

1. AGREEMENT

- 1.1. These are the Terms and Conditions for Vert Rotors UK Limited, a company incorporated in Scotland (registered number SC441152) with registered office at UNIT A1, GRACEMOUNT BUSINESS PAVILIONS, EDINBURGH, EH17 8QF, UNITED KINGDOM (“Company”) in relation to the Services to be provided by a company or a person the Purchased Order is addressed to (“Supplier”).
- 1.2. These Terms and Conditions together with a Purchase Order (and any documents referred to in it) issued by the Company, and a written or email confirmation by the Supplier to provide Services in accordance with the Purchase Order and these Terms and Conditions, form the agreement between the Company and the Supplier for the Services (“Agreement”).

2. DEFINITIONS

- 2.1. The following definitions apply to these Terms and Conditions:

Agreement: means agreement between the Company and the Supplier for the supply of Services.

Background IPR: means any Intellectual Property Rights owned by or licensed to the Company.

Commencement Date: means the date from which the Supplier provides the Services as set out in the Purchase Order.

Company Property: all documents, books, manuals, materials, records, correspondence, papers and information (on whatever media and wherever located) relating to the business or affairs of the Company or its customers and business contacts, including any materials that the Supplier may purchase to undertake the Services as paid for by the Company.

Deliverables: all Documents, products and materials developed by the Supplier in relation to the Services in any form, including parts, tools, materials, computer programs, designs, drawings, data, reports and specifications (including drafts) together with any specific deliverables specified in the Purchase Order.

Delivery Date: date as quoted by the Supplier and specified in the Purchase Order

Development Services: means such services to be provided by the Supplier under the Agreement in relation to the design of the Product or such other research, design and/or development services as may be described in the Purchase Order.

Document: includes, in addition to any document in writing, any drawing, map, plan, diagram, design, picture or other image, tape, disk or other device or record embodying information in any form.

Input Material: means all Documents, information and materials provided by the Company relating to the Services, including drawings, CAD files, computer programs, data, reports and any other technical specifications specified by the Company in relation to this Agreement.

Intellectual Property Rights: patents, rights to inventions, copyright and related rights, moral rights, trade marks, trade names and domain names, rights in get-up, rights in goodwill or to sue for passing off, rights in designs, rights in computer software, database rights, rights in confidential information (including know-how and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including all applications (or rights to apply) for, and renewals or extensions of, such rights and all similar or equivalent rights or forms of protection which may now or in the future subsist in any part of the world.

Manufacturing Services: means such services to be provided by the Supplier under the Agreement in relation to the manufacture of the Product as may be described in the Purchase Order.

Product: means the Product to be developed and /or manufactured under the Agreement.

Services: means the Development Services and /or Manufacturing Services to be provided by the Supplier under the Agreement as set out in the Purchase Order.

Purchase Order: means the applicable document setting out the Specification, details of the Supplier, fees, delivery conditions, and the Services and which together with these Terms and Conditions forms the Agreement.

Specification: means technical requirements as set out in the Purchase Order and Input Material, and responses to the technical questions asked by the Supplier, which may be supplied by email.

3. TERM OF ENGAGEMENT

- 3.1. The Company shall engage the Supplier and the Supplier shall provide the Services on the terms of the Agreement.
- 3.2. The Agreement shall be effective from the Commencement Date notwithstanding the date of signature. The Services shall be provided for the period set out in the Purchase Order or for such other period as parties may agree in writing, unless the Agreement is terminated earlier in accordance with its terms.

4. SUPPLIER OBLIGATIONS

- 4.1. Supplier warrants to the Company that it will provide the Services with all due care, skill and ability and in accordance with the Purchase Order and all generally recognised standards in the industry for similar services.
- 4.2. The Supplier shall meet, and time is of the essence as to, any performance dates stipulated in the Purchase Order. If the Supplier fails to meet any such performance dates where time is of the essence, the Company may (without prejudice to any other rights it may have):
 - i. terminate the Agreement in whole or in part without liability to the Company;
 - ii. refuse to accept any subsequent performance of the Services which the Supplier attempts to make;
 - iii. purchase substitute services from elsewhere;
 - iv. hold the Supplier accountable for any loss and additional costs incurred; and
 - v. have all sums previously paid by the Company to the Supplier under the Agreement refunded by the Supplier.
- 4.3. The Supplier shall comply with all reasonable standards of safety and comply with the Company’s health and safety procedures from time to time in force at the premises where the Services are provided.
- 4.4. The Supplier shall:
 - (a) comply with all applicable laws, regulations, codes and sanctions relating to anti-bribery and anti-corruption including but not limited to the Bribery Act 2010; and
 - (b) where requested by the Company, certify to the Company in writing, the compliance of its staff and consultants with this clause 4.4 and provide such supporting evidence of compliance as the Company may reasonably request.

- 4.5. Breach of clause 4.4 shall be deemed a material breach of the Agreement.

5. FEES

- 5.1. The Company shall pay the Supplier the Fees as set out in the Purchase Order for the Deliverables that pass the Acceptance test (hereinafter “Acceptance”) by the Company.
- 5.2. The Acceptance shall be conducted by the Company within a reasonable time after the receipt of the Deliverables, and will not be unreasonably delayed.
- 5.3. Promptly after conducting the Acceptance, the Company will send a notification to the Supplier specifying if the Deliverable passed or failed the Acceptance.
- 5.4. The Company reserves the right to only pay the Fees for the Deliverables or parts of the Deliverables that passed the Acceptance.
- 5.5. The Supplier shall submit invoices in accordance with any payment plan set out in the Purchase Order. Where no payment plan is set out the Supplier shall submit an invoice on the last working day of each month during the Agreement which gives details of the Services provided and the amount of the fee payable (plus VAT, if applicable) for the Services during that month.
- 5.6. In consideration of the provision of the Services, the Company shall pay each invoice submitted by the Supplier in accordance with clause 5.5 within 30 days of receipt.
- 5.7. The Company shall be entitled to deduct from the fees (and any other sums) due to the Supplier any sums that the Supplier may owe to the Company at any time.
- 5.8. The Supplier shall bear its own expenses incurred in providing the Services.
- 5.9. Payment in full or in part of the fees and/or expenses claimed under clause 5 shall be without prejudice to any claims or rights of the Company against the Supplier in respect of the provision of the Services.

6. MANUFACTURING SERVICES

This clause 6 shall only apply where the Supplier is providing Manufacturing Services

- 6.1. The Supplier shall manufacture, pack and supply the Product in accordance with the Specification and all generally accepted industry standards and practices that are applicable.
- 6.2. The Product shall:
 - i. conform to the Specification;
 - ii. be of satisfactory quality (within the meaning of the Sale of Goods Act 1979, as amended) and fit for purpose for which it is provided;
 - iii. be free from defects in design, material and workmanship and remain so for 12 months after Delivery or, where longer, for the period stated in the Purchase Order; and
 - iv. comply with all applicable statutory and regulatory requirements
- 6.3. The Supplier will ensure that surface roughness and tolerances on the Product will be as specified on the Specification. Should they be found to be different the Supplier will fix them at no extra cost.
- 6.4. At Delivery, the Supplier will provide for a CMM or similar inspection report for all critical dimensions marked on the drawings and/or specifications.
- 6.5. The Supplier shall ensure that the Product is properly packed and secured in such manner as to enable it to reach its destination in good condition.
- 6.6. The Supplier shall deliver the Product to the location and on the date as specified in Purchase Order or as otherwise agreed in writing with the Company, and delivery of the Product (“Delivery”) shall be complete on the completion of unloading of the Product at the agreed delivery location. Time is of the essence in relation to Delivery.
- 6.7. The Company shall not be deemed to have accepted the Product until it has had a reasonable time to inspect it following Delivery, or, in the case of a latent defect in a Product, until a reasonable time after the latent defect has become apparent.
- 6.8. If the Product delivered does not comply with clause 6.1 or 6.2 or is otherwise not in conformity with the terms of the Agreement, then, without limiting any other right or remedy that the Company may have, the Company may reject the Product and require the Supplier to repair or replace the rejected Product at the Supplier’s risk and expense within 14 days of being requested to do so. If the Supplier fails to do so the Company may:
 - i. require the Supplier to repay the price of the rejected Product in full; and
 - ii. claim damages for any other costs, expenses or losses resulting from the Supplier’s delivery of the Product that is not in conformity with the terms of the Agreement.

- 6.9. The terms of the Agreement shall apply to any replacement Product supplied by the Supplier.
- 6.10. Title and risk in the Product shall pass to the Company on Delivery.

7. CONFIDENTIAL INFORMATION

- 7.1. The Supplier shall keep in strict confidence all Input Material and all technical or commercial know-how, specifications, inventions, materials, processes or initiatives which are of a confidential nature and have been disclosed to the Supplier by the Company, its employees, agents, consultants or subcontractors, and any other confidential information concerning the Company’s business or its products which the Supplier may obtain. The Supplier shall restrict disclosure of such confidential information or materials except where disclosure to Supplier employees is strictly necessary for discharging the Supplier’s obligations to the Company under the Agreement, and the Supplier shall ensure that such employees are subject to obligations of confidentiality corresponding to those which bind the Supplier. This restriction includes the disclosure of the Specification (and any related CAD models or drawings, and conical rotor images), any G code provide by the Company and the display or unauthorised supply of the Products or components of the Products. For the avoidance of doubt, the Supplier will not send any confidential information to any third party unless authorised in writing by the Company.
- 7.2. The Supplier shall be liable for any breach of confidentiality by any person to whom confidential information or confidential material is disclosed to by the Supplier in accordance with clause 7.1 or otherwise.
- 7.3. All Input Materials and all other materials, equipment and tools, drawings, specifications and data supplied by the Company to the Supplier shall, at all times, be and remain the exclusive property of the Company, but shall be held by the Supplier in safe custody at its own risk and maintained and kept in good condition by the Supplier until returned to the Company. They shall not be disposed of or used other than in accordance with the Company’s written instructions or authorisation and shall be returned to the Company on completion of the Services. This shall

include any tools purchased by the Supplier in relation to the Services for which the Company had reimbursed the Supplier.

7.4. The provisions of this Clause 7 shall remain in force notwithstanding expiry or earlier termination (for whatever reason) of the Agreement for the longer of: (i) the period of ten (10) years from the date of such expiry or termination (as the case may be); or (ii) the period that the ongoing confidentiality of the protected information remains of commercial value to the Company.

8. INTELLECTUAL PROPERTY

8.1. The Supplier now assigns to the Company, (including by way of present assignment of future rights) with full title guarantee and free from all third party rights, the Intellectual Property Rights created in the performance of the Services (including the Deliverables but excluding pre-existing Intellectual Property Rights of the Supplier and improvements on such pre-existing Intellectual Property Rights). This includes but is not limited to the copyright in all reports and in all CNC programming produced or created by the Supplier in relation to the Services.

8.2. Any Background IPR which is disclosed to the Supplier by the Company is solely to be used in relation to the Services. The Supplier is not licensed or authorised to use such Background IPR for any other purpose and nothing in the Agreement creates any rights in such Background IPR in favour of the Supplier. Company's Background is the Company's Trade Secret.

8.3. The Supplier shall promptly at the Company's request, do (or procure to be done) all such further acts and things and the execution of all such other documents as the Company may reasonably require from time to time in order to confirm title to the Intellectual Property Rights assigned under clause 8.1 in favour of the Company.

8.4. The Supplier shall obtain waivers of any moral rights in the products of the Services (including the Deliverables) 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.

8.5. The Supplier undertakes:

- i. to keep confidential details of all Intellectual Property Rights in the products of the Services; and
- ii. not to register nor attempt to register any Intellectual Property Rights in the product of the Services, unless requested to do so by the Company.

8.6. The Supplier hereby irrevocably appoints the Company to be his attorney to execute any instrument and generally to use his name for the purpose of giving the Company the benefit of this clause 8 and acknowledges in favour of a third party that a certificate in writing signed by any director of the Company that any instrument or act falls within the authority conferred by this clause 8 shall be conclusive evidence that this is the case.

8.7. The Supplier shall indemnify the Company in respect of any claims against the Company by third parties including all related costs, expenses or damages in the event of any actual or alleged violations of third party Intellectual Property Rights in respect of the Intellectual Property Rights assigned under clause 8.1 above.

9. INSURANCE AND LIABILITY

9.1. The Supplier shall have personal liability for and shall indemnify the Company for any loss, liability, costs (including reasonable legal costs), damages or expenses arising from any breach by the Supplier or a substitute engaged by the Supplier of the terms of the Agreement including any negligent or reckless act, omission or default in the provision of the Services and shall accordingly maintain in force during the Agreement full and comprehensive insurance policies.

9.2. If the Supplier breaches any of its obligations of confidentiality under the terms of clause 7 or 8 above, the Supplier shall pay the Company on demand £100,000 as liquidated damages in relation to each such breach. The parties confirm that this sum represents a genuine pre-estimate of the Company's loss for breaches of these obligations

9.3. The Supplier shall ensure that the insurance policies are taken out with reputable insurers acceptable to the Company and that the level of cover and other terms of insurance are acceptable to and agreed by the Company.

9.4. The Supplier shall on request supply to the Company copies of such insurance policies and evidence that the relevant premiums have been paid.

10. TERMINATION

10.1. The Company may terminate the Agreement with immediate effect with no liability to make any further payment to the Supplier (other than in respect of amounts accrued before such termination) if at any time the Supplier:

- i. commits any serious or repeated breach or non-observance of any of the provisions of the Agreement or refuses or neglects to comply with any reasonable and lawful directions of the Company;
- ii. is in the reasonable opinion of the Company negligent or incompetent in the performance of the Services;
- iii. commits any fraud or dishonesty or acts in any manner which in the opinion of the Company brings or is likely to bring the Supplier or the Company into disrepute or is materially adverse to the interests of the Company.

10.2. The rights of the Company under clause 10.1 are without prejudice to any other rights that it might have at law to terminate the Agreement or to accept any breach of the Agreement on the part of the Supplier as having brought the Agreement to an end. Any delay by the Company in exercising its rights to terminate shall not constitute a waiver of these rights.

10.3. Either party may terminate the Agreement immediately on writing in the event that:

- i. the other party commits any material breach of the Agreement and which (in the case of a breach capable of being remedied) is not remedied within 30 days of a written request to do so; or

- ii. the other party is insolvent within the meaning of section 123 of the Insolvency Act 1986 or ceases trading.

11. OBLIGATIONS ON TERMINATION

On termination of the Agreement for whatever reason the Supplier shall:

- i. immediately deliver to the Company all Company Property in its possession or under its control;
- ii. irretrievably delete any information relating to the business of the Company stored on any magnetic or optical disk or memory and all matter derived from such sources which is in its possession or under its control outside the premises of the Company; and
- iii. provide, where requested by the Company, a signed statement that it has complied fully with its obligations under this clause 11.

12. PUBLICITY

The Supplier shall not use any of the Deliverables, or reference any of its work under the Agreement, in any promotional or marketing materials unless it has obtained the Company's prior written permission to do so.

13. STATUS

Nothing in the Agreement is intended to, or shall operate to, create a partnership between the parties, or to authorise either party to act as agent for the other, and neither party shall have authority to act in the name or on behalf of or otherwise to bind the other in any way (including the making of any representation or warranty, the assumption of any obligation or liability and the exercise of any right or power).

14. NOTICES

14.1. Any notice required to be given under the Agreement shall be in writing and shall be delivered personally, or sent by recorded delivery or by commercial courier, to each party required to receive the notice at the applicable address as stated in the Agreement.

14.2. Any notice shall be deemed to have been duly received:

- i. if delivered personally, when left at the address and for the contact referred to in this clause;
- ii. if sent by recorded delivery, on the date and time that the delivery receipt is signed; or
- iii. if delivered by commercial courier, on the date and at the time that the courier's delivery receipt is signed.

14.3. The provisions of this clause 14 shall not apply to the service of any proceedings or other documents in any legal action.

15. ENTIRE AGREEMENT

Each party on behalf of itself acknowledges and agrees with the other party that: the Agreement together with any documents referred to in it constitutes the entire agreement and understanding between the Company and the Supplier and supersedes any previous arrangement, understanding or agreement between them relating to the Agreement.

16. VARIATION

No variation of the Agreement shall be valid unless it is in writing and signed by or on behalf of each of the parties.

17. DISPUTE RESOLUTION PROCEDURE

17.1. If any dispute arises in connection with the Agreement, representatives of the parties shall, within 7 days of a written request from one party to the other, meet in a good faith effort to resolve the dispute. If they fail to resolve the issue it shall be escalated to the chief operating officer (or equivalent position) within each party (or his/her nominee) to meet in good faith within 14 days of the previous meeting to try and resolve the dispute.

17.2. If the procedure set out in clause 17.1 does not resolve the dispute, the parties will attempt to settle it by mediation in accordance with the CEDR Model Mediation Procedure. Unless otherwise agreed between the parties, the mediator shall be nominated by CEDR. To initiate the mediation, a Party must give notice in writing (ADR notice) to the other party requesting mediation. A copy of the request shall be sent to CEDR Solve. The mediation shall start not later than 45 days after the date of the ADR notice.

17.3. No party may commence any court proceedings or arbitration in relation to any dispute arising out of the Agreement until it has attempted to settle the dispute by mediation, and either the mediation has terminated or the other party has failed to participate in the mediation, provided that the right to issue proceedings is not prejudiced by a delay.

18. GOVERNING LAW AND JURISDICTION

18.1. The Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of Scotland.

18.2. The parties irrevocably agree that the courts of Scotland shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with the Agreement or its subject matter or formation (including non-contractual disputes or claims).

19. DATA PROTECTION

19.1. In performing the Contract, each party shall comply with its obligations under the Data Protection Laws and shall only process personal data in accordance with the Data Protection Laws. Where the Company collects and processes personal data in relation to the Contract, the Company shall use and process such information for the purpose of fulfilling its obligations under the Contract or as otherwise set out in the Company's Privacy Policy available on its website: <https://vertrotors.com>