

SC Group – Global Limited Terms and Conditions of Purchase

1. INTERPRETATION

- 1.1. The definition and rules of interpretation in this Clause 1 apply to all these conditions:
- 1.1.1. **"Background IPR"** means Intellectual Property Rights owned by a Party prior to the date of the Contract, including intellectual property in the Party's know-how, documentation, processes, procedures and any intellectual property created by the Party independently of this Contract;
 - 1.1.2. **"Buyer"** means SC Group - Global Limited company issuing the Order, being one of Supacat Limited, Blackhill Engineering Services Limited, SC Group-Global Limited or SC Innovation-Global Limited;
 - 1.1.3. **"Buyer's Group"** means the Buyer and any of its subsidiaries, parent, holding companies or affiliates;
 - 1.1.4. **"Buyer's Premises"** means the Buyer's Premises at The Airfield, Dunkeswell, nr Honiton EX14 4LF or any other location as notified by the Buyer to the Supplier from time to time;
 - 1.1.5. **"Confidential Information"** means all information, whether written or oral (however recorded), provided by the disclosing Party to the receiving Party, or derived or observed by the receiving Party from such disclosures, and which (i) relates to the disclosing Party or their operations, business, intellectual property rights, trade secrets or know-how (ii), relates to the discussions, negotiations and correspondence between the Parties in connection with this Contract (iii) is known by the receiving Party to be confidential; (iv) is marked as or stated to be confidential; or (v) ought reasonably to be considered by the receiving Party to be confidential (including for the avoidance of doubt, information belonging to the Buyer placed in the public domain without the Buyer's approval);
 - 1.1.6. **"Contract"** means the Purchase Order together with these Terms and Conditions as amended by the Special Conditions;
 - 1.1.7. **"Counterfeit Goods"** means (i) Goods which have been identified, marked and/or altered by a source other than the Buyer's legally authorised source and which have been misrepresented to be an authorised item of the legally authorised source; and/or (ii) Previously used goods which are represented to be new and/or are provided as new;
 - 1.1.8. **"Foreground IPR"** means any and all Intellectual Property Rights in any materials created or developed by or on behalf of the Supplier pursuant to this Contract (but shall not include the Supplier's Background IPR);
 - 1.1.9. **"Goods"** the goods and/or services as more particularly described in the Purchase Order to be provided by the Supplier in accordance with these Terms and Conditions;
 - 1.1.10. **"Intellectual Property"** means copyright, rights related to or affording protection similar to copyright, rights in databases, patents and rights in inventions, semiconductor topography rights, trade marks, rights in Internet domain names and website addresses and other rights in trade names, designs, know-how, trade secrets and other rights in Confidential Information, applications for registration, and the right to apply for registration, for any of the rights listed at (a) that are capable of being registered in any country or jurisdiction, and all other rights having equivalent or similar effect in any country or jurisdiction;
 - 1.1.11. **"Order"** means an order for Goods placed by the Buyer using a Purchase Order;
 - 1.1.12. **"Parties"** means the Buyer and Supplier, each a Party;
 - 1.1.13. **"Price"** means the price in sterling for the Goods as stated on the Purchase Order, which shall be deemed to be exclusive of VAT (if applicable) or any analogous sales tax, but including carriage, freight, postage and insurance costs. The Price does not reflect discounts and other normal trade discounts;
 - 1.1.14. **"Purchase Order"** means the Buyer's purchase order form which contains the Buyer's written instructions to procure the Goods in accordance with these Terms and Conditions;
 - 1.1.15. **"Supplier"** means the entity listed as such in the Purchase Order;

1.1.16. **"Special Conditions"** means such supplemental terms as specified at Appendix 1 of these Terms and Conditions; and

1.1.17. **"Terms and Conditions"** means the terms and conditions of purchase set out in this document.

- 1.2. To the extent of any conflict between these Terms and Conditions and any Special Conditions in writing, the Special Conditions will apply.
- 1.3. Reference to any Clause is to a clause of these Terms and Conditions.
- 1.4. Any reference in these Terms and Conditions to any provision of a statute shall be construed as a reference to that provision as amended, re-enacted or extended at the relevant time.

2. GENERAL

- 2.1. These Terms and Conditions shall apply to every Order placed by the Buyer. No conduct other than express written acceptance by the Buyer shall be deemed to constitute acceptance of any additional terms or conditions put forward by the Supplier.
- 2.2. No additions, alterations or substitutions to these Terms and Conditions shall be binding on the Buyer unless expressly accepted in writing by the Buyer.
- 2.3. In so far as not otherwise previously accepted by the Supplier in accordance with these Terms and Conditions, the delivery of the Goods by the Supplier to the Buyer's Premises shall constitute the Supplier's acceptance of these Terms and Conditions.
- 2.4. Nothing in these Terms and Conditions shall prejudice any condition or warranty, expressed or implied, or any legal remedy to which the Buyer may be entitled in relation to the Goods or the Order, by virtue of any statute or custom or any general law or local law or regulation.
- 2.5. The Supplier is responsible for indicating all materials identified under Control of Substances Hazardous to Health (COSHH), Registration, Evaluation, Authorisation and restriction of chemicals (REACH) and Substance of very high concern (SVHC) regulations by supplying the appropriate Safety Data Sheets (SDS) for these items.
- 2.6. No terms or conditions endorsed upon, delivered with or contained in the Supplier's quotation, acknowledgement or acceptance of the Order, shall form part of the Contract and the Supplier waives any right it may otherwise have to rely on such terms and conditions.
- 2.7. All requirements of a contract may be subject to Defence Quality Assurance Field Force (DQAFF). You will be notified of any DQAFF activity to be performed.

3. PRICE AND PAYMENT

- 3.1. In consideration of the Supplier's provision of the Goods, the Buyer shall pay the Price to the Supplier in accordance with this Clause 3.
- 3.2. The Supplier shall produce to the Buyer a valid VAT invoice ("the **Invoice**") in respect of the Price. All prices shall include any levies, taxes and duties. The price of the Goods stated in the Purchase Order shall be exclusive of VAT but include all other charges and where the Goods are services, shall be inclusive, but identified separately, any transport, accommodation or other expenses.
- 3.3. The Buyer shall pay the Price within 30 calendar days from the end of the month in which the Invoice relating to the Goods delivered is received by the Buyer or, if later, of acceptance of the Goods by the Buyer.
- 3.4. No variation of the Price shall be accepted without prior written consent of the Buyer.
- 3.5. Without prejudice to any other right, the Buyer reserves the right to set off any amount due and payable at any time from it to the Supplier against any amount due and payable to the Buyer under the Contract.

4. DELIVERY

- 4.1. The Supplier shall deliver the Goods:
 - 4.1.1. to the Buyer's Premises;
 - 4.1.2. in accordance with Incoterm Delivery Duty Paid (DDP);
 - 4.1.3. on the date specified in the Purchase Order during normal business hours, unless previously agreed otherwise. In this respect, time shall be of the essence and the Buyer reserves the right to cancel, without notice, the whole or any part of the Order if the Supplier fails to comply with this Clause for whatever reason.

- 4.2. In the event of cancellation by the Buyer in accordance with Clause 4.1:
- 4.2.1. all sums payable by the Buyer in relation to the part of or whole of the Order cancelled shall cease to be payable;
 - 4.2.2. the Supplier shall repay to the Buyer immediately all sums paid by the Buyer in relation to the part of or the whole of the Order cancelled; and
 - 4.2.3. the Buyer shall be entitled to apply liquidated damages of 0.5% of the value of the deliverable daily up to the value 10% of the deliverable value for any late deliveries where the Supplier has failed to apply and communicate reasonable mitigation measures to address the issue of late delivery. The Buyer will recover damages from the Supplier in respect of any losses caused to the Buyer as a result of the Supplier's continuous failure to perform and as a result of the cancellation of the Order in whole or in part. The Supplier is not entitled to suspend deliveries without reasonable prior notice to the Buyer as a result of any sums being outstanding.
- 4.3. Certificates of conformity and/or full technical specification documentation will be provided with the Goods on delivery.
- 4.4. The Supplier shall ensure that each delivery is accompanied by a delivery note which shows, the Purchase Order number, date of Purchase Order, number of packages, relevant certifications and reports. In the case of part delivery, the delivery note will show the outstanding balance or volume remaining to be delivered where applicable.

5. INSPECTION OF GOODS AND ACCEPTANCE

- 5.1. The Buyer shall inspect the Goods in accordance with this Clause 5. If any of the Goods are not to specification, have sustained damage, lack relevant certifications, or there are any shortages in relation to the Order the Buyer shall notify the Supplier of such shortages or faulty goods.
- 5.2. Goods will be inspected in accordance with the Buyer's quality management system and/or manufacturer's specification, as indicated on the Purchase Order.
- 5.3. In the event of notification by the Buyer in accordance with Clause 5.1 the following provisions shall have effect:
- 5.3.1. the Buyer shall be entitled to reject all faulty Goods not to specification or damaged, in which case:
 - 5.3.1.1. the Supplier shall be responsible for collecting the faulty Goods, at its own expense, from the Buyer's Premises;
 - 5.3.1.2. the Buyer shall bear no liability whatsoever for any loss or further damage caused to the faulty Goods in the period from delivery to the Buyer's Premises to collection by the Supplier;
 - 5.3.1.3. all sums payable by the Buyer in respect of the faulty Goods shall cease to be payable;
 - 5.3.1.4. the Supplier shall repay to the Buyer all sums paid by the Buyer in respect of the faulty Goods; and
 - 5.3.1.5. the Buyer shall be entitled to recover damages from the Supplier in respect of any losses caused to the Buyer as a result of the Goods being faulty;
 - 5.3.2. in relation to any shortages of Goods delivered against the amount ordered in the Purchase Order:
 - 5.3.2.1. all sums payable by the Buyer in respect of those Goods which are missing shall cease to be payable;
 - 5.3.2.2. the Supplier shall credit the Buyer immediately all sums paid by the Buyer in respect of the missing Goods; and
 - 5.3.2.3. the Buyer shall be entitled to recover damages from the Supplier in respect of any losses caused to the Buyer as a result of the shortages of the Goods;
 - 5.3.3. the Supplier shall, on request by the Buyer, immediately replace the damaged Goods or complete the order in relation to the shortages in it, at the Supplier's own expense; and/or
 - 5.3.4. the Buyer reserves the right to cancel, without notice, the whole or any unexecuted part of the Order, in which case the rights and remedies itemised in Clause 4.2 shall be available to the Buyer.
- 5.4. In the event that, on inspection in terms of Clause 5.1, there is found to be an excess of Goods in relation to the Order the Buyer shall be entitled, at its discretion, in respect of any such excess to:

- 5.4.1. reject the excess Goods by notice in writing to the Supplier, in which case:
 - 5.4.1.1. the Supplier shall be responsible for collecting the excess Goods, at its own expense from the Buyer's Premises;
 - 5.4.1.2. the Buyer shall bear no liability whatsoever for any loss or damage caused to the excess Goods in the period from delivery to the Buyer's Premises to collection by the Supplier; and
 - 5.4.1.3. no sum shall be due to the Supplier in relation to such excess Goods and in the event that sums are inadvertently paid to the Supplier for the excess Goods, after notification in accordance with Clause 5.4.1, the Supplier shall repay to the Buyer immediately all such sums.
 - 5.4.2. accept such excess Goods by notification of such acceptance to the Supplier, in which case the Buyer shall pay to the Supplier the pro-rated price of such excess Goods in accordance with Clause 3.
- 5.5. Signature by the Buyer on any delivery note of the Supplier is evidence only of the number of packages received. In particular, it is not evidence of the correct quantity of Goods received or that the Goods delivered are in good condition or of the correct quality or acceptance of the Goods.
- 5.6. The Buyer shall not be deemed to have accepted any Goods until it has had a reasonable time (which shall be no less than [30] days) to inspect them following delivery or, if later, within a reasonable time after any latent defect in the Goods has become apparent. Such notice shall be given within a reasonable time after delivery of the Goods concerned.

6. COUNTERFEIT GOODS

- 6.1. The Supplier must ensure that Counterfeit Goods are not delivered to the Buyer. In fulfilling its obligations under the Order, the Supplier must only purchase products to be delivered or incorporated as Goods to the Buyer, directly from the organisation that is the originating source for the production of legitimate components or equipment. Goods must not be acquired from distributors that are independent from the originating organisation's authorised distribution chain without written consent from the Buyer.
- 6.2. The Supplier must immediately, notify the Buyer if the Supplier becomes aware or suspects that it has acquired Counterfeit Goods. When requested by the Buyer, the Supplier must provide documentation that authenticates traceability of the affected Goods to the organisation that is the originating source for the production of legitimate components or equipment.
- 6.3. In the event that Goods delivered under the Order constitute or include Counterfeit Goods, the Supplier must, at its own expense promptly replace such Counterfeit Goods with genuine Goods conforming to the requirement of the Order. Notwithstanding any other provision in the Order, the Supplier shall indemnify the Buyer for all costs relating to the removal and replacement of Counterfeit Goods, including without limitation to costs incurred by the Buyer of removing Counterfeit Goods, or reinserting replacement Goods and of any testing necessitated by the reinstallation of Goods after Counterfeit Goods have been exchanged.

7. PACKAGING

- 7.1. The Supplier is required to clearly mark all returnable and re-useable packaging and containers with the return address.
- 7.2. Unless instructed by the Buyer, the Supplier shall, without charge to the Buyer, arrange collection of all returnable packaging within 21 calendar days of the date of delivery to the Buyer's Premises. Packaging not collected within this time will be returned to the Supplier at the Supplier's expense or otherwise disposed of.
- 7.3. It is the Supplier's responsibility to ensure all items are packaged in such a way to ensure that the optimum / minimum use of packaging materials is achieved without compromising its protective effectiveness.
- 7.4. The Supplier is responsible for indicating all packaging materials identified under Control of Substances Hazardous to Health (COSHH), Registration, Evaluation, Authorisation and restriction of chemicals (REACH) and Substance of very high concern (SVHC) regulations by supplying the appropriate safety data sheet ("SDS") for these items.

8. TITLE AND RISK

- 8.1. Title and risk in the Goods shall pass to the Buyer on formal acceptance of the Goods delivered in accordance with Clauses

4.1 and 5. This Clause shall not affect the Buyer's right to reject the Goods in terms of Clause 5.

9. CONFIDENTIALITY AND THE BUYER'S PROPERTY

- 9.1. Each Party shall keep secret and not disclose and shall procure that its personnel keep secret and do not disclose any Confidential Information obtained by reason of this Agreement. The Supplier shall restrict disclosure of such confidential material to such of its employees as need to know the same for the purpose of discharging the Supplier's obligations to the Buyer. Either Party may however disclose Confidential Information on a confidential basis to a professional adviser for the purposes of seeking legal advice or in compliance with law.
- 9.2. A Party shall immediately notify the other if it suspects or becomes aware of any unauthorised access, copying, use or disclosure in any form of any of the other Party's Confidential Information.

10. INTELLECTUAL PROPERTY

- 10.1. The Parties shall retain ownership of its own Background IPR.
- 10.2. All Foreground IPR shall vest in the Buyer. The Supplier:
- 10.1.1. hereby assigns to the Buyer, with full title guarantee, title to and all present and future rights and interests in the Foreground IPRs or shall procure that the first owner of the Foreground IPRs assigns them to the Buyer on the same basis; and
- 10.1.2. shall obtain waivers of all moral rights in the Foreground IPR to which any individual is now or may be at any future time entitled under Chapter IV of Part I of the Copyright Designs and Patents Act 1988 or any similar provisions of law in any jurisdiction.
- 10.3. The Buyer hereby grants to the Supplier a non-exclusive, non-transferable, royalty free licence to use the Foreground IPRs during the Contract solely to the extent necessary to enable the Supplier to provide the Goods.
- 10.4. This Clause 10 shall survive the termination of any contract incorporating these Terms and Conditions, howsoever arising.

11. WARRANTY

- 11.1. The Supplier warrants to the Buyer that the Goods and all of their components, where applicable, are of the nature, quality, substance, quantity and in accordance with the specification and description ordered by the Buyer.
- 11.2. The Supplier warrants to the Buyer that as from the date of acceptance by the Buyer for a period of 12 months or as otherwise agreed, the Goods and all of their components are free from any defects in design, workmanship, construction or materials.
- 11.3. In the event of a breach of the warranty contained in this Clause 11 by the Supplier, the Buyer shall notify the Supplier of such breach advising the Supplier that it must within 14 calendar days of such notification:
- 11.3.1. repair any defective Goods, at the Supplier's expense;
- 11.3.2. replace any defective Goods, at the Supplier's expense;
- or
- 11.3.3. credit the Buyer for the Price applicable to the Goods to which the breach relates.
- 11.4. In the event that the Goods are repaired or replaced in terms of Clauses 11.3.1 or 11.3.2, the Supplier warrants those repaired or replaced Goods for a further period of 12 months from the renewed acceptance date of the repaired or replaced item on the same terms as those which applied to the Goods originally supplied.
- 11.5. The Supplier warrants to the Buyer that the Goods comply with all British and EU statutory and other regulatory legal requirements applicable to such Goods.

12. INDEMNITY

- 12.1. The Supplier shall keep the Buyer indemnified in full against all direct, indirect or consequential liabilities (all three of which terms include, without limitation, loss of profit, loss of business, depletion of goodwill and like loss), loss, damages, injury, costs and expenses (including legal and other professional fees and expenses) awarded against or incurred or paid by the Buyer as a result of or in connection with:
- 12.1.1. defective workmanship, quality or materials;
- 12.1.2. an infringement or alleged infringement of any intellectual property rights caused by the use, manufacture or supply of the Goods; and

- 12.1.3. any claim made against the Buyer in respect of any liability, loss, damage, injury, cost or expense sustained by the Buyer's employees or agents or by any customer or third party to the extent that such liability, loss, damage, injury, cost or expense was caused by, relates to or arises from the Goods as a consequence of a direct or indirect breach or negligent performance or failure or delay in performance under these Terms and Conditions by the Supplier.

- 12.2. If any sum is due from or payable by the Supplier as a result of operation of Clause 12, such sum may be deducted from any sum then due or to become due to the Supplier under any order or transaction placed or entered into by the Buyer with the Supplier.

13. LIABILITY AND REMEDIES

- 13.1. It is expressly understood that neither the Buyer nor the Supplier are "consumers" (as defined in the Consumer Rights Act 2015).

14. FORCE MAJEURE

- 14.1. If the performance of the Supplier's obligations is delayed or hindered by circumstances outside the Supplier's control amounting to a "force majeure event" (as defined in Clause 14.3), the following provisions shall apply:
- 14.1.1. the Supplier shall as soon as reasonably practical give the Buyer written notice giving full details of the reasons for delay and an estimate of its likely duration;
- 14.1.2. the Supplier shall use its all reasonable endeavours to overcome the difficulties caused by the "force majeure event" and shall keep the Buyer informed of such endeavours; and
- 14.1.3. the Buyer shall have the option to terminate this Contract if delivery is not made within a period of one month of the due date of delivery and the Supplier shall reimburse the Buyer for all expenditure incurred as a result of the termination including any increase in the price of Goods purchased from a third party of similar quantity, quality and description to the Goods.
- 14.2. If due to a "force majeure event" there is a shortage of Goods of a type to be supplied under this contract resulting in there being less Goods delivered than were ordered by the Buyer, the Buyer may in its sole discretion accept such Goods and pay the relative proportion of the Price or reject such Goods and be entitled to an immediate refund of the Price.
- 14.3. In this Clause 14 "force majeure event" means events outside the Supplier's reasonable control including, but not limited to, strikes, sit-ins, trade disputes, walkouts or any other actual or threatened industrial action, breakdown of plant, machinery or interruption of power supplies, fire, flood, war, civil war or intervention by governmental authority.

15. Termination

- 15.1. The Buyer may terminate this Contract at any time on giving not less than one month's notice in writing to the Supplier.
- 15.2. Without prejudice to any other right or remedy it might have, the Buyer may terminate the Contract by written notice to the Supplier with immediate effect, if the Supplier:
- 15.1.1. without prejudice to Clause 15.1.2, is in material breach of any obligation under the Contract which is not capable of remedy (including a breach of security) or which is capable of remedy but is not remedied within 30 days of the Supplier receiving notice specifying the breach;
- 15.1.2. repeatedly breaches any of the Terms and Conditions in such a manner as to reasonably justify the opinion that its conduct is inconsistent with it having the intention or ability to give effect to the Contract;
- 15.1.3. undergoes a change of control without the prior consent of the Buyer;
- 15.1.4. breaches any of the provisions of Clauses 6 (*Packaging*), 9 (*Confidentiality and the Buyer's Property*), 21 (*Trade Compliance and ITAR*), 22 (*Modern Day Slavery Act 2015*), 24 (*Anti-Bribery Act*) and Clause 25 (*Compliance*);
- 15.1.5. becomes insolvent, or if an order is made or a resolution is passed for the winding up of the Supplier (other than voluntarily for the purpose of solvent amalgamation or reconstruction), or if an administrator or administrative receiver is appointed in respect of the whole or any part of the Supplier's assets or business, or if the Supplier makes any composition with its creditors or takes or suffers any similar or analogous act (to any of the actions detailed in

this Clause 15.1.5) in consequence of debt in any jurisdiction; or

15.1.6. fails to comply with legal obligations in the fields of environmental, social, or labour law.

15.3. Termination of the Contract shall be without prejudice to the rights of either Party accrued prior to termination or expiry and shall not affect the continuing rights of the Parties under this Contract that either expressly or by implication has effect after termination.

15.4. Upon termination of the Agreement, the Supplier shall give all reasonable assistance to the Buyer and any incoming supplier of the Goods.

16. WAIVER

16.1. No failure by the Buyer to enforce any of the Terms and Conditions shall constitute a waiver of its rights hereunder.

17. AMENDMENT

17.1. The Terms and Conditions may be subject to amendment. The Buyer will provide 10 calendar days' notice to the Buyer and if the Supplier does not confirm acceptance of the change within five calendar days the Buyer will deem that acceptance of the amended Terms and Conditions has occurred.

18. ASSIGNATION AND SUBCONTRACTING

18.1. The Supplier shall not assign, sub-contract or transfer the Purchase Order or part thereof to any third party without the written consent of the Buyer. The Supplier shall remain responsible for the sub-contractor's acceptance, delivery, quality and omissions.

19. OBSOLESCENCE

19.1. The Supplier guarantees supply for all the Goods covered by this Contract. If at any time during the supply of the Goods the continuity of supply becomes compromised or is affected by obsolescence, The Supplier will advise the Buyer within forty-five calendar days or sooner, written notice of any issue in the continuity of supply and advise the Buyer of the prospective alternative supply for approval. The Buyer may, within thirty calendar days following receipt of such notice, notify the Supplier in writing of its intention to return any or all Products so discontinued or rendered obsolete which remain the inventory of the Buyer and the Buyer shall receive a credit for the Products equal to the price paid by for the same items provided on condition that the Goods are returned within fifteen calendar days to the Supplier.

20. GOVERNING LAW

20.1. The interpretation of these Terms and Conditions are subject to the laws of England and both the Buyer and the Supplier shall submit to the exclusive jurisdiction of the English Courts except that the Buyer may be entitled to proceed in any jurisdiction where proceedings may be lawfully brought.

21. TRADE COMPLIANCE AND ITAR

21.1. The Supplier shall abide by and be in full compliance with all applicable export control laws and regulations. No information or materials shall be transferred to the Buyer unless in full compliance with all applicable export control laws and regulations; Export Control Order 2008, International Arms and Traffic Regulations (ITAR) and any other country specific export regulation.

22. INDUSTRIAL CO-OPERATION (OFFSET)

22.1. The Supplier:

22.1.1. agrees and understands that the Buyer and the Buyer's Group accrue significant offset obligations resulting from international sales. To assist in satisfying these obligations, the Buyer and the Buyer's Group may wish to take advantage of the Suppliers offshore supply chain and investment activity, in order that potential offset credits can be claimed in identified overseas markets;

22.1.2. agrees and acknowledges that companies within the Buyer's Group may be entitled to utilise through the Supplier the total value of the Goods and any subcontracts placed by the Supplier arising from the Goods as fulfilment in whole or in part of any offset obligation placed or to be placed upon a company within Buyer's group by an overseas customer;

22.1.3. agrees to work with the Buyer and the Buyer's Group to identify supply chain opportunities within Supplier's supply chain that may be used to assist with the satisfaction of

any offset obligation with an overseas customer that is extant with the Buyer or the Buyer's Group;

22.1.4. shall first seek and obtain the Buyer's written permission prior to using the value of the Goods and or any sub-contracts arising from the Goods in satisfaction of the Supplier's own or any of the Supplier's other customers' offset obligations;

22.1.5. shall, on request by the Buyer or the Buyer's group, assist the relevant company in registering the Goods with the appropriate bodies, as a satisfactory offset; and

22.1.6. if the offset involves US defence Goods, shall consult with the Buyer or the Buyer's Group (as appropriate) on the applicability of any ITAR brokering requirement and each as may be appropriate given the nature of the offset transaction, and shall seek any necessary authorisation in a timely manner.

23. MODERN SLAVERY ACT 2015

23.1. In performing its obligations under the Contract, the Supplier shall ensure that each of its suppliers shall:

23.1.1. comply with all applicable laws, statutes, regulations in force from time to time including but not limited to the Modern Slavery Act 2015; and

23.1.2. take reasonable steps to ensure that there is no modern slavery or human trafficking in the suppliers' or subcontractors' supply chains or in any part of their business.

24. ANTI BRIBERY ACT

24.1. The Supplier undertakes to abide by and comply with all applicable laws and regulations relating to anti-bribery and anti-corruption, including the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act 1977.

25. COMPLIANCE

25.1. The Buyer will not tolerate bribery. Offering bribes to employees or representatives of the Buyer will be treated seriously and may be reported to the appropriate authorities. The Buyer complies with the Ethical Trading Initiative (further details can be found at (www.Ethicaltrade.org) therefore should the Buyer reasonably suspect that any supplier (or its subcontractors) fail to comply with the standards expected by the Ethical Trading Initiative it reserves the right to serve immediate notice of termination of Contract.

26. CONFLICT ZONES AND EXCLUSIONS

26.1. The Buyer will not accept any material that is sourced from Russian or any other sanctioned materials within the supply of goods and the Supplier must ensure that there is no risk of sanctioned materials entering the supply chain.

27. NON-SOLICITATION

27.1. The Supplier shall not (except with the prior written consent of the Buyer) directly or indirectly solicit or entice away (or attempt to solicit or entice away) from the employment of the Buyer any person employed or engaged by the Buyer at any time during the term of the Order or for a further period of 6 months after the termination of the Contract other than by means of a advertising campaign open to all comers and not specifically targeted at any of the staff of the Buyer.

28. TITLE TO AND RISK OF LOSS OR DAMAGE TO BUYER MATERIALS

28.1. Where the Buyer issues stock or materials to the Supplier or, at the direction of the Supplier to an agent or sub-contractor (of any tier) of the Supplier:

28.1.1. title in such stock or materials shall remain with the Buyer;

28.1.2. the Supplier shall ensure that such stock or materials are kept separate from other materials and are marked as the property of the Buyer; and

28.1.3. the Supplier is liable for any loss of or damage to such stock or materials from the point at which the Supplier or its agent or sub-contractor (as applicable) takes custody until such time as such stock or materials are delivered into the custody of the Buyer (or at the Buyer's direction).

Appendix 1

Special Conditions

1. SPECIAL DEFINITIONS

1.1. The following definitions apply to this Appendix 1 (*Special Conditions*) in addition to the definitions of the Terms and Conditions:

- 1.1.1. "Authority" means the Secretary of State for Defence;
- 1.1.2. "Business Day" means a day (other than a Saturday or Sunday) on which banks are open for business in London;
- 1.1.3. "Good Industry Practice" means using standards, practices, methods and procedures conforming to the law and exercising that degree of skill and care, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced person or body engaged in a similar type of undertaking under the same or similar circumstances;
- 1.1.4. "Deliverable Quality Plan" means the quality plan provided by Supplier in accordance with this Agreement;
- 1.1.5. "Prime Contract" means the contract entered into between the Buyer and the Authority in relation to the Project; and
- 1.1.6. "Project" means the procurement by the Authority of 70 x high mobility truck variant (HMTV) platforms and associated support.

2. VESTING

2.1. Notwithstanding any other clause in the Contract, title to the Goods shall transfer to the Buyer in accordance with DEFCON 649 (Edn. 12/21) – Vesting.

3. STANDARD OF WORK, QUALITY ACCREDITATION AND ASSURANCE

- 3.1. The Supplier shall exercise reasonable skill, care and diligence in the supply of the Goods and performance of the services and shall carry out the same in accordance with Good Industry Practice.
- 3.2. The Parties shall possess ISO9001:2000 accreditation and certification to the relevant body and have undergone satisfactory assessments or revalidation by the relevant body's quality assurance department. Such certification shall be valid for the entire term of this Contract.
- 3.3. Within six (6) weeks from the commencement date of this Contract, the Supplier shall submit to Buyer a Deliverable Quality Plan for their elements of supply, in accordance with AQAP 2105 Edition 1. This Deliverable Quality Plan shall apply to all Supplier work or services performed by the Supplier under this Contract.
- 3.4. The Supplier shall provide reasonable facilities, assistance and advice required by the Buyer or the Authority for the purpose of conducting audits of any elements of the Supplier's quality system to determine compliance with this Contract. The following shall apply in respect of such quality system audits:
 - 3.4.1. the Buyer shall, or shall procure that the Authority shall, provide a minimum of thirty (30) Business Days' notice of its intention to conduct an audit; and
 - 3.4.2. the Buyer shall, or shall procure that the Authority shall, provide an agenda and scope of audit no later than ten (10) Business Days prior to the date of the intended audit; and
 - 3.4.3. the Buyer shall, or shall procure that the Authority shall, use its reasonable endeavours to ensure that the conduct of each audit does not unreasonably disrupt the Supplier or delay the provision of the Goods by the Supplier and that, where possible, individual audits are co-ordinated with each other to minimise any disruption.

4. OTHER UNDERTAKINGS

- 4.1. Except as otherwise expressly provided by this Contract, all remedies available to either Party for breach of this Contract are cumulative and may be exercised concurrently or separately, and the exercise of any one remedy shall not be deemed an election of such remedy to the exclusion of other remedies.
- 4.2. The Supplier shall mark, label or otherwise identify, where physically possible due to size or nature, all such goods or materials and other things appropriated to this Contract with specific reference to this Contract in accordance with

DEFCON 129. Such marked equipment shall be held by the Supplier in a safe place and shall maintain a readily identifiable written record thereof. Any marking method used shall not have a deleterious effect upon the strength, serviceability or corrosive resistance of the goods or materials or other things.

- 4.3. If requested by the Buyer, the Supplier shall provide a reasonable level of support to the Buyer by attendance at project meetings at either the Supplier's or the Buyer's premises with the Authority throughout the production cycle of the Goods. The Buyer shall advise Supplier of the frequency, which shall be no more frequent than a calendar month basis, the agenda, and the dates of such meetings.
- 4.4. The introduction by the Buyer of new methods or systems which impinge on the Supplier's ability to perform this Contract shall be subject to prior approval by the Supplier, and thereafter agreement as a change.

5. SUPPLY OF INFORMATION ABOUT SUBSTANCES REFERRED TO IN THE MONTREAL PROTOCOL

- 5.1. As a signatory to the Montreal Protocol on substances that deplete the ozone layer, and by operation of Council Regulation EEC/594/91, as amended, on substances that deplete the ozone layer, His Majesty's Government is committed to reducing the production and consumption of those substances controlled under the Protocol or the amended Regulation and listed below (the "Substances"):
 - 5.1.1. Chlorofluorocarbons (CFC's);
 - 5.1.2. 1, 1, 1 Trichloroethane;
 - 5.1.3. Hydrochlorofluorocarbons (HCFC's);
 - 5.1.4. Hydrobromofluorocarbons (HBFC's);
 - 5.1.5. Methyl Bromide;
 - 5.1.6. Carbon Tetrachloride; and
 - 5.1.7. Halons.
- 5.2. Accordingly, the Supplier shall provide to the Buyer within a reasonable time from acceptance of this Contract other than in respect of those articles which are specified in the Purchase Order, specification or bill of materials (along with the relevant supplier) that are not:
 - 5.2.1. either:
 - 5.2.1.1. a list specifying:
 - 5.2.1.1.1. all Substances which are to be used (including packaging);
 - 5.2.1.1.2. the quantity of each of such Substances; and
 - 5.2.1.1.3. where (including any packaging) such Substances are contained; or
 - 5.2.1.2. confirmation that 5.2.1.1.1, 5.2.1.1.2, and 5.2.1.1.3 above do not apply.

6. DEFCONS

- 6.1. Subject to Clause 1.2 of the Terms and Conditions, and Special Conditions 6.2 and 6.3, the DEFCONS and DEFSTANs referred to in this Contract are incorporated by reference into this Agreement, subject to the following:
 - 6.1.1. any reference to the "the Contractor" shall be deemed to be a reference to the Supplier;
 - 6.1.2. any reference to "the Contract" shall be deemed to be a reference to this Contract; and
 - 6.1.3. any reference to "the Authority" shall be deemed to be a reference to the Buyer.
- 6.2. Subject to Special Condition 6.3, where a reference to a DEFCON or DEFSTAN has a note as follows "Note: Authority Direct Rights and Obligations DEFCON or DEFSTAN", such DEFCON or DEFSTAN is incorporated by reference into this Contract, subject to the following:
 - 6.2.1. any reference to the "the Contractor" shall be deemed to be a reference to the Supplier;
 - 6.2.2. any reference to "the Contract" shall be deemed to be a reference to this Contract; and
 - 6.2.3. any reference to "the Authority" shall be deemed to be a reference to the Authority and:
 - 6.2.3.1. the Buyer shall procure that the Authority performs its obligations under such DEFCON or DEFSTAN; and
 - 6.2.3.2. the Supplier shall perform its obligations for the benefit of the Authority.
- 6.3. The Parties shall act in good faith to agree how to interpret the incorporation of each DEFCON or DEFSTAN in accordance with Special Conditions 6.2 and 6.3 so as to give effect to it in the context of the performance of this Contract and the Prime Contract, provided that such interpretation shall not require the Supplier to provide financial information to the Buyer.

6.4. The general DEFCONS or DEFSTAN which are incorporated by reference are:

DEFCON 005J

DEFCON 005J (Edn. 11/16) - Unique Identifiers (Note: Authority Direct Rights and Obligations DEFCON)

DEFCON 068

DEFCON 068 (Edn. 10/22) - Supply of Data for Hazardous Substances, Mixtures and Articles

DEFCON 076

DEFCON 076 (Edn. 11/22) - Contractor's Personnel at Government Establishments (Note: Authority Direct Rights and Obligations DEFCON)

DEFCON 113

DEFCON 113 (Edn. 02/17) - Diversion Orders (Note: Authority Direct Rights and Obligations DEFCON)

DEFCON 117

DEFCON 117 (Edn. 07/21) - Supply Of Information For NATO Codification And Defence Inventory Introduction

DEFCON 129

DEFCON 129 (Edn. 02/22) - Packaging (For Articles Other Than Munitions)

DEFCON 129J

DEFCON 129J (Edn. 11/16) - The Use Of The Electronic Business Delivery Form (Note: Authority Direct Rights and Obligations DEFCON)

DEFCON 501

DEFCON 501 (Edn. 10/21) - Definitions and Interpretations (Note: Authority Direct Rights and Obligations DEFCON where a defined term is used in another Authority Direct Rights and Obligations DEFCON)

DEFCON 507

DEFCON 507 (Edn. 07/21) - Delivery (Note: Authority Direct Rights and Obligations DEFCON)

DEFCON 513

DEFCON 513 (Edn. 04/22) - Value Added Tax (VAT) and Other Taxes (Note: Authority Direct Rights and Obligations DEFCON)

DEFCON 514

DEFCON 514 (Edn. 08/15) - Material Breach (Note: the Buyer can exercise the termination right under this DEFCON where the Authority terminates the Prime Contract under DEFCON 514 as a result of grounds that arise directly as a result of a material breach by the Supplier of this Contract, whether remediable or not)

DEFCON 515

DEFCON 515 (Edn. 06/21) - Bankruptcy And Insolvency

DEFCON 516

DEFCON 516 (Edn. 04/12) - Equality

DEFCON 520

DEFCON 520 (Edn. 08/21) - Corrupt Gifts And Payments Of Commission

Note: DEFCON 520 is flowed down on a reciprocal basis whereby in addition to the interpretation set out in Special Condition 6.2, it shall be flowed down to impose obligations on the Buyer whereby any reference to the "the Contractor" shall be deemed to be a reference to the Buyer and any reference to "the Authority" shall be deemed to be a reference to the Supplier.

DEFCON 524

DEFCON 524 (Edn. 12/21) - Rejection

DEFCON 524A

DEFCON 524A (Edn. 12/22) - Counterfeit Materiel

DEFCON 525

DEFCON 525 (Edn. 10/98) - Acceptance

DEFCON 531

DEFCON 531 (Edn. 09/21) - Disclosure Of Information (Note: Only Conditions 7 to 11 apply. Such Conditions apply as Authority Direct Rights and Obligations DEFCON)

DEFCON 532A

DEFCON 532A (Edn. 05/22) - Protection Of Personal Data (Where Personal Data is not being processed on behalf of the Authority)

DEFCON 534

DEFCON 534 (Edn. 06/21) - Subcontracting and Prompt Payment

DEFCON 538

DEFCON 538 (Edn. 06/02) - Severability

DEFCON 539

DEFCON 539 (Edn. 01/22) - Transparency (Note: Authority Direct Rights and Obligations DEFCON).

DEFCON 550

DEFCON 550 (Edn. 02/14) - Child Labour and Employment Law

DEFCON 566

DEFCON 566 (Edn. 10/20) - Change of Control of Contractor Note: the Buyer may only terminate under DEFCON 566 if directed by the Authority

DEFCON 601

DEFCON 601 (Edn. 04/14) - Redundant Material Note: DEFCON 601 applies solely in relation to DEFCON 611 (Edn. 12/22). The Condition will apply to the extent that the Redundant Materiel derives from the property owned by the MOD and issued to the Contractor

DEFCON 602A

DEFCON 602A (Edn. 12/17) - Quality Assurance (With Deliverable Quality Plan)

DEFCON 604

DEFCON 604 (Edn. 06/14) - Progress Reports (Note: Authority Direct Rights and Obligations DEFCON).

DEFCON 605

DEFCON 605 (Edn. 06/14) - Financial Reports (Note: Authority Direct Rights and Obligations DEFCON).

DEFCON 606

DEFCON 606 (Edn. 07/21) - Change and Configuration Control Procedure

Note: only paragraph 1 applies. Configuration control of Specification is a the Buyer responsibility.

DEFCON 608

DEFCON 608 (Edn. 07/21) - Access and Facilities to be Provided by the Supplier Note: Authority Direct Rights and Obligations DEFCON).

DEFCON 609

DEFCON 609 (Edn. 07/21) - Contractor's Records (Note: Authority Direct Rights and Obligations DEFCON).

DEFCON 611

DEFCON 611 (Edn. 12/22) - Issued Property

DEFCON 612

DEFCON 612 (Edn. 06/21) - Loss Of Or Damage To The Articles

DEFCON 620

DEFCON 620 (Edn. 06/22) - Contract Change Control Procedure

DEFCON 621B

DEFCON 621B (Edn. 10/04) - Transport (If the Supplier Is Responsible For Transport).

DEFCON 624

DEFCON 624 (Edn. 08/22) - Use Of Asbestos

DEFCON 627

DEFCON 627 (Edn. 11/21) - Quality Assurance - Requirement for a Certificate of Conformity

DEFCON 637

DEFCON 637 (Edn. 05/17) - Defect Investigation and Liability

DEFCON 642

DEFCON 642 (Edn. 07/21) - Progress Meetings

DEFCON 644

DEFCON 644 (Edn. 07/18) - Marking Of Articles

DEFCON 647

DEFCON 647 (Edn. 05/21) - Financial Management Information (Note: Authority Direct Rights and Obligations DEFCON).

DEFCON 656B

DEFCON 656B (Edn. 08/16) - Termination for Convenience (Note: only applies if the Authority terminates the Prime Contract under DEFCON 656B)

DEFCON 658

DEFCON 658 (Edn. 10/22) - Cyber Note: Further to DEFCON 658 the Cyber Risk Profile of this Agreement is Very Low, as defined in Def Stan 05-138. Risk Assessment Ref: 452704422 refers. The Annex to DEFCON 658 Provisions to be included in Relevant Sub-Contracts) is incorporated as drafted in such Annex.

DEFCON 660

DEFCON 660 (Edn. 12/15) - Official-Sensitive Security Requirements

DEFCON 670

DEFCON 670 (Edn.02/17) - Tax Compliance

DEFCON 671

DEFCON 671 (Edn, 10/22) - Plastic Packaging Tax

DEFCON 678

DEFCON 678 (Edn. 09/19) - SME Spend Data Collection (Note: Authority Direct Rights and Obligations DEFCON).

DEFCON 691

DEFCON 691 (Edn. 03/15) - Timber and Wood – Derived Products

DEFCON 694

DEFCON 694 (Edn. 07/21) - Accounting For Property of the Authority (Note: Authority Direct Rights and Obligations DEFCON).

- 6.5. The standards incorporated by reference are;

DEFSTAN 00-600

DEFSTAN 00-600 Pts 1-3 Integrated Logistics Support

DEFSTAN 05-057

DEFSTAN 05-057 Configuration Management

DEFSTAN 05-061

DEFSTAN 05-061 Pt 1 Quality Assurance Procedural Requirements

DEFSTAN 05-135

DEFSTAN 05-135 Avoidance of Counterfeit Material

DEFSTAN 23-006

DEFSTAN 23-006 Technology Guidance for Military Logistic Vehicles

DEFSTAN 59-411

DEFSTAN 59-411 Pt 1 Electromagnetic Compatibility Part: 01: Management and Planning Issue 3

7. SUPPLY CHAIN DATA

7.1. Definitions

7.1.1. In this Special Condition 7 'Subcontractor' means any subcontractor engaged by the Supplier or by any other subcontractor of the Supplier at any level of subcontracting to provide supplies wholly or substantially for the purpose of performing (or contributing to the performance of) the whole or any part of this Contract and 'Subcontract' shall be interpreted accordingly.

7.2. Contractor Obligations

7.2.1. The Supplier shall provide to the Buyer a list in Microsoft Excel format of each subcontract worth more than £1m. For each subcontract, the list shall include, in so far as is reasonably practicable:

- 7.2.1.1. the registered name of the subcontractor;
- 7.2.1.2. the company registration number and DUNS number;
- 7.2.1.3. value, for all Subcontracts over £1m;
- 7.2.1.4. a description of the goods or services provided;
- 7.2.1.5. in respect of the DEFCONs that are included in this Contract, and which require the Supplier to include equivalent terms in Subcontracts, confirmation, in respect of each such DEFCON, that such terms have been so included; and
- 7.2.1.6. in respect of the DEFCONs that are included in this Contract, and which require information to be provided by the Supplier, such information may be provided by being included in this list unless it is specifically stated in the DEFCON or elsewhere in this Contract that it should be provided separately, or through a specified tool, or online portal.

7.3. The information listed in Special Condition 7.2 above shall be provided within 25 days of the date of this Contract and thereafter updated annually to reflect any changes to the accuracy of the information.

8. INTELLECTUAL PROPERTY RIGHTS

DEFCON 090

DEFCON 090 (Edn. 06/21) – Copyright (Note: Authority Direct Rights and Obligations DEFCON).

Note

Note: For the purposes of clause 4c the prescribed Nations are those within NATO & the EU and Australia & New Zealand.

DEFCON 632

DEFCON 632 (Edn. 11/21) - Third Party Intellectual Property - Rights and Restrictions (Note: Authority Direct Rights and Obligations DEFCON).

8.1. **Third Party IPR Authorisation**

Notwithstanding any other provisions of this Contract and for the avoidance of doubt, award of this Contract by the Authority and placement of any contract task under it does not constitute an authorisation by the Crown under Sections 55 and 56 of the

Patents Act 1977 or Section 12 of the Registered Designs Act 1949. The Supplier acknowledges that any such authorisation by the Authority under its statutory powers must be expressly provided in writing, with reference to the acts authorised and the specific intellectual property involved.

- 8.2. Notwithstanding any other provisions of this Contract, the Supplier agrees that all Intellectual Property Rights in relation to the Goods vests solely in the Buyer. Any Intellectual Property Rights generated by any contribution by the Supplier in relation to the design and build of the Goods, or any contribution by the Supplier in relation to any other aspect of the Project will vest in the Buyer.

9. EXCLUSIVITY

- 9.1. The Supplier agrees that it shall not, without the prior written consent of the Buyer, sell the Goods, or goods substantially similar to the Goods, directly to the Authority or to any other person where the Authority is the ultimate customer of such other person. The Parties acknowledge that it is in the interests of the Parties for Buyer to maintain overall control of the support for vehicles into which the Goods are incorporated.