

# GENERAL CONDITIONS OF BUSINESS

---

## Standard Terms and Conditions for Components Troubleshooting, Maintenance, Repair and Overall Services

### Document Revision track

Reference	Mark	Date of approval	Modification
1 <sup>st</sup> Edition	Rev.1	01/03/2023	N/A (1 <sup>st</sup> Edition)
Rev.2	Rev.2	03/05/2023	Title change

### 1. Scope of Validity

- i. These General Conditions of Business (**'GCB'**), related to Components Troubleshooting, Maintenance, Repair and Overall are valid for all services supplied to the customer unless otherwise varied by any separate agreement between Carmine Aviation and the Customer.
- ii. Where the context permits or requires, in these GCB, **'Services'** shall mean parts, materials or items provided by Carmine Aviation and any work performed by Carmine Aviation. Such parts, materials and items shall be individually and collectively referred to as **'Goods'**.
- iii. These GCB shall prevail over any other standard terms of business of the Customer and any conflicting terms in any documents provided to Carmine Aviation by the Customer at any time.
- iv. These GCB shall not be amended unless in agreement in writing between Parties.

### 2. Offers and Conclusion of Contract

- i. Carmine Aviation Offers, which do not include as a condition, acceptance by the Customer within thirty (30) calendar days, shall not be binding. The contract in respect of the Services (**'Contract'**) shall be deemed to have been concluded when the Customer, within the specified period accepts Carmine Aviation offer by placing an order (**'Order'**) for the Services.
- ii. For the avoidance of doubt these GCB shall form part of such Contract/Order.

### 3. Scope of Supply

On placing an Order, Customers are required to provide Carmine Aviation, the full scope of services required.

### 4. Technical Documents

- i. All work undertaken by Carmine Aviation shall be performed in accordance with the applicable Component Maintenance Manual (CMM), Structural Repair Manual (SRM), other OEM Technical Publications and AVP (Carmine Aviation MRO and Aftermarket Division) Company Procedures Manual.
- ii. The Customer shall supply, as required, at its cost all technical documentation necessary for Carmine Aviation to perform the Services.
- iii. Each party to the Contract shall retain all rights to technical documents provided to the other. The party receiving such documents recognizes these rights and shall not, without the prior written consent of the other party, make these documents available to any third part, either in whole or part, nor use them for purposes other than those for which they were provided.

## GENERAL CONDITIONS OF BUSINESS

---

### 5. Carmine Aviation Obligations

- i. Carmine Aviation shall perform the Services in a professional manner using qualified personnel.
- ii. Carmine Aviation may sub-contract any services to be performed by it.
- iii. Carmine Aviation shall utilize approved new parts and/or subassemblies, and parts which have been reworked, or even new parts manufactured internally to the serviceable limits per the Component Maintenance Manual or other airworthiness approved data.

### 6. Customer Obligations

- i. The Customer shall supply the required work scope to Carmine Aviation on the Order. Upon initial inspection and assessment, should the recommended work scope differ from that supplied by the Customer, Carmine Aviation shall inform the customer at the earliest opportunity.
- ii. The Customer shall inform Carmine Aviation at the time of placing the Order, of any regulations and standards, relating to the execution of the Order.
- iii. The Customer shall do all things necessary to allow Carmine Aviation to commence performance of the Services on time and to continue performance without interruption.

### 7. Prices

- i. Unless a fixed price has been agreed in writing between the parties, Carmine Aviation shall invoice the Customer for the Services on a time + materials basis at Carmine Aviation rates applicable at the time of the performance of the services.
- ii. Carmine Aviation may in addition invoice incidental costs and expenses incurred in performing the Services (emergent work).
- iii. Where Services are provided for a fixed price agreed in writing, the fixed price shall cover the Services to be provided by Carmine Aviation.
- iv. The Customer shall also pay for the cost of Services in addition to those performed by Carmine Aviation due to reasons beyond Carmine Aviation control and for any additional Services requested by the Customer or otherwise necessary in the opinion of Carmine Aviation.
- v. Taxes, dues, fees, commissions, duties, imposts, deductions and/or charges of any kind ('Tax'), in connection with the service performed, shall be charged to the Customer.
- vi. Prices shall be payable in the currency of Carmine Aviation invoice and unless otherwise specified, prices shall be net, exclusive of packaging, freight, sales taxes and further dues.

### 8. Terms of Payment

- i. The Customer shall be invoiced the charges, upon performance of the Services or part thereof and the Customer shall make payment of the invoiced amounts to Carmine Aviation within ten (10) days of the receipt of the invoice. Carmine Aviation reserves the right to require partial or complete payment in advance of performance or completion of the services or as Carmine Aviation may stipulate.
- ii. The Customer shall make all payments to Carmine Aviation according to instructions stated on the respective(s) invoice(s).
- iii. All payments shall be made in full without any deduction (except a deduction which the Customer is required by law to make).
- iv. If the Customer is required by law to make a deduction from any payment, the amount due in respect of payment shall be increased by the amount necessary to ensure that Carmine Aviation receives and retains (free from any

## GENERAL CONDITIONS OF BUSINESS

---

liability relating to the deduction) a net amount which, after the deduction, is equal to the full amount which it would otherwise have received.

- v. All payments shall be made even if the Services are delayed or cannot be completed for reasons of Force Majeure.
- vi. If the Customer fails to make payment on the due date, the Customer shall pay interest on the overdue amounts from the due date to the date of payment in full at a monthly rate of London Inter-Bank Offered Rate (Libor) plus 2%. Payment of default interest shall not release the Customer from paying the sums due under the Terms of the Contract.
- vii. To the fullest extent permitted by law, Carmine Aviation shall have a general and a particular lien in respect of and the right to withhold any of the Customer's property or goods in Carmine Aviation possession until all monies due to Carmine Aviation have been paid in full.

### 9. Time Schedule and TAT

- i. Any time limits for the completion of the Services shall only be binding if agreed between the parties and accepted by Carmine Aviation in writing.
- ii. The period within which the Services are to be performed shall be extended as necessary, if instructions, material, tools or other support which the Customer has agreed to provide to Carmine Aviation for performance of the Services are not provided on time, or the Customer subsequently changes such instructions or does not comply with its contractual obligations (in particular with the terms of payment), or circumstances arise beyond Carmine Aviation reasonable control.

### 10. Abandonment of property

- i. Goods left at Carmine's workshops, offices or any other premises, engaged in the servicing or repair of the Goods shall be deemed abandoned property if the owner of the Goods does not claim the property within five (5) months after the equipment was serviced or repaired or, if no repair or servicing was authorized, then three (3) months after the date the equipment was left at the business.
- ii. Carmine Aviation may dispose of the abandoned property and retain the proceeds from any sale of the equipment.
- iii. Carmine Aviation while disposes of property pursuant to this section shall waive all rights to recover fees for performing work on the object.

### 11. Inspection of Services

Carmine Aviation will, by prior appointment, allow the Customer reasonable access to its premises to inspect the Services being carried out. Such access will be subject to such reasonable conditions as Carmine Aviation may stipulate.

### 12. Risk of Damage and Loss

- i. The Customer assumes the risk of loss or damage immediately upon completion of the Services by Carmine Aviation or, in case of goods, when Carmine Aviation makes the goods available for collection.
- ii. In the case of delay in performance of the Services caused by the Customer or by circumstances beyond Carmine Aviation reasonable control, risk of damage and loss passes to the Customer at the time scheduled for delivery of the Goods.
- iii. Delivery shall mean collection by the Customer or its agent of the goods the subject of the Services, from the relevant Carmine Aviation (or its subcontractor's) facility, or dispatch by Carmine Aviation (or its subcontractor) therefrom.

## GENERAL CONDITIONS OF BUSINESS

---

### 13. Warranty

- i. Subject to paragraphs ii) and iv) Carmine Aviation warrants that the Services carried out by Carmine Aviation (or its subcontractors) under the Contract will be free from defects in workmanship. The extent of Carmine Aviation liability is limited to rectifying such defects in workmanship free of charge to the Customer proven to have occurred within four (4) months or 500H whatever occurs first, of the date of the Certificate of Release to Service for Repair, or six (6) months for Overhaul or in the case of supply of parts or materials, which such parts or materials are made available for delivery. However, all defects shall be reported in writing by the Customer to Carmine Aviation as soon as practicable after the Customer becomes aware of the defect.
- ii. The warranty shall be void if the Customer or a third party undertakes modifications, repairs or otherwise interferes with the Goods, without Carmine Aviation written consent.
- iii. Where Carmine Aviation carries out Services under a warranty claim, Carmine Aviation warrants such Services in accordance with paragraph 12.1 above provided always that such warranty shall apply only on the remainder of the original warranty period.
- iv. The warranty shall not apply if faults occur which are due to poor material, design or construction or manufacturing fault or beyond Carmine Aviation control including natural wear and tear, inadequate maintenance, disregard of operating instructions, excessive/overexerted use, unsuitable means of production, chemical or electrolytic influences or any cause other than defects in Carmine Aviation or its subcontractor's workmanship.
- v. Any other claims of the Customer concerning deficiencies, defects or faults are excluded.

### 14. Liability

- i. Carmine Aviation shall indemnify the Customer for loss of or damage to property, or death of or injury to persons, if caused by Carmine Aviation recklessness in the performance of the Services and the Customer shall indemnify Carmine Aviation, its associated, affiliated and subsidiary companies and subcontractors, and the directors, officers, employees, servants and agents thereof in respect of any such loss, damage, death or injury otherwise caused.
- ii. Carmine Aviation total liability cover under the Contract shall not exceed USD 100,000
- iii. Save in the case of willful misconduct, Carmine Aviation shall not be or become liable to the Customer for any shut down, loss of profit, loss of use, financial damages, economic, indirect, consequential or incidental losses or damage (including without limitation, loss of revenue or use, loss of profits, wasted expenditure, diminution in value, loss of agreements or losses resulting from a delay or interruption during the performance of Services).
- iv. In addition, any further claims by the customer, regardless of their legal basis, shall be excluded.
- v. The Customer shall be responsible for any damage caused through deficiency in tools, equipment, and materials or anything which it may provide Carmine Aviation.

### 15. Insurance

- i. The Customer shall maintain appropriate insurance, consistent with prevailing insurance market practice, in respect of its obligations under clause 13, including Aviation Legal Liability Insurance (to include Products Liability) for a combined single limit (bodily injury/property damage) including War and Allied Perils of an amount not less than US\$10,000,000 (US Dollars ten million US Dollars) any one claim or occurrence limited in all, but in the annual aggregate in respect of War and Allied Perils and Products Liability and shall include the following:
- ii. Carmine Aviation, its directors, officers, employees, servants, agents and subcontractors shall be included as additional insureds.

## GENERAL CONDITIONS OF BUSINESS

---

- iii. The Customer hereby warrants that it shall maintain, or procure the maintenance in full force and effect of the above insurances for the duration of the Contract and in respect of Aviation Liability Insurance (including Products Liability), for a period of 2 years following termination or expiry of the Contract and will on demand, provide a certificate of insurance to Carmine Aviation evidencing that such insurance is in full force and effect. Such certification may be required by Carmine Aviation as a condition of commencement or continuation of the Services.

### **16. Force Majeure**

- i. Save that all payments shall be made on time, no delay or failure to perform by either party shall give rise to any claim for any losses including a claim for anticipated profits, if caused by Force Majeure.
- ii. "Force Majeure" means an occurrence beyond the control of the party affected and which the party cannot prevent or provide against by exercising reasonable diligence. It includes acts of God or the public enemy, expropriation or confiscation of facilities, any form of Government intervention, hostilities, rebellion, terrorist activity, local, national or regional emergency, sabotage, riots, floods, unusually severe weather conditions which could not reasonably be anticipated, fires, explosions or other catastrophes, strikes or any concerted act of workmen or similar occurrences.

### **17. Unenforceability**

If any term on the Contract (including these GCB) is found to be invalid, illegal or unenforceable, this shall not affect the validity, legality or enforceability of the remaining items. The parties agree to replace such ineffective terms with terms, which are consistent to the greatest extent possible with the economic objectives of the Contract.

### **18. Confidentiality**

Information contained in Carmine Aviation offers and/or contracts is intended for the exclusive use to the Customer. Any distribution, copying, publicizing or other disclosure to third parties without prior written consent of Carmine Aviation is prohibited.

### **19. Language**

These GCB may be made available in a number of languages. However, in the case of any question of interpretation or difference in translation, the English version shall prevail.

### **20. Third Parties**

No term of this Contract may be enforced under the Contracts (Rights of Third Parties) by a party who is not a party to it.

### **21. Applicable Law and Jurisdiction**

The governing law of the contract shall be the law of Portugal.

In the event of any dispute arising out of this Contract, the parties hereto agree to submit to the jurisdiction of the courts of Portugal.

### **22. General Data Protection Regulation 'GDPR'**

Carmine Aviation is compliant with the General Data Protection Regulation (GDPR) and the Data Protection. Carmine Aviation have a data protection policy which demonstrates our commitment and understanding of data protection law.

## GENERAL CONDITIONS OF BUSINESS

---

We only process personal data where necessary and always uphold the rights and freedoms of those subjects that can be identified. By entering into a contract with Carmine Aviation Limited a legal obligation to process the data of your staff and other representatives of your organization may be created and we therefore will process the data in our legitimate business interest.

### 23. Import and Export

It is the policy of Carmine Aviation to comply fully with all applicable governmental laws and regulations relating to the export and import of products, services and technical data. Unless specifically directed otherwise by the customer, Carmine Aviation will use its choice of freight forwarder for any order that involves an export and will ensure that the export documentation is handled in accordance with all the laws and regulations. If a customer directs that Carmine Aviation use a freight forwarder chosen by the customer, Carmine Aviation requires that the Customer Designated Freight Forwarder file the essential export information to the authorities or equivalent foreign channel, if necessary. If any additional information is required to properly execute the export, the freight forwarder or customer will request that information from the Shipping Department of the division preparing the goods for shipment. Carmine Aviation will supply the classification of the goods being exported and provide the appropriate destination control statement to define the export jurisdiction of the goods. The Customer Designated Freight Forwarder will ensure compliance to applicable export laws and regulations accordingly and provide copies to Carmine Aviation.

### 24. Definitions and Interpretation

In this Agreement the following expressions have the following meanings:

- ⇒ **Affiliate**, means each and every company which is from time to time a subsidiary or holding company of the Customer of a subsidiary of any such holding company and such other companies as the Customer may notify the supplier in writing from time to time.
- ⇒ **ATA**, means the Air Transport Association which defines certain standards relating to categorization, use and handling of aircraft parts.
- ⇒ **BER**, means Beyond Economical Repair as defined by the Customer
- ⇒ **Cannibalisation**, means the disassembly of parts into sub-assemblies and piece parts which may then be recertified as serviceable and used in future recovery processes on Customers unserviceable parts.
- ⇒ **Certificate of Conformity (CoC)**, means a certificate confirming parts not requiring Form One are fit for purpose as defined by EASA.
- ⇒ **Confidential Information**, means all information disclosed in relation to the General Terms Agreement and which would appear to a reasonable person to be confidential or is marked confidential or which relates to the business of the Customer, Supplier or its affiliate, and all information derived from the above, including for the avoidance of doubt any specifications and negotiations relating to it.
- ⇒ **Component**, means a Rotable or a Repairable.
- ⇒ **Core**, means customer returned part.
- ⇒ **Customer**, means company or representative of a company requesting / requiring services.
- ⇒ **Delivery Location**, means the address specified in this General Terms Agreement for the delivery of parts.
- ⇒ **EASA**, means the European Aviation Safety Agency.
- ⇒ **Excluded Agent**, means a company with which the Customer does not wish the supplier to purchase parts from for use in their repairs, and on occasions where the Customer may agree the sale / lease / exchange of Customer owned property, companies with which the Customer does not wish aforementioned parts sold.
- ⇒ **Force Majeure**, means any cause affecting the performance by a party of its obligations arising from acts, events, omissions, happenings or non- happenings beyond it's reasonable control, including (but not limited

## GENERAL CONDITIONS OF BUSINESS

---

- to) acts of God, riots, war or armed conflict, acts of terrorism, acts of government, fire, flood, storm or earthquake, or disaster.
- ⇒ **EASA Form 1**, means the certificate of release to service for Part or Process as defined by EASA.
  - ⇒ **General Conditions of Business (“GCB”)**, means the provisions set out in this document including the General Terms.
  - ⇒ **Agreement Terms Sheet**, means key terms of the General Terms Agreement that may be set out in addition to this document.
  - ⇒ **Good Aviation 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 be reasonably expected from a leading company within the aviation sector.
  - ⇒ **Intellectual Property Rights**, means any and all patents, including brand ‘CARMINE AVIATION’ and its logo, registered and unregistered designs, copyright, trademarks and trade names (whether registered or not) and all the common law rights attached thereto and other intellectual property rights of a similar or corresponding nature which may subsist whether now or in the future in any part of the world.
  - ⇒ **NLP**, means current year new list price as published by the original equipment manufacturer or its approved distributor.
  - ⇒ **Parts**, means the articles, materials and/or hardware which consigned by the Customer or Supplier.
  - ⇒ **Price**, means the repair / service and/or sale price as levied upon the Customer by the Supplier.
  - ⇒ **On Wing Process**, means a direct task carried out on an aircraft, away from base, in accordance with EASA regulations and the Suppliers MOE, that can be certified on a certificate of airworthiness, including but not limited to inspection, modification, repair.
  - ⇒ **Workshop Process**, means a direct task carried out on an aircraft part, at the supplier’s workshop, in accordance with EASA regulations and the Suppliers MOE that can be certified on a certificate of airworthiness, including but not limited to inspection, modification, repair, Overhaul.
  - ⇒ **Purchase Order**, means an order (Contract) placed by the Customer on the Supplier for parts or services.
  - ⇒ **Redelivery Location**, means the address specified in the Purchase Order placed by the Customer for the redelivery of serviceable parts.
  - ⇒ **Replacement Parts**, means the articles, materials and or hardware not owned by the Customer which are sourced by the Supplier for sale to the Customer.
  - ⇒ **Representative**, means the appointed contact(s) for the Customer and the Supplier.
  - ⇒ **Repairable**, means a Part of an Aircraft which may be economical to repair to a serviceable condition.
  - ⇒ **Repair Cap**, means 75% of the Exchange price.
  - ⇒ **Repair Order**, means an order (Contract) placed by the Customer on the Supplier for a component repair.
  - ⇒ **Rotable**, means a Part for an Aircraft which may be economically repaired to a serviceable condition and which in the normal course of operations is repeatedly rehabilitated to a serviceable condition except when it is Beyond Economical Repair (BER).
  - ⇒ **Serviceable**, means a condition of Parts classified as fully functional and are able to be fitted to an airworthy aircraft as stated by EASA or as generally accepted in the aviation industry
  - ⇒ **Term**, means the duration of an agreement.
  - ⇒ **Unserviceable**, means a condition of a part classified as not fully functioning and not able to be fitted to an airworthy aircraft without going through a repair process.
  - ⇒ **Working Day**, means a day (other than Saturday or Sunday) on which the banks are ordinarily open for business.
  - ⇒ **8130-3**, means the certificate of airworthiness for a serviceable part as defined by the Federal Aviation Administration of the USA.

## GENERAL CONDITIONS OF BUSINESS

---

### 25. Cores and Beyond Economical Repair (BER)

- i) Exchange price is based on a standard exchange. Core charge will be billed in advance and refunded when core is received, evaluated and accepted by Carmine Aviation.
- ii) Additional billing will only occur in rare cases where the cost needed to repair the core exceeds 75% of the Exchange price. This value is known as the “Repair Cap”.
- iii) Core must be received by Carmine Aviation within 30 days of original exchange sale transaction date.
- iv) The core charge will be collected in advance and will be credited back once received by Carmine Aviation, in accordance with the terms defined in this policy.
- v) Core Conditions, All exchange transactions are based on the return of a repairable core within 30 days of the same model and part number as supplied to the customer. A repairable core is defined as a part that is not corroded, excessively damaged, missing the data plate/serial number, or contains obsolete service parts that are no longer available from the original equipment manufacturer.  
Other specific serial number and/or core conditions may apply.
- vi) Prototype/preproduction units may not be accepted as cores. Customer will be made aware of any other conditions at the time when order is placed.
- vii) All transportation costs for the return of the core are the responsibility of the customer. Any additional fees incurred by Carmine Aviation in relation to the transportation of the core return by the customer will be assessed and collected from the customer.
- viii) Customer exchange cores must be returned to Carmine Aviation within 30 days. If no core is returned after 30 days, the core charge (i.e. difference between Outright & Exchange prices) will be billed to the customer.
- ix) Cores will be evaluated for acceptance within 3 to 6 weeks of receipt for parts repaired in-house by Carmine Aviation. Core acceptance for parts not repaired in-house by Carmine Aviation is subject to outside repair evaluation turn-times.

#### **Important notes:**

- ⇒ *Any exceptions to the Billing, Core Conditions, and Core Return policy are subject to written approval by Carmine Aviation.*
- ⇒ *In case of doubt or concern regarding this policy, please contact a Carmine Aviation representative.*
- ⇒ *In some cases a proprietary airframe or engine manufacturer's part number may be assigned to identify the same part which was actually manufactured by a different component OEM. These airframe, engine and accessory parts are generally classified into three categories - rotatable, expendable and consumable parts. To define and better understand FAA approved aircraft parts, refer to FAA Advisory Circular AC20-62E CHG 1. Current catalogue availability is subject to change and may be affected by inactivity, supersedure and obsolescence.*

**Approved by Carmine’s Managing Partner on the 3<sup>rd</sup> May, 2023.**