

# STANDARD CONDITIONS OF PURCHASE

## To be read in conjunction with Air New Zealand Limited Purchase Order

Air New Zealand Limited (**Air NZ**) and the party addressed in Air NZ's purchase order (the **Supplier**) have agreed to enter into and be bound by the following standard conditions of purchase (the **Conditions**) to define each party's obligations where the Supplier provides goods or materials (the **goods**) to Air NZ and / or carry out work for Air NZ (the **work**) in accordance with a purchase or print order, or any order document which is stated to be subject to these Conditions (the **Purchase Order**).

### 1. ACCEPTANCE OF CONDITIONS:

1.1 Supplier shall provide the goods and / or work to Air NZ in accordance with each respective Purchase Order issued by Air NZ and accepted by the Supplier which shall be subject to these Conditions. The receipt by Air NZ of any terms and conditions, quotation form, sales confirmation or other proposal from the Supplier shall not, in the absence of a written acknowledgement by Air NZ expressly agreeing to same, have the effect of changing in any manner or adding to the terms and conditions hereof.

1.2 Air NZ may enter into a Purchase Order for itself or as agent for and on behalf of one or more of its related companies. Air NZ reserves the right to make changes to the specification or other requirements of the Purchase Order, but no variation to the contractual terms will be allowed unless expressly authorised in writing by Air NZ. If a change affects the time for performance, specification, delivery or the amount payable by Air NZ, the Supplier shall notify Air NZ immediately and the parties shall negotiate an adjustment. The Supplier shall continue to supply the goods and / or works during such negotiations.

1.3 The Supplier shall be deemed to have accepted these terms and conditions in respect of any goods or work it provides to Air NZ or Air NZ's related companies upon the earlier to occur of acceptance of the Purchase Order, or commencement of delivery or provision of any part of such goods and / or work.

1.4 Supplier agrees to be bound by and comply with Air NZ's Code of Conduct, applicable to Air NZ's suppliers available at [www.airnewzealand.co.nz/sustainable-sourcing](http://www.airnewzealand.co.nz/sustainable-sourcing).

### 2. PRICE AND PAYMENT:

2.1 For International Suppliers only Air NZ shall pay the Supplier's invoice to the Supplier's Bank Account within 30 days from the date of that invoice (provided that the invoice is received by Air NZ within 7 days of the date of that invoice).

2.2 For NZ based Suppliers only Air NZ shall pay the Supplier's invoice to the Supplier's Bank Account, by no later than the 20th of the month following the date of supply (provided that Air NZ receives that invoice prior to the end of that month of supply).

2.3 If any invoice submitted by the Supplier is disputed, Air NZ will notify the Supplier of the reasons for that dispute, and will, subject to Air NZ's ERP system requirements either:

- a) pay the undisputed amount upon issuance and receipt of a replacement invoice solely for the undisputed amount, or;
- b) request a credit for the disputed amount and pay the undisputed amount as set out in Clauses 2.1 and 2.2 subject to receipt of a credit note for the disputed amount.

Any disputed amount will be resolved in accordance with paragraph 17; unless otherwise agreed in writing with Air NZ.

2.4 Unless otherwise specified in a Purchase Order, delivery of goods shall be regarded as DAP (Incoterms 2010) and all prices for the goods or work shall be regarded as inclusive of all expenses, taxes, duties and charges. If any expenses, taxes, duties and charges are agreed to be paid by Air NZ in respect of goods and / or work, the subject of a Purchase Order, such taxes, duties and charges shall be separately itemised on the Supplier's invoice but included in the total price.

2.5 Air NZ reserves the right to pay by electronic means.

### 3. PERFORMANCE OF WORK AND SUPPLY OF GOODS:

3.1 In providing the goods and / or work, the Supplier, will use its best endeavours not to interfere with any of the activities conducted by Air NZ or any other person at any delivery location.

3.2 The Supplier will deliver the goods and / or work to Air NZ within the Delivery Schedule at the relevant Location/s set out in the Purchase Order or as otherwise agreed by Air NZ in writing.

3.3 Supplier warrants that all goods and/or work ordered pursuant to a Purchase Order and according to plans, drawings specifications or sample furnished or approved by Air NZ (which are hereby made a part of the Purchase Order as if fully set out herein) will conform thereto, or if not so ordered will be merchantable, fit and sufficient for the purpose ordered and will be in good condition, free from defect in material and workmanship. All Supplier's warranties shall, as applicable, run to Air NZ, its related companies, its and their successors, assigns and customers and shall be construed as conditions as well as warranties and shall not be deemed to be exclusive.

3.4 The Supplier shall, and shall ensure that the Supplier's employees, officers, agents, suppliers and sub-contractors shall: (a) perform the work with due care, skill and diligence and in a timely and professional manner; (b) provide Air NZ with such information, and prepare such reports, in relation to the goods and / or work as Air NZ may reasonably require; (c) give priority to Air NZ's requirements; (d) at its own cost, make good any errors or omissions in the goods and / or work of which Air NZ notifies the Supplier in writing during the term of the agreement; (e) comply with all applicable laws, regulations and agreements; (f) comply with all applicable safety, health and environment guidelines, rules and procedures; (g) comply with all such policies, guidelines, rules and procedures provided by Air NZ; (h) comply with all reasonable access, security and identification requirements and procedures specified by Air NZ; (i) comply with all other reasonable directions and orders given by Air NZ's representatives; and (j) ensure that the delivery locations are left secure, clean, orderly and fit for use by Air NZ.

3.5 All work performed and materials used in connection therewith shall be at the risk and expense of the Supplier and shall be repaired or replaced by Supplier in the event of any damage or destruction thereof prior to delivery to and acceptance by Air NZ.

3.6 If a Purchase Order requires work to be performed by Supplier upon any Air NZ premises owned or controlled by Air NZ and/or Air NZ's customers, Supplier will comply with all health and safety and other requirements at the premises, keep the premises and the work and goods free and clear of all liens and will furnish Air NZ with certificates and waivers as required or provided by law or for Air NZ's insurance purposes. Whenever any property belonging to Air NZ or its customer is in the possession of Supplier or Supplier's suppliers, Supplier shall be deemed the insurer thereof and shall be responsible for its safe return to Air NZ. Title to Air NZ supplied equipment will at all times remain in Air NZ and the Supplier shall ensure that the equipment carries Air NZ identification tags at all times.

### 4. INSPECTION:

Air NZ shall not be deemed to have accepted the goods or work unless and until it has had a reasonable opportunity to examine them for the purpose of ascertaining that they conform with the Purchase Order, notwithstanding any agreement by Air NZ to collect them or pay for their transport costs. Following Air NZ's inspection of goods or work, Air NZ may reject any goods or work which do not comply with the Purchase Order or which contain defective material or workmanship irrespective of date of payment.

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Air NZ will upon written notice to the Supplier hold any rejected goods at the Supplier's risk pending Supplier's instructions. If Supplier fails to furnish Air NZ with instructions regarding the disposition of such goods within a reasonable time, Air NZ may return the goods to the Supplier at the Supplier's expense.

Supplier shall provide written notification to Air NZ when a non-conformance is determined to exist, or is suspected to exist, on product already delivered to Air NZ with written notification that shall include the following information:

- a. Air NZ Purchase Document number(s).
- b. Affected process(es) or product number(s) and names.
- c. Description of the non-conforming condition and the affected engineering requirement (i.e. what it is and what it should be).
- d. Quantities, dates and destinations of delivered shipments.
- e. Suspect/affected serial number(s) or date codes.

Notification must occur within five (5) business days knowing all the above information. However, if the condition is possible safety of flight, Supplier must submit all available information immediately.

**5. DELIVERY:**

5.1 Delivery shall mean the delivery of possession of the goods being delivered to Air NZ at the place and between the hours indicated by Air NZ on the Purchase Order and the transfer by Supplier to Air NZ of its right, title and interest in and to the goods which Supplier possesses, free and clear of all liens. If no time for delivery is stipulated the Supplier shall deliver the goods or completed work within a reasonable period of receiving the Purchase Order and within the hours of 9am and 5pm on a working day (local time of Air NZ at the delivery location).

5.2 Air NZ shall not be bound to accept delivery prior to the date of delivery specified and will not be liable for any loss or charge arising from its refusal to accept such delivery prior to the appointed delivery date. Upon delivery of the goods to Air NZ at the delivery location, title to as described below, and risk of accidental loss of or damage to such goods and exclusive care, custody and control thereof, will pass to Air NZ.

**6. COMPLIANCE WITH AIRWORTHINESS REGULATIONS:**

Where applicable to the works and / or goods supplied, Supplier shall comply with, and upon request of Air NZ furnish certificate of compliance with, all applicable rules, orders, regulations of the airworthiness authority specified in and/or requirements set out in the Purchase Order and shall indemnify and keep indemnified Air NZ and its related companies against any damages by reasons of violations of this paragraph.

**7. AIRCRAFT MATERIALS:**

7.1 All parts or materials for use on an aircraft which are provided for under a Purchase Order **must be accompanied by** a Signed, Serialised Certificate(s) of Conformance, Inspection or Airworthiness. If alternate parts are supplied, the certificate must be endorsed to the effect that they supersede or are completely interchangeable with the parts ordered. Compliance shall be in accordance with CAANZ Parts 19/21/43 AC 00-1, FAR21, FAA Advisory Circular AC21-2L or EASA AMC 145.A.50.

7.2 All goods provided or work returned under a Purchase Order shall be suitably packed and marked to secure lowest transportation costs and in accordance with the requirements of common carriers. All packaging must comply with ATA Spec 300. The use of styrofoam peanuts as packaging dunnage is prohibited. No additional charge will be allowed for packaging, boxing, crating or storage unless so stipulated in the Purchase Order. If Air NZ discovers damage to any goods or work not packed to ensure proper protection, Air NZ may at its discretion accept or reject the goods. If accepted by Air NZ, subsequent rectification costs will be paid by the Supplier. Air NZ's count will be accepted as first and conclusive on all shipments not accompanied by packing lists. All O rings are to be individually packaged in light proof packaging and marked with applicable specification details and cure date.

7.3 All chemical, fluid, or similar products supplied must have the manufacturer's original label(s) attached to the container/s. Where product containers are overlabeled by a distributor, a statement of the content of the original label/s and the reason for the overlay must be included. A statement of conformance to the original manufacturer's label specifications must be also supplied for items decanted from bulk containers.

7.4 In respect of the supply of Aviation Authority approved and certified goods or services for aircraft use, Supplier shall retain all records pertaining to such goods or services for a period of at least seven years from the date of shipment. Records must be held in their current form and may not be amended, modified in any way or destroyed without the prior written consent of Air NZ. The Supplier must allow a person or persons authorised by Air NZ to inspect records during normal business hours and to take copies and extracts from the records. Air NZ, on giving reasonable notice, may enter the Suppliers premises to ensure that the Supplier is complying with its obligation under this Paragraph 7 or for any other purpose specified by Air NZ in its notice to Supplier. Supplier will give all reasonable assistance in relation to Air NZ's visit.

7.5 Notwithstanding Clause 3.3 above, the warranty period for aircraft materials and services shall be as set out either in the applicable Aircraft Manufacturer Product Support agreement, the relevant Component Manufacturers Manual (CMM) or 12 months from delivery of aircraft materials/completion of services, whichever is the greater.

**8. PAYMENT OF TAXES AND DUTIES:**

Unless otherwise agreed by Air NZ, the Supplier will pay all taxes, charges and duties imposed by or on behalf of any government or country including all taxes levied on the net income of the Supplier. Unless specifically stated to the contrary in the Purchase Order or in any written notification by Air NZ to Supplier, the goods and work which are the subject of the Purchase Order may be for export to Air NZ in New Zealand as the final destination and, if so, will not be subject to sales tax, goods and services tax, value added tax or any similar taxes imposed outside of New Zealand. At the request of Supplier, Air NZ will furnish documentary evidence in support of such tax treatment.

**9. INTELLECTUAL PROPERTY:**

9.1 Supplier warrants that the goods and/or work furnished hereunder, and the use by Air NZ and / or its associated companies, contemplated by this Agreement, does not and will not infringe any intellectual property rights of a third party. Supplier will at its own expense defend any suit that may arise in respect thereto.

9.2 All intellectual property rights created by or on behalf of the Supplier for Air NZ, or arising out of the provision of the work are assigned by the Supplier to Air NZ upon their creation.

**10. EXCUSABLE DELAY:**

No liability shall result from delay in performance or from non-performance under these terms and conditions caused by circumstances beyond the reasonable control of the party affected (including, but not limited to acts of God, fire, flood, war, sabotage, accident, Government act, order or regulation and global inability (other than as a result of inadequate forward planning processes) to obtain material, goods or equipment or transportation) which interfere with production. Air NZ deliveries delayed or not made because of such cause or event may be suspended, reduced or eliminated by Air NZ from the Purchase Order without charge.

**11. INSURANCE:**

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The Supplier must maintain the necessary insurances to meet its obligations under each respective Purchase Order. In each case the sum insured shall not be less than the following unless specified in an individual Purchase Order or notified to the Supplier: Public & Products Liability \$10m, Professional Indemnity \$3m, Motor Liability \$2m or \$10million if driving airside. The Supplier is required to provide evidence of insurances in the form of a validated certificate of insurance on request.

**12. INDEMNITY:**

The Supplier indemnifies and shall keep indemnified Air NZ, its successors and assigns, its related companies, its and their officers, agents, subcontractors and employees from and against any and all claims, proceedings, costs, expenses, damages and losses arising out of or in any way connected with or related to a Purchase Order these Conditions or the goods provided or to be provided by or the work performed or to be performed by or on behalf of the Supplier and relating to: (a) any loss or damage to property (whether real or personal); (b) injury to any person including injury resulting in death; (c) any defect in the goods or work performed or their delivery or unloading by the Supplier; (d) any infringement of a third party's intellectual property rights; and (e) the failure of the Supplier its employees agents or sub-contractors to comply with the safety, health, and environment guidelines, rules or procedures provided to the Supplier by Air NZ whilst at the Air NZ locations; except to the extent caused by the negligence or wilful misconduct of Air NZ, its related companies and its and their officers, agents, subcontractors or employees.

**13. NON PERFORMANCE:**

The failure of any goods and/or work delivered or performed hereunder to meet the quality specified in the Purchase Order or, except to the extent provided in Paragraph 3.3, the failure of the Supplier to make any delivery in the quantity or within the time specified or to comply with any of these Conditions shall relieve Air NZ of any obligation to accept and pay for such goods or work performed. Air NZ may either terminate the relevant Purchase Order without charge or all or any part of the undelivered portion of the Purchase Order and place a Purchase Order elsewhere for an equal or lesser quantity of goods and/or work of the same or substantially equal quality and charge Supplier with any loss so incurred. Any failure of Air NZ to exercise such option with respect to any portion of the Purchase Order shall not constitute a waiver with respect to any undelivered instalments or waiver by Air NZ of any specific defaults by Supplier. Failure by Air NZ to cancel the Purchase Order or any part thereof when a right of cancellation pursuant to this paragraph 13 arises shall not constitute waiver by Air NZ of any of the terms and conditions of any Purchase Order with respect to any further or subsequent default by Supplier which give rise to right of termination.

**14. TERMINATION:**

14.1 In addition to its rights in paragraph 13, Air NZ may by notice in writing to the Supplier terminate a Purchase Order in whole or in part if the Supplier is otherwise in breach of that Purchase Order and has failed to remedy the breach (where such breach is capable of remedy) within 10 working days of receipt of a request in writing from Air NZ to remedy the breach, such request indicating that failure to remedy the breach may result in termination of the Purchase Order.

14.2 Air NZ may terminate a Purchase Order without cause by giving Supplier 7 day's written notice to that effect. In that case only, Air NZ shall pay to Supplier: (i) for such of the goods or work completed prior to notice of termination and, if being shipped, it has been scheduled for shipment within thirty days immediately following the date of giving of such notice; (ii) for such of the goods or work only partially completed prior to notice of termination and, if being shipped, scheduled for shipment within ninety days following the date of giving of such notice, the Supplier's verifiable and reasonable cost of labour and material used to construct or work on such partially completed goods, or work together with reasonable and proportionate overhead charges; (iii) for material, not in process, which before the giving of notice of termination the Supplier has purchased or agreed to purchase, the cost of such material to Air NZ. Such payments made under this provision shall be subject to the Supplier using its best endeavours to minimise its financial loss by reworking or otherwise utilising completed goods, partially completed goods and raw materials, disposing of the same at the best price reasonable obtainable therefore, and/or discontinuing work. The total of such claim shall not, however, exceed the commitment value of the terminated Purchase Order.

**15. NON-ASSIGNABILITY:**

No Purchase Orders nor any monies due or to become due thereunder may be assigned by Supplier without the written consent of Air NZ.

**16. CONFIDENTIALITY:**

The Supplier and its staff must not, without Air NZ's prior written consent, disclose to any person (other than a person authorised by Air NZ or as may be required by law) any information whatsoever acquired by the Supplier in connection with a Purchase Order or these Conditions, nor advertise or publicly announce that it is supplying goods or undertaking work for Air NZ.

**17. DISPUTE RESOLUTION:**

Subject to paragraph 19, either party may require any dispute between the parties arising out of or connected to a Purchase Order (**Dispute**), which has not been resolved within 14 days, to be referred to the senior management of the respective parties (such personnel to have authority to settle such Dispute).

**18. ENTIRETY:**

These Conditions and the Purchase Order constitute the entire agreement between the parties in relation to the goods and / or work contracted under the Purchase Order and no modifications thereof shall be binding unless mutually agreed to in writing.

**19. JURISDICTION AND GOVERNING LAW:**

The parties accept the non-exclusive jurisdiction of the New Zealand Courts and agree that these Conditions and each Purchase Order shall be governed by and construed in accordance with New Zealand law.