct and indirect costs to replace such personal property.

§ 7.7 The loss for which SUPPLIER will be liable includes all of the accrued direct and indirect expenses incurred by PANKL in processing said personal property, the additional costs that may be incurred by PANKL if it must be expedite the production of a replacement for such damaged, lost or destroyed part to meet PANKL's contractual commitments to its customers, as well as any lost profits or breach of contract damages PANKL may incur caused by SUPPLIER's failure to provide the services as agreed in the order, or to timely deliver said personal property according to the order.

§ 7.8 SUPPLIER will be liable for all losses incurred by PANKL, such losses to include all accrued direct and indirect expenses incurred by PANKL in processing said goods and personal property, plus the additional costs that may be incurred by PANKL if it must be expedite the production of a replacement for such damaged, lost or destroyed part to meet PANKL's contractual commitments to its own customers, as well as any lost profits or breach of contract damages that PANKL may incur that are caused by SUPPLIER's failure to provide the services as agreed in the order, or to timely deliver said goods according to the order.

§ 7.9 If SUPPLIER fails to deliver the goods in full on the delivery date, PANKL shall have the further remedy of terminating the Agreement immediately by providing written notice to SUPPLIER and SUPPLIER shall indemnify PANKL against any losses, claims, damages, and reasonable costs and expenses directly attributable to SUPPLIER's failure to deliver the goods on the delivery date. PANKL has the additional right to return any goods delivered prior to the delivery date at SUPPLIER's expense and SUPPLIER shall redeliver such goods on the Delivery Date.

§ 7.10 SUPPLIER shall deliver all goods to the address specified in the purchase order during PANKL 's normal business hours or as otherwise instructed by PANKL. SUPPLIER shall pack all goods for shipment according to PANKL's instructions or, if there are no instructions, in a manner sufficient to ensure that the goods are delivered in undamaged condition. SUPPLIER must provide PANKL prior written notice if it requires PANKL to return any packaging material. Any return of such packaging material shall be made at SUPPLIER's risk of loss and expense.

§ 7.11 SUPPLIER acknowledges that time is of the essence with respect to SUPPLIER's obligations hereunder and the timely delivery of the goods and services, including all performance dates, timetables, project milestones and other requirements in this Agreement.

§ 8. Quality of Services

§ 8.1 SUPPLIER warrants and represents that all Services supplied to PANKL in connection with the order will meet or exceed in every respect all specifications provided or specified by PANKL and will be supplied with competence and due care and in accordance with PANKL's instructions.

§ 8.2 SUPPLIER shall perform the Services in accordance with the revision levels in effect at the date the order is written. SUPPLIER will timely provide all certifications required.

§ 8.3 Upon SUPPLIER's receipt of PANKL's purchase order, SUPPLIER shall review the specifications and other requirements identified in the order and will immediately notify PANKL in writing if it does not have the capability, record keeping, the documentation or other abilities to comply with the particular revision level of the specifications called out on PANKL's order or supporting documents.

§ 9. Force Majeure

§ 9.1 The Parties shall be released from compliance with performance duties in cases of events beyond their influence and/or control for the time period during which the event prevails. Beyond one's control shall be deemed to be events, which were not caused by and are outside the influence of the violating party. Such events contain Acts of God, governmental or administrative actions, embargos, natural catastrophes, epidemics, pandemics and other non-foreseeable, inevitable events,

§ 9.2 The Parties shall define if and what quantities of Goods and / or Services which were delayed due to an event in accordance with Section 9.1 lasting more than thirty (30) days shall be delivered after this period in mutual agreement best serving the interests of both parties. PANKL shall have the right after duration of an event in accordance with Section 9.1 of more than thirty (30) days to cancel orders or terminate the whole contract and / or order the Goods and / or Services for the time of event according to Section 9.1 from another supplier. In such case, SUPPLIER shall pay any additional cost to PANKL.

§ 9.3 Supply shortages or delayed deliveries of sub-suppliers of SUPPLIER shall never count as an event in accordance with Section 9.1.

§ 10. Sub-suppliers / Subcontractors

SUPPLIER shall only appoint sub-suppliers / subcontractors with the prior written approval of PANKL. SUPPLIER shall require any sub-suppliers / subcontractors to comply with all duties and obligations in these Purchase Conditions as well as in any other contract concluded between PANKL and SUPPLIER, including all confidentiality undertakings. SUPPLIER shall be liable to PANKL for any acts or defaults of its sub-suppliers / subcontractors in the same way as for its own acts or defaults regardless of PANKL's approval. SUPPLIER shall fully indemnify PANKL in this respect. By appointing sub-suppliers / subcontractors, SUPPLIER shall not be released from its obligations to perform the delivery of Goods and / or Services or from its liabilities against PANKL due to contractual relationships.

§ 11. Notice of Defects

PANKL carries out incoming goods inspections only with regards to visually visible defects and deviations in terms of quantities and identities. PANKL shall notify such defects and deviations as soon as possible but in any way no later than seven (7) days after detection. Punctual sending of the notice shall be sufficient for observance of the deadline. PANKL shall notify SUPPLIER of any other defects or deviations of the Goods and / or Services within seven (7) working days after such defects have been detected within the proper course of business. To this extent, SUPPLIER shall forfeit any rights that the notification of the defects is delayed. Payment of the price shall not be considered as the acceptance by PANKL of the defective products.

§ 12. Warranty

§ 12.1 SUPPLIER warrants to PANKL that for a period of forty-eight (48) months from the delivery date, all goods will:

(i) be free from any defects in workmanship, material and design;
(ii) conform to applicable specifications, drawings, designs, samples and other requirements specified by PANKL;
(iii) be fit for their intended purpose and operate as intended;
(iv) be merchantable;
(v) be free and clear of all liens, security interests or other encumbrances;
(vi) not infringe or misappropriate any third party's patent or other intellectual property rights.

These warranties survive any delivery, inspection, acceptance or payment of or for the goods and / or services by PANKL;

§ 12.2 SUPPLIER warrants to PANKL that it shall perform any Services using personnel of required skill, experience and qualifications and in a professional and workmanlike manner in accordance with generally recognized industry standards for similar services and shall devote adequate resources to meet its obligations under this Agreement;

§ 12.3. The warranties set forth in this Section 12 are cumulative and in addition to any other warranty provided by law or equity. Any applicable statute of limitations runs from the date of PANKL's discovery of the noncompliance of the Goods or Services with the foregoing warranties. If PANKL gives SUPPLIER notice of noncompliance pursuant to this Section, SUPPLIER shall, at its own cost and expense, within a reasonable period of time determined by PANKL (i) replace or repair the defective or nonconforming Goods and pay for all related expenses, including, but not limited to, transportation charges for the return of the defective or nonconforming Goods to Seller, costs for disassembling the Goods and the delivery of repaired or replacement Goods to PANKL, and, if applicable, (ii) repair or re-perform the applicable Services, and (iii) reimburse costs to the customers of PANKL and to all end-users.

§ 12.4 In case SUPPLIER does not immediately rectify the defect in accordance with Section 12.3 after being requested by PANKL or in urgent circumstances, PANKL has the right to perform the rectification work itself or by a third party, to mitigate damage or in the event of imminent danger.

§ 13. Product Liability / Recall

§ 13.1 SUPPLIER shall defend, indemnify and hold harmless PANKL and PANKL's parent company PANKL AG, and their subsidiaries, affiliates, successors or assigns and their respective directors, officers, shareholders and employees, (collectively, "Indemnitees") against any and all loss, injury, death, damage, liability, claim, deficiency, action, judgment, interest, award, penalty, fine, cost or expense, including reasonable attorney and professional fees and costs, and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers (collectively, "Losses") arising out of or occurring in connection with the Goods and Services purchased from SUPPLIER or SUPPLIER 's negligence, willful misconduct or breach of the Terms. SUPPLIER shall not enter into any settlement without PANKL's prior written consent.

§ 13.2 For avoidance of ambiguity, for purposes of this agreement, product liability will be deemed strict liability whereby SUPPLIER is legally responsible for the consequences flowing from the manufacture or provision of any good or services to PANKL, even in the absence of fault on the part of the SUPPLIER. Insofar as PANKL is subject to a claim based on product liability, the SUPPLIER is obliged to hold PANKL harmless and shall indemnify PANKL pursuant to the terms of § 13.1 above.

§ 13.3. SUPPLIER shall immediately notify PANKL of any defects and / or recognizable safety hazards which may lead to danger to health and life when the product is used.

§ 13.4. If the delivered product of SUPPLIER is unsafe or dangerous or is the reason for a PANKL product in which it is included to be unsafe or dangerous, SUPPLIER shall, after a request by PANKL, immediately notify PANKL of its position regarding that matter. If PANKL consequently recalls its products, no matter whether required by authorities or voluntarily, SUPPLIER shall hold PANKL harmless and indemnify PANKL for any expenses resulting from the recall. This shall not apply if SUPPLIER can proof that the respective delivered products are not unsafe in accordance with product safety rules and were not the reason for the adopted measure.

§ 14. Insurance

During the term of the Agreement and for a period of two years thereafter, SUPPLIER shall, at its own expense, maintain and carry insurance in full force and effect which includes, but is not limited to, Commercial General Liability, Including Product Liability, Cyber Insurance, Aircraft Products Liability, Completed Operations Insurance, Contractors Pollution Liability coverage or an Environmental Impairment Liability insurance coverage as well as Worker's Compensation insurance, inclusive of an alternate employer endorsement, in the amounts provided in the subsections that follow herein, all from financially sound and reputable insurers. Upon PANKL's request, SUPPLIER shall provide PANKL with any certificate of insurance from SUPPLIER's insurer evidencing the insurance coverage specified in these Terms. All certificates of insurance shall name PANKL as an additional insured. SUPPLIER shall provide PANKL with thirty (30) days' advance written notice in the event of a cancellation or material change in SUPPLIER's insurance policy.

§ 14.1 SUPPLIER must maintain and hold business adequate liability insurance and product liability insurance cover with adequate sums insured for each personal injury/ material damage which is reasonable given the order volume.

§ 14.2. SUPPLIER must maintain and hold worker's compensation insurance, inclusive of an alternate employer endorsement, in an amount sufficient by virtue of the laws of the United States of America ("U.S."), state and other governmental subdivision in which the operates, and in any place where work is performed and employer's liability insurance in the minimum amount of $ 1.000.000,00 (US Dollar one million) for any occurrence.

§ 14.3 SUPPLIER must maintain and hold cyber insurance cover with a sum of $ 1.000.000,00 (US Dollar one million).

§ 14.4 In performance of any order, if SUPPLIER will be providing original or spare component parts for any aviation product, including, but not limited to, commercial or military jet engines, missiles, or will provide service to an aircraft (e.g., helicopters, missiles, spacecraft, satellites, launch vehicles), or supplying products for an aircraft spare parts for aircraft, the SUPPLIER must maintain Aircraft Products Liability and Completed Operations Insurance in the minimum amount of $50.000.000,00 (U.S. Dollars, Fifty Million) per occurrence for: (i) product, component parts, materials which are classified as Flight Safety Parts (FSP), or its equivalent, or having Critical Characteristics (CC), or its equivalent, as determined by PANKL, as being critical to the successful take-off, landing or flight of an aircraft (ii) the propulsion. Such insurance coverage shall remain in effect for two (2) years after the expiration or termination of any agreement and any order.

§ 14.5 If SUPPLIER will have custody and control (via a bailment agreement or similar agreement) over PANKL or PANKL's Customer owned equipment or materials, for which it has risk of loss, SUPPLIER must maintain All Risk Property Insurance, including extended coverage for fire, flood and earthquake, for all equipment and materials in SUPPLIER's custody and control used in performance of the order against loss or damage resulting from any insurable causes. The policy must include business interruption and terrorism coverage, with replacement cost value at one hundred percent (100%). In the case of third-party storage facilities or warehouses, the limit of insurance shall be in the minimum amount of $ 5.000.000,00 (US Dollars, five million). This insurance shall include as "named insureds," the owner of the property and PANKL, and as "additional insureds," the engineer and suppliers at any tier. The policy shall provide All Risk coverage to insure against direct risk of physical loss or damage including, but not limited to: terrorism; fire, flood or other water damage; earthquake or other earth movement; property in transit; off-site temporary storage; damage resulting from defective design, faulty workmanship, or materials; or delay in start-up (ramp-up cost), business interruption; boiler and machinery; delay in opening; and testing.

§ 14.6 If, in performance of the order, SUPPLIER will be shipping product and risk of loss passes to PANKL upon receipt of Goods at PANKL's facility or third party drop shipment point, SUPPLIER must maintain adequate insurance pursuant to any Supply Chain/ Logistics Corporate Wide Agreement in the minimum amount of $250.000,00 (US Dollars, two hundred fifty thousand) per conveyance. Such insurance shall insure shipments by all modes of transportation until delivery and acceptance by PANKL.

§ 14.7 If SUPPLIER is producing hazardous waste emissions during manufacturing, performing environmental services, waste depository services and / or performing construction related services, including but not limited to excavation, demolition/ site work, concrete contracting services, drilling (or any subsurface work), interior/ exterior renovation projects and / or asbestos abatement contractors, SUPPLIER must maintain Contractors Pollution Liability coverage or an Environmental Impairment Liability insurance coverage in the minimum amount of $5.000.000,00 (US Dollars, five million). For a claims-made-policy, the retroactive coverage date shall be no later than the effective date of the agreement or order and coverage shall be maintained for a period of no less than three (3) years after expiration or termination of the agreement and any order.

§ 14.8 On PANKL's request, SUPPLIER shall provide comprehensive appropriate documentation on insurance coverage.

§ 15. Performance of Work

Persons and third parties engaged by SUPPLIER for the performance of its obligation under the respective contract and which will be physically present at PANKL's premises or at premises of third parties named by PANKL, the respective work regulations of PANKL or such third parties named by PANKL shall be complied with. SUPPLIER shall make sure that all health and safety regulations and all accident prevention rules are complied with by any person who acts for SUPPLIER. SUPPLIER undertakes to provide appropriate equipment if such is needed for the performance of SUPPLIER's duties and to instruct and train the persons involved in using such equipment in a professional manner. PANKL shall not be liable for any accidents of persons who act for SUPPLIER on PANKL premises or premises named by PANKL except such accidents are caused by willful misconduct or gross negligence of PANKL's legal representatives or persons acting for PANKL.

§ 16. Counterfeit Work

§ 16.1 The following definitions apply to this clause:
"Counterfeit Work" means Work that is or contains unlawful or unauthorized reproductions, substitutions, or alterations that have been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified part from the original manufacturer, or a source with the express written authority of the original manufacturer or current design activity, including an authorized aftermarket manufacturer. Unlawful or unauthorized substitution includes used Work

represented as new, or the false identification of grade, serial number, lot number, date code, or performance characteristics.
"Suspect Counterfeit Work" means Work for which credible evidence (including, but not limited to, visual inspection or testing) provides reasonable doubt that the Work part is authentic.

§ 16.2 SUPPLIER shall not deliver Counterfeit Work or Suspect Counterfeit Work to PANKL under these Purchasing Conditions.

§ 16.3 SUPPLIER shall only purchase products to be delivered or incorporated as Work to PANKL directly from the Original Component Manufacturer (OCM) / Original Equipment Manufacturer (OEM), or through an OCM/ OEM authorized distributor chain. SUPPLIER may use another source only if (i) the foregoing sources are unavailable, (ii) SUPPLIER's inspection and other counterfeit risk mitigation processes will be employed to ensure the authenticity of the Work, and (iii) SUPPLIER obtains the advance written approval of PANKL.

§ 16.4 SUPPLIER shall maintain counterfeit risk mitigation processes in accordance with industry recognized standards and with any other specific requirements in these Purchasing Conditions.

§ 16.5 SUPPLIER shall immediately notify PANKL with the pertinent facts if SUPPLIER becomes aware that it has delivered Counterfeit Work or Suspect Counterfeit Work. When requested by PANKL, SUPPLIER shall provide OCM/ OEM documentation that authenticates traceability of the affected Sections to the applicable OCM/ OEM. SUPPLIER, at its expense, shall provide reasonable cooperation to PANKL in conducting any investigation regarding the delivery of Counterfeit Work or Suspect Counterfeit Work under these Purchasing Conditions.

§ 16.6 This clause applies in addition to and is not altered, changed, or superseded by any quality provision, specification, statement of work, regulatory flow down, or other provision included in these Purchasing Conditions addressing the authenticity of Work.

§ 16.7 In the event that Work delivered under these Purchasing Conditions constitutes or includes Counterfeit Work, SUPPLIER shall, at its expense, promptly replace such Counterfeit Work with genuine Work conforming to the requirements of these Purchasing Conditions. Notwithstanding any other provision in these Purchasing Conditions, SUPPLIER shall be liable for all costs relating to the removal and replacement of Counterfeit Work, including without limitation PANKL's costs of removing Counterfeit Work, of installing replacement Work and of any testing necessitated by the reinstallation of Work after Counterfeit Work has been exchanged. The remedies contained in this paragraph are in addition to any remedies PANKL may have at law, equity or under other provisions of these Purchasing Conditions.

§ 16.8 SUPPLIER must include paragraphs 16.1 through 16.6 and this paragraph 16.8 of this clause or equivalent provisions in lower tier subcontracts for the delivery of Goods that will be included in or furnished as Work to PANKL.

§ 17. Retention of Title and PANKL Materials

§ 17.1 PANKL has the right to sell the Goods within the ordinary course of business, however, without accepting any "extended" retention of title as well as any other form of retention of title. SUPPLIER is obliged to inform PANKL immediately about any rights third parties might have concerning the Goods. This also applies for any potential assignment of receivables by SUPPLIER to third parties with respect to the Goods.

§ 17.2 PANKL shall remain the owner of any materials, parts, containers and / or special packaging provided by it to SUPPLIER. These Sections shall only be used in accordance with the agreed terms of use. The processing of such Sections and the assembling will be carried out on behalf of PANKL. PANKL shall become co-owner of products which are comprised of PANKL's materials and parts. The proportion of the co-ownership shall be the proportion of the value of PANKL's Sections compared to the value of the product. The Sections provided by PANKL shall be stored by SUPPLIER.

§ 17.3 PANKL may record any and all documents as it sees fit, pursuant to the provisions of the UCC, to confirm its title to the personal property delivered to SUPPLIER in accordance with this Agreement.

§ 18. Assignment, Setoff, Right of Retention

§ 18.1 The SUPPLIER is not entitled to assign in part or entirely his contractual rights (including receivables) to third parties or to allow third parties to collect receivables without the prior written approval of PANKL. In case SUPPLIER assigns its receivables against PANKL without PANKL's approval, at its sole and exclusive option, PANKL will be entitled to pay the respective amounts to SUPPLIER.

§ 18.2 The SUPPLIER has only the right of setoff and retention if such rights are undisputed or confirmed by a legally enforceable judgment. The right of retention must furthermore be based on the same contractual relationship.

§ 19. Tooling and Packaging

§ 19.1 PANKL retains all title of ownership to tooling provided by PANKL or a third party named by PANKL to SUPPLIER. In case the tooling is manufactured by SUPPLIER, or a third party engaged by SUPPLIER, PANKL shall acquire all right, title and ownership interest in such tooling upon paying 100% of the tooling cost. In all other cases, PANKL shall become co-owner in proportion of the agreed tooling price and the payment it has made. In case the tooling remains on the premises of SUPPLIER, transfer of actual possession to PANKL shall be replaced by SUPPLIER borrowing the tools from PANKL. The SUPPLIER is obliged to use the tooling exclusively for the manufacturing of the products for PANKL and the delivery to PANKL. The SUPPLIER is obliged to mark all tooling in a way that the ownership of PANKL or third parties named by PANKL is properly visible.

§ 19.2 At its own expense, SUPPLIER is required to insure all PANKL or named third party owned tooling, to the extent of the higher of the original value or replacement value against property damage. The SUPPLIER herewith assigns to PANKL all claims based on such insurances and shall include PANKL as loss payee on all such insurance, which assignment PANKL accepts.

§ 19.3 At its own expense SUPPLIER is obliged in a timely manner to carry out all necessary and required maintenance and inspection work concerning the tooling, all necessary repair work including, but not limited to the procurement of replacement parts. All risk of accidental loss of the tooling on SUPPLIER's premises shall be borne by SUPPLIER. As soon as such events have occurred, SUPPLIER shall inform PANKL of any incidents regarding the tooling. In case of suspension of delivery or services, or any case of non-performance or the initiation of insolvency proceedings against the property of SUPPLIER, the actual insolvency of the SUPPLIER, or the termination of the supply contract by PANKL. After paying the outstanding tooling costs, if any, PANKL shall have the right to immediately reclaim the tooling. The SUPPLIER has neither the right of retention nor any other right to keep the tooling. In case SUPPLIER has mandated a third party to manufacture the tooling or in case such tooling remains at the premises of such third parties to produce the product or parts thereof, SUPPLIER is obliged to conclude an agreement with this third party that grants PANKL the same rights towards the tooling as stated in this Section 19, in case the tooling is fully paid. SUPPLIER assigns its claims regarding the tooling against third parties, as well as other claims concerning the tooling to PANKL, as far as PANKL paid the price of the tooling to SUPPLIER or to the third party.

§ 19.4 As far as payments of the SUPPLIER to third parties concerning the tooling are not fully made by SUPPLIER and in case of the termination of the contract between SUPPLIER and PANKL, the commencement of insolvency proceedings against SUPPLIER and in case of the insolvency of the SUPPLIER, PANKL has the right to pay the outstanding tooling costs directly to the third parties instead of paying it to SUPPLIER. In such an event, SUPPLIER herewith assigns all claims, including title of ownership, it might have against the third party to PANKL concerning the tooling. The SUPPLIER herewith accepts such an assignment.

§ 19.5 SUPPLIER shall be not allowed to relocate the tooling without the prior written consent of PANKL.

§ 19.6 Sections 19.1 to 19.5 shall also apply for the period of spare parts supplies according to Section 24. Section 19.3 shall also apply accordingly for any packaging material paid by PANKL.

§ 20. Industrial Property Rights of Third Parties / Background-Foreground Rights, Know-how

§ 20.1 SUPPLIER is obliged to indemnify PANKL against all third-party claims arising out of or in connection with the delivery of the Goods or the performance of SUPPLIER's contractual obligations concerning the infringement of industrial property rights of such third parties and shall reimburse PANKL for all costs and expenses PANKL might incur with respect to such an infringement. SUPPLIER shall at its own expense deliver all required entitlements (licenses) to PANKL. The Parties must immediately inform each other regarding any property right violations and associated risks.

§ 20.2 Clause 20.1 shall not apply if SUPPLIER has manufactured the Goods in accordance with drawings, models or similar descriptions or information that were provided by PANKL and SUPPLIER does not know or was unable to know that industrial property rights of third parties will be infringed.

§ 20.3 Contemporaneously with submitting Purchase Conditions to PANKL, SUPPLIER must inform PANKL of any prior or current use of any published or unpublished industrial property rights which are owned by it or licensed to it relating to the Goods.

§ 20.4 SUPPLIER herewith transfers the results of its development work made in connection with the development of the Goods including industrial property rights to the exclusive ownership of PANKL, as far as PANKL ordered the development work. As far as PANKL did not pay for the development work, SUPPLIER grants herewith PANKL a non-exclusive, timely and geographically unrestricted, irrevocable, assignable, sub-licensable right-of-use (license), free of charge, which also includes the right to any kind of use, duplication and amendment of industrial property rights of any kind.

§ 20.5 The SUPPLIER herewith grants PANKL a non-exclusive, assignable, sub-licensable, timely and geographically unrestricted and irrevocable right of use (license), free of charge, concerning the knowhow, and / or industrial property rights of SUPPLIER which existed prior to the contractual relationship with PANKL in order to enable PANKL to use the result of the development work as described in Section 20.4.

§ 20.6 The application for registration and the assertion of industrial property rights concerning development work paid by PANKL being the result of the co-operation between SUPPLIER and PANKL shall be made solely by PANKL and belong solely by PANKL. Inventions made by employees of SUPPLIER during the term of the contractual relationship resulting from their activities will also be the exclusive right of PANKL and SUPPLIER waived any rights thereto and assigns all rights to PANKL. In case the development work is not paid by PANKL, SUPPLIER shall have the right to apply for registration. However, PANKL shall be at least entitled to a right of use in accordance with Section 20.4. Any remuneration employees are legally entitled to for making their invention shall be paid by either PANKL or SUPPLIER depending on who is the employer of these employees. Otherwise, mandatory law shall be applicable.

§ 20.7 The above-mentioned rights of PANKL are irrevocable and will remain with PANKL even if the respective contract with SUPPLIER is terminated. These rights of PANKL relate to all development results and partial results at the time of the termination.

§ 21. Hazardous Goods and Materials

§ 21.1 Together with the offer, SUPPLIER shall deliver to PANKL a duly completed material safety data sheet in accordance with Chapter 14 of the "Regulation on Hazardous Goods and Materials" and an accident procedure sheet (transport) concerning all materials (substances, their contents) and objects (Goods, parts, technical equipment; uncleaned packages) that might cause perils for life and health of humans, the environment or for any objects based on the materials' nature, their characteristics, or their physical condition and therefore require, subject to the relevant provisions, a special treatment concerning packaging, transport, storage, access, and waste management. In case of any changes of the materials or the legal provisions, SUPPLIER shall deliver to PANKL an updated data sheet. No later than the 15th day of March of each year, SUPPLIER is obliged to deliver to PANKL a valid "long-term supplier's declaration" which contains the product number and the code number (index of goods, external trade statistics).

§ 21.2 If SUPPLIER offers a product to PANKL, which PANKL has already received by SUPPLIER, SUPPLIER must notify PANKL of any changes from the specification of the same product before, irrespective of any other information requirements.

§ 21.3 SUPPLIER shall provide PANKL with all information required and relevant for the assessment whether the safety and health of end consumers of the products might be affected. The following information shall be provided:

- The attributes of the product including its content, packaging, assembly instructions, installation, maintenance and terms-of-use.
- The impact on other products, if the use together with these other products can be expected.
- The presentation, marketing, warning notices, instructions for use and recycling information as well as other product-related information.
- Any kind of group of end users which might be exposed to a greater risk than others if they use the product.

§ 21.4 SUPPLIER shall make the information required for the registration in accordance with the European Union Regulation 1907/ 2006 regarding the registration, evaluation, authorization and restriction of chemicals ("REACH") and, if already registered, the respective registration confirmations available to PANKL. This shall also apply to information and / or registration confirmations regarding the Regulation (EC) No 1272/ 2008 of the European Parliament and of the council of 16 December 2008 on classification, labelling and packaging of substances and mixtures. SUPPLIER shall comply with its duties and obligations under REACH and / or Regulation (EC) 1272/2008. SUPPLIER shall procure that its sub-suppliers and all other suppliers in the supply chain, including the original producer, are being bound in accordance with this clause.

§ 22. Export and Import Compliance

§ 22.1 SUPPLIER represents and warrants that it is in compliance with, and SUPPLIER covenants to comply and cause its affiliates and sub-suppliers/subcontractors to comply with all laws administered by OFAC or any other U.S. governmental entity relating exports, imports and foreign transactions and imposed economic sanctions and trade embargoes against designated countries, regimes, entities, and persons, including, but not limited to, the International Traffic in Arms Regulations (ITAR, 22 C.F.R. §§ 120.1-130.17), the Export Administration Regulations (EAR, 15 C.F.R. §§ 730.1-774.1), the Arms Export Control Act, the International Emergency Economic Powers Act (IEEPA), Title 19, Parts 1-199 (Customs Duties) of the Code of Federal Regulations, prohibitions on use of forced labor or/and indentured labor (including forced or indentured child labor) (19 C.F.R. § 1307), The Foreign Trade Regulations (15 C.F.R. § 30.1-30.74) and regulations and orders administered by the Treasury Department's Office of Foreign Assets Control, including, but not limited to, 31 C.F.R. §§ 501.01-598.901 and the Foreign Corrupt Practices Act of 1977, as amended, 15 U.S.C. §§ 78dd-1, et seq.

("FCPA"), as well as the Anti-Boycott Act of 2018 (15 C.F.R. §§ 4841-4843), including all amendments and modifications.

§ 22.2 SUPPLIER shall not disclose and shall not permit any third parties such as affiliates and sub-suppliers/subcontractors to, directly or indirectly, disclose or release any technical data which is regulated by U.S laws referenced above in Section 22.1 of this Agreement, or, directly or indirectly, disclose, export, reexport or release any regulated product manufactured by use of such technical data to any jurisdiction or country to which, or any party to whom, or for any use for which, the export, reexport, or release of any regulated products or deliverables is prohibited or regulated by applicable federal law, regulation, or rule, without proper authorization from the competent authority. If SUPPLIER is in the business of either manufacturing or exporting defense articles or furnishing defense services, then SUPPLIER shall be registered with the Directorate of Defense Trade Controls ("DDTC") under 22 C.F.R. § 122.1 and SUPPLIER shall provide a copy of its registration certificate to PANKL annually, but in no event later than ten (10) business days after SUPPLIER's receipt of the renewal certificate.

§ 22.3 Upon PANKL's request, SUPPLIER shall provide PANKL with the Harmonized Tariff Systems Classification Numbers and the Export Control Classification Numbers ("ECCNs") and/or ITAR Classification under the United States Munitions List ("USML") for the products (if such SUPPLIER's design), as well as the ECCNs or USMLs for any components or parts thereof (if different from the associated products) within ten (10) business days. SUPPLIER will ensure all data provided to PANKL is properly marked with the classification and any and all regulatory markings governed by the EAR or USML.

§ 22.4 If an order includes products or parts for commercial aircraft end use, SUPPLIER represents and warrants to PANKL that the products, and the parts and components thereof, provided under such order are not "defense articles" (as defined in ITAR or the 600 series of the EAR) and the services provided under such order are not "defense services" (as defined in ITAR) and such services or products or its components do not contain "technical data" (as defined in ITAR). SUPPLIER further represents and warrants to PANKL that the products, and the parts and components thereof, are not described on the U.S. Munitions List (as set forth in ITAR) and are not subject to a 600 series ECCN (as set forth in the EAR). SUPPLIER shall provide documentation or other information that supports or confirms these representations within ten (10) business days of SUPPLIER's receipt of PANKL's request for such documentation.

§ 22.5 To the extent that any products, or any parts or components thereof, were specifically designed or modified for a military end use or end user, SUPPLIER shall notify PANKL within ten (10) business days after delivery or five (5) days after Pankl's request (whichever is earlier) of this fact and shall provide PANKL with written confirmation from the U.S. Department of State that such products, and all such parts and components thereof, are not subject to ITAR. Such confirmation may consist of a Commodity Jurisdiction Determination, DoC CCATs Request, Advisory Opinion or General Correspondence response.

§ 22.6 If SUPPLIER is not a U.S.-based entity or person, the following additional subparagraphs 22.6 and 22.7 shall apply: Where applicable, if PANKL and/or SUPPLIER is unable to obtain any required governmental approvals or licenses relating to import or export of products, materials, foreign transactions, or technical data relating to an order, then PANKL may terminate the order, in whole or in part, without liability to SUPPLIER. Export licenses under which technical data/technology was exported must be renewed upon their expiration if performance under an order extends beyond the period of validity of the license. In the event PANKL is unable to obtain such renewal, PANKL may terminate the Order, in whole or in part.

§ 22.7 SUPPLIER represents and warrants that neither the SUPPLIER nor any of its affiliates, shareholders, direct or indirect owners, members, directors, officers, or employees, or any agent, representative or other person acting on behalf of SUPPLIER, is currently the subject or the target of any sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury of the United Kingdom, or other relevant sanctions authority (collectively, "Sanctions"); that the SUPPLIER is not located, organized or resident in a country or territory that is the subject or target of Sanctions; and the SUPPLIER will not directly or indirectly use the proceeds of sale, or lend, contribute or otherwise make available such proceeds to any subsidiary, or any joint venture partner or other person or entity, for the purpose of financing the activities of or business with any person, or in any country or territory, that at the time of the order, is the subject or target of Sanctions or in any other manner that will result in a violation by any person (including any person participating in the transaction whether as advisor, investor or otherwise) of applicable Sanctions. In the event SUPPLIER has reasonable cause to believe that it or any persons or entities mentioned in this Section 22.7 become a target of Sanctions, SUPPLIER shall immediately notify PANKL in writing.

§ 22.8 SUPPLIER shall be responsible for any breach of this Section 22 by it, and its successors and permitted assigns, parents, affiliates, employees, officers, directors, partners, members, shareholders, SUPPLIER's, agents, distributors, resellers, or vendors. SUPPLIER shall comply with all applicable federal laws and Sanction provisions, regulations, and rules, and complete all required undertakings (including obtaining any necessary licenses or other governmental approval), prior to exporting, reexporting, importing, or releasing any regulated products. If SUPPLIER fails to comply with any provisions relating to exports, imports and foreign transactions or any other obligation set forth in this Section 22, PANKL has the right to terminate the Agreement immediately by providing written notice to SUPPLIER, and SUPPLIER shall indemnify PANKL and its affiliates against any losses, claims, damages, and reasonable costs and expenses, including but not limited to reasonable legal fees and attorneys fees, resulting from SUPPLIER's failure to comply with this Section 22.

§ 23. Quality Management and Documentation

§ 23.1 Concerning the delivery of Goods and / or performance of Services, SUPPLIER shall apply the latest state-of-the-art and comply with any applicable safety requirements, safety measures generally applicable in the aerospace industry as well as all provisions under applicable mandatory law (e.g., Consumer Goods Regulation, "Chemicals Ozone Layer Directive", REACH Directive, Conflict Minerals Directive, RoHS Directive, the agreed technical data and any other legally or otherwise binding regulations and specifications. SUPPLIER is fully responsible to PANKL without any restrictions for the quality of its manufactured or delivered Goods including any Goods and / or Services of sub-suppliers or subcontractors in accordance with any legal other otherwise binding regulations.

§ 23.2 SUPPLIER must establish and prove a process-oriented quality-management-system (minimum standard: ISO 9001 and a minimum standard of EN 9100 in the aerospace sector, as well as a NADCAP certification for special processes). PANKL reserves the right to audit the efficiency of SUPPLIER's quality-management system at any time on SUPPLIER's premises. Such audit shall not apply to areas for which SUPPLIER can prove that it has legitimate confidentiality interests. For initial sampling of aerospace components, SUPPLIER agrees to comply with EN/ AS 9102 in their latest version. Serial production shall only commence if PANKL has fully completed its initial sampling and approved the samples in writing. Independent of such an acceptance, the SUPPLIER shall always verify the quality of the Goods by itself and shall perform outgoing product inspections. In case, the aerospace manufacturer requires different or additional standards, SUPPLIER and PANKL shall introduce such based on mutual agreement.

§ 23.3 Drawings, CAD-data, specifications, descriptions etc., attached or referenced to in the order, shall be binding for SUPPLIER. SUPPLIER is obliged to examine them for any kind of discrepancies. In case SUPPLIER detects actual or assumes potential discrepancies, SUPPLIER shall immediately inform PANKL in writing. If SUPPLIER does not immediately inform PANKL, SUPPLIER cannot claim that such discrepancies exist at a later stage. The SUPPLIER is solely responsible for drawings, plans and calculations made by SUPPLIER even if approved by PANKL. Upon the delivery of tooling or equipment to PANKL, SUPPLIER shall also deliver documentation concerning the handling, service, maintenance, and repair, no later than at the time of the delivery. SUPPLIER shall be responsible for CE-labeling.

§ 23.4 Concerning special aerospace parts which are marked in the technical documents or by separate agreements as parts subject to documentation requirements, SUPPLIER is obliged to record when, how and by whom such parts were examined with regards to their characteristics requiring special documentation and the results of such required quality tests. The records and the documentation of the results must be properly kept and maintained for forty (40) years for aerospace parts. On PANKL's request, SUPPLIER shall disclose such documentation.

§ 23.5 If rule-setting authorities or organizations dealing with aerospace safety or emission standards or similar matters (e.g. NAAs, EASA), request to inspect the respective production processes and examination documentation of PANKL, SUPPLIER shall, at the request of PANKL, grant them the identical rights PANKL has towards SUPPLIER and shall support them in any reasonable manner.

§ 23.6 SUPPLIER is obliged to forward to PANKL all required declarations about the customs origin of the Goods in a timely fashion. SUPPLIER shall be liable for any disadvantages incurred by PANKL due to the improper or delayed delivery of a supplier declaration unless SUPPLIER is not at fault. On PANKL's demand SUPPLIER shall proof its statements regarding the goods origin by presenting the appropriate customs certificate.

§ 24. Spare Parts

§ 24.1 SUPPLIER is obliged to supply the product for fifteen (15) years after the end of serial production by the aerospace manufacturer. If the Goods cannot be produced anymore at economically reasonable cost, SUPPLIER shall supply a substitute.

§ 24.2 The spare parts shall be priced using the last price valid for serial production delivery for a period of one year after the end of serial production and shall then be re-assessed based on a cost analysis for the extended delivery period according to Section 24.1.

§ 25. Transfer and Use of Implementation Tools

§ 25.1 Samples, models, drawings or other documents that were made by SUPPLIER in accordance with instructions provided by PANKL (Order Related Implementation Tools) shall become the property of PANKL upon payment by PANKL. As such, until PANKL's payment, SUPPLIER is borrowing these documents from PANKL and they shall conclusively be deemed the property of PANKL upon payment.

§ 25.2 At all times, samples, models, drawings, or other documents provided to SUPPLIER by PANKL (Supplied Implementation Tools) shall remain the property of PANKL.

§ 25.3 Both Order Related and Supplied Implementation Tools shall only be used by SUPPLIER to process PANKL orders or execute deliveries to PANKL. Without the prior written approval of PANKL, access of third parties to such implementation tools shall be prohibited and they shall not be used by SUPPLIER for delivery of Goods and / or performance of Services to third parties. SUPPLIER shall label such implementation tools appropriately, shall store them in a careful manner, free of charge at its risk and shall return them to PANKL at PANKL's request, at any time. SUPPLIER shall not invoke any retention rights unless such rights are contractually agreed between the Parties.

§ 26. Changes of the product and other changes

SUPPLIER shall not be allowed to change the product including any changes to its specifications, its design and/or the materials, the production processes and/or the production locations without the prior written consent of PANKL.

§ 27. Contract Termination

§ 27.1 With serious cause, contracts between the Parties can be terminated without notice with immediate effect. In particular, PANKL shall have the right to terminate without notice with immediate effect in the following cases:

- Competitor of PANKL acquires or invests in SUPPLIER or its assets.
- SUPPLIER does repeatedly fail to comply with delivery or performance dates.
- PANKL customers or end customers repeatedly file complaints.
- SUPPLIER's application for an insolvency case, a case under title 11 of the United States Code, or similar proceedings.
- SUPPLIER is found to in an insolvency case, a cause under title 11 of the United States Code or similar proceeds to have no assets.
- A trustee or receiver or similar person or entity is appointed over SUPPLIER and that person or entity administers SUPPLIER's assets for purposes of liquidation.
- SUPPLIER seriously violates these Purchasing Conditions, PANKL's Code of Conduct or separate written agreements between the parties (e.g. NDA, QAA).
- SUPPLIER causes matters which undermine PANKL's orderly planned or existing production processes or their preparations.

§ 27.2 SUPPLIER shall not have any claims if contract is terminated due to the reasons listed in Section 27.1.

§ 27.3 SUPPLIER shall not have any ordinary termination rights.

§ 28. Confidentiality

§ 28.1 SUPPLIER is obliged to keep strictly confidential all information supplied by and / or disclosed to it by PANKL, and to treat them as business and trade secrets and to ensure that third parties do not have access to such information. This does not apply for information for which SUPPLIER can prove, that it:

(a) is publicly available,
(b) is provided to SUPPLIER by a third party which was entitled to provide such information, and which was not subject to a confidentiality obligation,
(c) was already known to SUPPLIER prior to the receipt of the information.

§ 28.2 As soon as it gets aware that third parties gained access to confidential information or in case such confidential information had been destroyed or is lost SUPPLIER is obliged to immediately inform PANKL.

§ 28.3 Except to the extent that there is a different regulation in a separate agreement, SUPPLIER agrees not to make use of the confidential information outside the scope of its relationship with PANKL without the prior written approval of PANKL.

§ 28.4 This confidentiality obligation applies to all persons engaged by SUPPLIER independent of their contractual relationship with SUPPLIER. SUPPLIER undertakes to notify all such persons and to obligate them appropriately. SUPPLIER shall keep the number of such persons as small as possible in the interest to protect confidential information.

§ 28.5 This confidentiality and restriction of use obligation applies during the term of the business relationship and for a period of five (5) years thereafter.

§ 28.6. In the event that SUPPLIER and PANKL enter into a separate confidentiality agreement, the terms of such agreement shall take precedence over this Section 28.

§ 29. Data Protection and Information Security

§ 29.1 SUPPLIER undertakes to take notice and to comply with the most recent version of any data protection regulations, especially the rules of the EU-GDPR, as far as applicable to SUPPLIER.

§ 29.2 SUPPLIER undertakes to educate and train all employees and sub-suppliers/ subcontractors with regards to the relevant data protection regulations and to appropriately oblige them to data confidentiality. SUPPLIER undertakes specially to take measures to assure data protection through privacy by design and privacy settings by default.

§ 29.3 SUPPLIER undertakes to support PANKL in any events relevant for data protection in connection with deliveries and / or services applying these Purchasing Conditions. If SUPPLIER handles personal data of PANKL as processor, it shall do so exclusively based on PANKL's instructions and shall conclude a separate data processing agreement in accordance with Article 28, Paragraph 3 of the EU-GDPR.

§ 29.4 SUPPLIER explicitly assures PANKL that it will implement and maintain appropriate technical, organizational, and other protective measures to safeguard orderly protection of all PANKL's information and data. This includes among other things that SUPPLIER shall not transfer any confidential information which SUPPLIER receives by PANKL to any laptop computer or any portable storage media, which can be removed from SUPPLIER's premises, except such data is encrypted and such data is stored on the portable storage media only to allow safeguarding of such data outside SUPPLIER's premises.

§ 29.5 SUPPLIER shall use reasonable efforts to prevent the loss or theft of passwords as well as the unauthorized access or use of PANKL's data and information. SUPPLIER shall notify PANKL immediately about any type of password loss or theft or any type of unauthorized access or use of PANKL's data or information. SUPPLIER shall utilize protective measures and physical security procedures with regards to access and privacy of PANKL's confidential information and data, which at least represent the industry standard for such premises, and which assure appropriate technical and organizational protection against unintended or unlawful loss or modification, unauthorized disclosure or access of PANKL's confidential information or data. SUPPLIER assures that it utilizes processes and security procedures to keep its information systems free from viruses and similar defaults.

§ 29.6 SUPPLIER undertakes to notify PANKL immediately, but in any case, no later than twenty-four (24) hours after detection, of any cybersecurity event relating to PANKL's information or data. SUPPLIER shall provide to PANKL any and all relevant information in this respect and shall make any reasonable efforts to restrict any adverse impacts and to minimize as much as possible the risk of the occurrence of future cybersecurity events.

§ 29.7 SUPPLIER shall hold harmless and indemnify PANKL with regards to any liability, especially losses and damages due to information or cybersecurity events within SUPPLIER's information systems. Late payments caused by a cybersecurity event at SUPPLIER's systems which refer to SUPPLIER's deliveries and / or services shall not constitute a default in payment by PANKL.

§ 29.8 PANKL shall be entitled to demand evidence regarding the operation of an information security system which provides a security level which is adequate for the type of data or its protection need. Where appropriate, PANKL shall have the right to audit the compliance with the required security level on site after appropriate prior notice.

§ 30. Goods Labeling and Advertisement

§ 30.1 SUPPLIER shall label the Goods based on PANKL's instructions. PANKL and SUPPLIER shall regulate the use and the specific form of SUPPLIER's brand or logo in a separate agreement. SUPPLIER shall not deliver Goods with PANKL labelling to unauthorized third parties. This shall also apply to any type of packaging.

§ 30.2 Unless otherwise defined in a separate agreement, SUPPLIER shall not use the business relationship with PANKL or any customers of PANKL for promotional purposes and shall not use PANKL's names, logos, brands, features, product descriptions or logotypes.

§ 31.Terms and conditions applicable to Government Contracts

§ 31.1 In the event a government contract number appears or is referenced on the face of a purchase order subject to these Purchasing Conditions, additional terms and conditions required by such government contract including, without limitation, all mandatory Federal Acquisition Regulation (FAR), or, if applicable, all mandatory Defense Federal Acquisition Regulation (DFARS) provisions are hereby made a part of this purchase order and shall have equal importance to the terms and conditions set forth herein. However, should any of such additional government contract terms and conditions conflict with any of the terms and conditions set forth herein in such a way that they cannot be construed together, then the provision contained in the additional government contract terms and conditions shall control over the provisions contained in the terms and conditions set forth herein.

§ 31.2 SUPPLIER shall not release any Controlled Unclassified Information (CUI) to any third party, foreign or domestic, regardless of medium (e.g., drawings, plans, film, tape, and document), pertaining to any part of these Purchasing Conditions or any program related to these Purchasing Conditions or anyone outside of SUPPLIER's organization, unless (i) approval for release through the ITAR process IAW 22CFR125.2 is obtained; or (ii) approval in writing is obtained from PANKL Supply Chain Management; or (iii) the information is otherwise in the public domain before the date of release.

§ 31.3 SUPPLIER's organization shall include sub-suppliers/ subcontractors to the prime for these Purchasing Conditions.

§ 31.4 SUPPLIER shall include a similar requirement in each subcontract under these Purchasing Conditions. Sub-suppliers/ subcontractors shall submit requests for authorization to release through the prime SUPPLIER to PANKL Supply Chain Management.

§ 31.5 Pursuant to the DFARS 252.204-700, Disclosure of Information, this provision constitutes prior PANKL Supply Chain Management's written approval to release CUI (i) directly related to the performance of the contract to sub-suppliers/ subcontractors requiring such information provided that the SUPPLIER has ensured that requirements cited in sections 30.6 and 30.7 are met, and (ii) to government auditors or other government personnel acting in their official capacity.

§ 31.6 Pursuant to DFARS 252.204.7012, the SUPPLIER's organization has implemented or shall implement the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-171 and store, process, and handle all CUI in a manner commensurate with NIST SP 800-171.

§ 31.7 Pursuant to DFARS 252.204-7020, SUPPLIER shall report its NIST Department of Defense (DoD) security score to the Supplier Performance Risk System (SPRS) if lower than 110 on at least an annual basis.

§ 32. General Provisions

§ 32.1 In case SUPPLIER ceases to make payments or applies for insolvency or non-judicial settlement proceedings or other judicial proceedings, PANKL shall be entitled to rescind the respective contract with respect to the part not yet fulfilled.

§ 32.2 If any portion of this Agreement shall be held illegal, unenforceable, void or voidable by any court, each of the remaining terms hereof shall nevertheless remain in full force and effect as a separate contract. Should any provision of this Agreement become legally unenforceable, no other provision of this Agreement shall be affected, and this Agreement shall be construed as if the Agreement had never included the unenforceable provision.

§ 32.3 The place of SUPPLIER's performance is the place to which the product shall be delivered to according to the order.

§ 32.4 The construction, interpretation and performance of these Purchasing Conditions and all transactions thereunder shall be governed by the Laws of the State of California, without regard to principles of conflicts of law. The Convention of the United Nations of 11.04.1980 on Contracts regarding the International Sale of Goods (CISG) is expressly excluded. Any claims or disputes arising between the Parties arising under these Purchasing Conditions shall be settled by and SUPPLIER consents to the exclusive jurisdiction of the appropriate state court in California, County of Los Angeles or, if original jurisdiction can be established, in the federal court in the U.S. District Court for the Eastern District of Michigan, Southern Division. SUPPLIER specifically waives the right to a jury and any and all objections to venue in such courts.

§ 32.5 No provision of this Agreement shall be modified or construed by any practice that is inconsistent with such provision, and failure by any party to comply with any provision shall not affect the right of either to thereafter comply or require the other to comply with that or any other provision, except as expressly stated herein.

§ 32.6 This Agreement may not be amended orally, nor shall any oral amendment (even if accompanied by partial or complete performance in accordance therewith) be of any legal force or effect or constitute an amendment of this Agreement, but this Agreement may be amended only by an agreement in writing signed by all parties hereto.

§ 32.7 Attorneys' Fees and Costs. In any litigation, arbitration or other proceeding for breach of this Agreement or by which one party either seeks to enforce its rights under this Agreement (whether in contract, tort, or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing party shall be entitled to all of his, her or its costs and attorney fees, including any costs or fees incurred prior to any such litigation. Notwithstanding the foregoing, each party will bear his, her or its own costs and attorney fees incurred in connection with the Action prior to the execution of this Agreement.

§ 32.8 Parties Bound. This Agreement shall inure to the benefit of and be binding upon, as the case may be, and unless specifically provided otherwise in this Agreement, each of the Parties and their respective heirs, successors, executors, administrators, assigns and legal representatives.