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|  | <b>AVIATION PARTS &amp; SERVICES LIMITED<br/>STANDARD TERMS AND CONDITIONS</b> | <b>DOCUMENT NO</b>  | TA-16      |
|   |  | <b>RELEASE DATE</b> | 18.08.2017 |
|   |  | <b>REV. DATE</b>    | 22.05.2018 |
|   |  | <b>REV. NO</b>      | 1          |

## 1. DEFINITIONS

1.1. In these Standard Terms and Conditions (the "Standard Terms") the following expressions (except where the context requires otherwise) have the following meanings:

"AP&S" means Aviation Parts & Services Limited.

"AP&S Facility" means The Headquarters, Cobancesme Mah. Bahcelievler, Nish Istanbul, No 6, unless expressly agreed otherwise.

"Credit Agreement" means the agreement setting out the credit terms between AP&S and the Customer for the Order(s).

"Dual Use" means the aircraft part can be installed on civil aircraft and also used for military purposes, as defined from time to time by US regulatory authorities.

"Parts" means any aircraft component parts specified in an Order.

"Order" means any order submitted by the Customer for a Sale and/ or Repair.

"Repair" means any repair, overhaul, inspection, modification and/ or testing arranged by AP&S on behalf of the Customer and

"Repaired" shall be understood accordingly.

"Sale" means the outright sale of a Part by AP&S to the Customer and "Sold" shall be understood accordingly. "The Customer" means the purchaser of Parts or Repairs pursuant to a valid Order.

## 2. GENERAL

2.1. All Parts supplied by AP&S shall be released in accordance with EASA/ JAR and/or FAR regulations. AP&S can release parts in accordance to CAAC regulations should the customer require this.

2.2. Unless the Part is defective, the Customer may not return to AP&S for credit any Part specifically purchased by AP&S from a third party supplier for onward sale.

2.3. Parts in Serviceable condition will be supplied to the Customer with a total of 3 months warranty and parts in Overhauled condition will be supplied to the Customer with 6 months warranty.

## 3. QUALITY SYSTEM REQUIREMENTS

3.1. AP&S have a Quality System in place to meet the intent of one of the following quality standards, but not limited to, the ASA100, ISO 9001, or the AS9120.

3.2. AP&S maintain an effective Quality System based upon product complexity and contractual requirements.

3.3. AP&S shall establish controls to prevent the use of nonconforming materials when conforming materials are required.

3.4. AP&S shall provide all parts records, reports, specifications, and other documentation.

## 4. VALIDITY OF PRICE QUOTE

4.1. The price quoted by AP&S for each Sale and Repair is based on the current price of materials, labour and other prime costs of AP&S, including the rate of exchange of US Dollars, and shall remain valid for acceptance by Customer for 7 days. If Customer has not accepted the quoted price within 7 days, AP&S reserves the right to revise the price quoted. All prices quoted shall be exclusive of any VAT payable.

## 5. PAYMENT TERMS

5.1. Customer shall pay all invoices within 30 days of the date of the invoice.

5.2. If Customer wishes to dispute any invoiced amount, it shall notify AP&S as soon as practical and in any event within 14 days of the date of invoice. If Customer does not notify AP&S of a dispute within such time period, the invoice shall be deemed accepted. If Customer does notify AP&S of a dispute in the time frame required, Customer shall pay that part of the invoice not in dispute when due. In the event that representatives from the Customer and AP&S cannot resolve any invoice dispute within seven days, the parties shall follow the dispute resolution procedure in clause 16.1 below.

5.3. Customer hereby grants to AP&S by way of security a legal repairer's lien in respect of all property owned by Customer in the possession of AP&S or any of AP&S's affiliates or subcontractors, at any time (including Customer's beneficial rights in any property leased by Customer) ("Customer's Property"), to secure all amounts owed by Customer to AP&S hereunder or pursuant to any other agreement between Customer and AP&S.

5.4. Customer acknowledges that AP&S has the legal right to assert such repairer's lien (or any other statutory or common law liens applicable in law (foreign or domestic)) against the Customer's Property in its possession, following performance of services for which payment has not been received by AP&S. If Customer fails to tender payment owing under any agreement with AP&S (or any of its affiliates), AP&S shall have the right to retain Customer's Property until such time as payment has been made. On acceptance of the terms of this Agreement, Customer acknowledges that it has granted a power of sale to AP&S in respect of Customer's Property in AP&S's possession which may be exercised by AP&S in the event that any amount owed to AP&S (or any affiliate of AP&S) remains payable sixty days after the date of the original invoice in respect of the services delivered.

## 6. PLACE OF DELIVERY

6.1. The Parts shall be delivered Ex Works (Incoterms 2010) the AP&S Facility and the Customer shall be ready to collect them when notified by AP&S. The Customer shall reimburse any additional expense incurred by AP&S due to the Customer not being ready or able to collect Parts when requested to do so

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## 7. PACKING, INSURANCE AND OTHER DOCUMENTATION REQUIREMENTS

- 7.1. Parts dispatched by AP&S shall be in packaging suitable for road transportation within the Turkey. AP&S reserves the right to charge for any special packaging requirements of the Customer.
- 7.2. Packing materials, containers, etc, provided by AP&S are returnable. Where such packing materials are charged as an extra, credit will be allowed if returned carriage has been paid and the packing is received in good condition.
- 7.3. Customer shall maintain insurance appropriate to its operations and in accordance with best aviation industry practice and shall provide evidence of the same if requested by AP&S.
- 7.4. The Customer shall provide by fax to AP&S full dispatch details of any Part supplied to AP&S for Repair (AWB Number, Flight Number and Date) and shall ensure the Part is accompanied by the following certification documents:
- 7.5. Part Identification tag containing:
- Part number; serial number; description;
  - Reason for removal; date of removal; registration of aircraft from which removed;
  - Aircraft hours/cycles when item removed;
  - Hours / cycles on items when removed (life limited Parts only).
- 7.6. Packaging slip showing transfer of the Customer's Part to AP&S ;
- 7.7. ATA spec 106 material certificate issued by FAA Part 121/129/135 carrier or FAA/EASA 145 approved maintenance facility or nationally approved (by the CAA) for an air carrier with a statement that:
- The part was not procured from any US Government or military source;
  - The part was produced by the Original Equipment Manufacturer;
  - The part is non-incident related and has not been subjected to severe stress or heat or immersed in salt water;
  - The part is fully traceable to one of the following approved sources:
    - FAA Part 121, 129 or 135 certified carrier;
    - Original Equipment Manufacturer;
    - FAA/EASA 145 approved maintenance facility; or
    - Foreign air carrier, approved by a recognized national aviation airworthiness authority.
- 7.8. Full records and traceability documents for time/cycle life limited parts.
- 7.9. Full "back to birth" traceability documents for ultimate time/cycle life limited parts.

## 8. FORCE MAJEURE

Neither party shall be in breach of these Standard Terms nor liable for delay in performing, or failure to perform, any of its obligations under these Standard Terms if such delay or failure results from events, circumstances or causes beyond its reasonable control, and in such circumstances the affected party shall be entitled to a reasonable extension of the time for performing such obligations, provided that if the period of delay or non- performance continues for six months the party not affected may terminate these Standard Terms by giving 14 days' written notice to the other party.

## 9. DELIVERY DATE

- 9.1. AP&S will use reasonable endeavours to meet any delivery date requested by the Customer on an Order. AP&S will provide an estimated delivery date, on request by the Customer. AP&S shall not be liable in any way in respect of late delivery howsoever caused nor shall failure to deliver in accordance with an estimated delivery date be deemed to be a breach of contract.
- 9.2. Unless agreed otherwise in writing, delays in the fulfillment of an Order shall not entitle the Customer to:
- 9.3. Refuse to take delivery of the completed Order; or
- 9.4. Claim damages; or
- 9.5. Terminate these Standard Terms.

## 10. LIABILITY

- 10.1. AP&S makes no warranty or representation of any kind with respect to any Sale or Repair as to merchantability, fitness for purpose, condition, quality, material design suitability, workmanship or operation of any kind or nature. All other conditions warranties or representations expressed or implied (save for the conditions implied by section 12 of the Sale of Goods Act 1979), statutory or otherwise are, to the fullest extent permitted by law, expressly excluded.
- 10.2. Nothing in these conditions excludes or limits the liability of AP&S :
- 10.3. For death or personal injury caused by AP&S 's negligence; or
- 10.4. For any matter which it would be illegal for AP&S to exclude or attempt to exclude its liability; or
- 10.5. For fraud or fraudulent misrepresentation.
- 10.6. Neither party shall be liable to the other for:
- 10.7. Any indirect, special or consequential loss or damage; or
- 10.8. Loss of data or other equipment or property; or
- 10.9. Economic loss or damage;
- or Incurring of liability for loss or damage of any nature whatsoever suffered by third parties, other than death or personal injury (including in each case incidental and punitive damages);
- or Any loss of actual or anticipated profit, interest, revenue, anticipated savings or business or damage to goodwill, including any AOG related losses or claims of any kind.

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AP&S 's total liability in contract (including for any statutory interest payable), tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of these Standard Terms (including for any statutory interest payable) shall be limited to the Order value.

The Customer indemnifies AP&S against all taxes (other than corporation tax of AP&S ), levies, duties, charges, assessments or withholdings of any nature for which AP&S may be liable by operation of these Standard Terms and for any legal costs incurred by AP&S in enforcing any of its rights in respect of these Standard Terms.

## 11. CANCELLATIONS

11.1. The Customer may cancel any Order without charge if it notifies AP&S of the cancellation, in writing: (a) for a Sale, prior to the shipping of the Part or, (b) for Repairs, prior to AP&S's receipt of the Part.

11.2. AP&S shall be entitled to suspend or cancel further Sales or Repairs under this and / or any other agreement between the parties hereto if the Customer:

11.3. Fails to take delivery of any Parts;

11.4. Is in breach of Clause 12 (Import and Export Licenses and Regulations);

11.5. Fails to pay any amount due under these Standard Terms or the Credit Agreement within seven days of the due date; or

11.6. Becomes bankrupt or suffers any similar or analogous action in consequence of any unpaid debt to any person or company.

On cancellation:

1. AP&S shall have the right to re-take possession of any Part that has not been paid for or, in respect of a Repair which has not been paid for, to retain possession by way of a mechanic's lien, of any Part; and
2. The Customer shall immediately pay all fees and charges properly falling due under these Standard Terms or the Credit Agreement

## 12. CONTROL OF PROCESSING NONCONFORMING MATERIAL

12.1. AP&S shall implement and maintain a system, which provides for identification, documentation and disposition of nonconforming material and shall ensure effective, positive corrective action is taken to prevent, minimize, or eliminate nonconformance.

12.2. AP&S Quality system shall ensure that non-conforming material is not used.

12.3. Buyer requires that AP&S requires their external providers to apply appropriate controls to their external provider to ensure that requirements are met.

12.4. AP&S shall evaluate each nonconformance for its potential to exist in delivered Items. If a nonconformance exists, AP&S shall notify Buyer, in writing, within 24 hours.

12.5. AP&S shall retain documented information, including retention periods and disposition requirements.

## 13. PASSING OF RISK AND TITLE

13.1. All Parts are at the risk of the Customer from delivery Ex Works (Incoterms 2010) the AP&S Facility. Parts Repaired are at the risk of the Customer until received by AP&S Delivered Duty Paid (Incoterms 2010) the AP&S Facility.

13.2. The Customer agrees and warrants that title to and ownership of Parts Sold by AP&S shall remain with and be vested in AP&S until AP&S has received from the Customer full payment in accordance with these Standard Terms and the Credit Agreement.

## 14. IMPORT AND EXPORT LICENCES AND REGULATIONS

14.1. As the recorder, importer and exporter of the Parts, the Customer will be responsible for obtaining any import license, export license, exchange permit or other required governmental authorization relating to the Units and shall be responsible for complying with all U.K. and foreign government licensing and reporting requirements in connection with these Standard Terms. If required by AP&S , the Customer shall make any such licenses and authorizations available to AP&S prior to the relevant Order shipment. AP&S will have no liability for any non-renewal, denial, restriction or delay in respect of any Customer application for a license, permit or authorization.

14.2. The parties agree that any export of Parts pursuant to these Standard Terms may be subject to both U.S. Export Administration Regulations, the International Traffic in Arms Regulations and other export control requirements of the U.S. (together, the "U.S. Export Regulations"). In respect of any Part provided by AP&S , the Customer agrees not to:

- dispose of any U.S. origin items classified by the U.S. Department of Commerce's Bureau of Industry and Security as Dual Use items other than in the country of destination, as identified in any government license or authorization for the Part; and
- lease, exchange or dispose of any U.S. origin items to any country, company or individual that is either (i) required by US Export Regulations to hold a license to receive the goods (and does not hold the required license); or (ii) is prohibited from receiving U.S. exports by U.S. Export Regulations, as amended from time to time.

## 15. MISCELLANEOUS

15.1. The parties declare that they each have the right, power and authority, and have taken all action necessary, to execute and deliver and to exercise their rights and perform their obligations under these Standard Terms.

15.2. Unless and until the parties expressly agree otherwise in writing, these Standard Terms contains the entire agreement between the parties with respect to its subject matter. Each party acknowledges that, in entering into these Standard Terms, it has not relied on, and shall have no right or remedy in respect of, any statement, representation, assurance or warranty (whether made negligently or innocently) other than as expressly set out in these Standard Terms. Nothing in this clause shall limit or exclude any liability for fraud.

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15.3. Any amendment, variation or modification of these Standard Terms shall be ineffective unless made in writing and signed by an authorized representative of each party.

15.4. Subject to clause 5.2, the Customer shall not be entitled to withhold payment of any sums after they become due by reason of any right of set-off or counterclaim which the Customer may have or may wish to have or for any other reason whatsoever. AP&S shall be entitled to set-off any Customer funds held on deposit against any amounts due and payable (and remaining unpaid) under these Standard Terms.

15.5. If any provision of these Standard Terms (or part of any provision) is found by any court or other authority of competent jurisdiction to be invalid, illegal or unenforceable, that provision or part-provision shall, to the extent required, be deemed not to form part of these Standard Terms, and the validity and enforceability of the other provisions of these Standard Terms shall not be affected. In addition, if a part of these Standard Terms becomes invalid, the parties will endeavour in good faith to reach agreement on a replacement provision that will reflect, as nearly as possible, the intent of the original provision.

15.6. The Customer shall not assign, transfer or sub-contract any Order to any third party without AP&S's prior written consent.

15.7. The parties to these Standard Terms do not intend by these Standard Terms to confer any rights whatsoever on any other party. Accordingly, the parties hereby expressly exclude the provisions of the Contracts (Rights of Third Parties) Act 1999 (or re-enactment thereof).

15.8. Where the Customer delivers any other standard terms and conditions to AP&S in respect of an Order, these Standard Terms and Conditions of Supply shall prevail.

## 16. DISPUTE RESOLUTION, LAW AND JURISDICTION

All disputes arising out of or in connection with these Standard Terms shall, to the extent possible, be settled amicably by negotiation between the Chief Executive Officer of AP&S and the Chief Executive Officer of the Customer within thirty (30) days from the date of written notice by either party of the existence of such a dispute and, failing such amicable settlement, shall be finally settled by court proceedings.

16.1. These Standard Terms, and any dispute arising from it (including non-contractual disputes or claims) shall be interpreted in accordance with the laws of England and Wales and the parties agree to be bound by the exclusive jurisdiction of the English Courts.

16.2. Any Customer incorporated outside the EU shall provide either a UK address for service of process or shall appoint a process agent in the UK as a condition precedent to being granted credit by AP&S. Customer shall notify AP&S of such address on signature of these terms and conditions.

## 17. ETHICS REQUIREMENTS

17.1. AP&S is expected to conduct their affairs in accordance with the following principles:

- Obedience to the law,
- Compliance with service standards
- Commitment to vision and mission
- Always acting in good faith,
- Maintaining an egalitarian workplace by built on trust, mutual respect, integrity, and diversity,
- Communicating openly, respectfully, and effectively, and

## 18. ADDITIONAL AWARENESS REQUIREMENTS

18.1. AP&S shall ensure that their employees are aware of:

- Their contribution to product or service conformity,
- Their contribution to product safety, and
- Their contribution to the importance of ethical behavior.

18.2. Organization, customers and stakeholders at any level of the supply chain have access to facility and applicable documented information. if necessary, can request corrective action. AP&S shall respond to all requests for corrective action.

***Acceptance of any AP&S Purchase Order constitutes acceptance of and a promise to adhere to the terms and conditions thus mentioned.***