

PROFESSIONAL GENERAL TERMS AND CONDITIONS OF SUPPLY

1. General

These professional general terms and conditions of supply comply with the business practices of the profession of steel and metal sintering enterprises and suppliers of tooling. They comply with the rules of contract law and of competition law. They complete the common will of the parties for all points on which the latter has not been clearly expressed. They constitute the legal basis of contracts, unless otherwise specifically provided.

The general terms and conditions apply to the contractual relations between "the Manufacturer" and the client company hereinafter called the "Customer".

They are governed by the law of sales when they apply to the provision of standard products or products whose characteristics are determined in advance by the Manufacturer. They are governed by enterprise contract law and, as the case may be, by subcontracting law, when they apply to the manufacture of a product on the basis of specifications or the provision of a service.

Any derogation from these general terms and conditions must be subject to the express and written acceptance of the Manufacturer.

Within the meaning of these general terms and conditions, "written" refers to any document established on paper, electronically or by fax.

These general terms and conditions apply to any contract, any order, and to orders placed within the framework of an "open order".

2 - Content and formation of the contract

2.1 - Content of the contract

The following elements form an integral part of the contract:

- these general terms and conditions,
- the special terms and conditions accepted by both parties,
- the order accepted by any means, in particular by acknowledgement of receipt or order confirmation,
- the Manufacturer's documents completing these general terms and conditions,
- the studies, estimates and other technical documents communicated prior to the formation of the contract and accepted by the parties,
- the delivery slip,
- the invoice.

The following elements are not part of the contract: the documents, advertisements and price lists which are not expressly referred to in the special terms and conditions.

2.2 - Specifications, call for tenders and bid

Any call for tenders or order which does not relate to a standard product must be accompanied by technical specifications established by the Customer under its responsibility, which includes all the specifications necessary to execute the order (in particular plan, material, technical specifications) and defining precisely the needs and expectations of the Customer.

The Customer is a qualified professional in its speciality and solely in charge of the object to achieve. It must define with precision and relevance its needs and orient the Manufacturer on the means it must implement in order to meet these needs.

The specifications must be sufficiently precise, adapted to the service and complete.

The Manufacturer cannot be held responsible for an omission or error contained in the specifications provided by the Customer.

The offer is considered firm only when it is accompanied by a period of validity. Similarly, any change in the specifications or to the specimens submitted for tests as the case may be, may result in the corresponding revision of the offer.

3 - Procedure for placing orders

The order must be established in writing.

The contract is only final subject to express acceptance of the order by the Manufacturer.

The acceptance of the order is given by any written means.

Any order expressly accepted by the Manufacturer, firm or open, will be deemed to give rise to acceptance by the Customer of the Manufacturer's offer.

3.1 - Firm order

The firm order specifies in a firm manner the quantities, prices and deadlines.

3.2 - Open order

Without prejudice to the conditions set forth in Article 1174 of the Civil Code, the open order must meet the conditions referred to below.

- It is, unless otherwise agreed, deemed granted for an indefinite period and may be terminated by the parties subject to a minimum notice period of six months.
- It defines the characteristics and the price of the product or services.
- At the time the open order is concluded, the minimum and maximum quantities and lead times are planned.
- The conditions of the open order, in particular prices and lead times, are agreed according to the Manufacturer's offer based on the production rate projections which define the specific quantities and deadlines within the bracket of the open order.

If the corrections made by the Customer to the forecast estimates of the schedule of the overall open order or delivery orders are over 20% more or less than said estimates, the Manufacturer will assess the consequences of these variations.

In the event of an upward variation, the Manufacturer will do its utmost to satisfy the Customer's request in quantities and time limits compatible with its capacities (of production, transport, subcontracting, human, financial, etc.).

In the event of an upwards or downwards variation, the parties must come together to find a solution to the consequences of this variation, which may modify the balance of the contract to the detriment of the Manufacturer.

In the event of an upwards variation, the Manufacturer will do its utmost to satisfy the Customer's request in quantities and time limits compatible with its capacities (of production, transport, subcontracting, human, financial, etc.).

3.3 - Modification of orders

Any modification of the order requested by the Customer is subject to express acceptance by the Manufacturer.

3.4 - Cancellation of the order

The order expresses the consent of the Customer irrevocably; it may not therefore cancel it, unless with the Manufacturer's prior and written consent. In this case, the Customer will indemnify the Manufacturer for all the costs incurred (in particular specific equipment, study costs, labour and supply costs, tooling) and for all the direct and indirect consequences arising therefrom. Furthermore, the advance payment already made shall be definitively acquired by the Manufacturer.

3.5 - Modifications of the Contract - Effects on stocks

The Manufacturer establishes the stocks (materials, tooling, semi-finished, finished products) according to the Customer's needs and in its interest, either on the express request of the latter, or defined so as to comply with the forecast programmes announced by it.

Any modification, non-performance or suspension of the contract which does not allow the stocks to be used in the conditions provided in the contract will give rise to a renegotiation of the initial economic conditions enabling to compensate the Manufacturer.

4 - Preparatory works and accessories on order

4.1 - Plans, studies, estimates, descriptions

4.1.1 - The estimates that require significant preparatory works, studies or specific experiments are considered as real studies. If a study carried out is not followed by a service order, the costs it has incurred will be invoiced to the Customer and the documents returned.

4.1.2 - All plans, studies, descriptions, technical documents, or estimates submitted to the other party are communicated within the framework of a loan for use, the purpose of which is the evaluation and negotiation of the Manufacturer's commercial offer. They may not be used by the other party for other purposes or communicated to a third party without the prior, express and written consent of the Manufacturer.

4.1.3 - The Manufacturer keeps all the material and intellectual property rights on the documents loaned. These documents must be returned to the Manufacturer on first request.

The same applies for the studies that the Manufacturer proposes to improve the quality or the cost price of parts, by a modification to the original specifications. These studies shall remain its exclusive property and may not be communicated, executed or reproduced without its written permission.

These changes accepted by the Customer will not result in the transfer of liability against the Manufacturer.

The payment of studies does not imply any transfer of any right of intellectual property to the benefit of the Customer.

Any assignment of any intellectual property right or know-how must be subject to a contract between the Manufacturer and the Customer.

4.2 - Design of parts

- a) Unless otherwise agreed, the Manufacturer is not the designer of the parts that it manufactures. The design which results in the complete definition of a product may however be wholly or partly included in the industrial subcontracting work, provided that the Customer assumes full responsibility for it in the last resort as to the sought industrial result. This particularly applies to parts which have been computer designed by the Manufacturer at the Customer's request and on the basis of specifications or a functional diagram provided by the Customer.
- b) In the event of the Manufacturer being entirely the designer and Manufacturer of parts intended for customers, this situation should be covered by a specific separate contract.

4.3 - Provision of samples

Samples or prototypes provided to the Customer, before or after the conclusion of the contract, are subject to strict confidentiality. They may not be disclosed to third parties without the express authorisation of the Manufacturer.

In the absence of written observations within the period of one month from the date it received them, the Customer's acceptance is deemed acquired and the corresponding payment effective.

Unless otherwise agreed, the Customer will bear the costs of implementation for this first production.

The models and prototypes, if they are not managed within the framework of the contract, must be subject to a specific order.

4.4 - Tooling

a) When supplied by the Customer, the tools shall imperatively and distinctly bear assembling or operational marks and shall be supplied free of charge to the site specified by the Manufacturer.

The Manufacturer is not liable for any non-conformities of products attributable to design or production defects in the production tooling provided by the Customer, who shall be responsible for ensuring that these tools are fully in concordance with the plans and specifications.

However, at the Customer's request, the Manufacturer shall check such concordance and shall reserve the right to invoice the cost of these operations.

If the Manufacturer deems necessary to bring changes to ensure that parts are manufactured successfully, costs arising therefrom shall be borne by the Customer, after the Manufacturer has advised him in writing thereof.

For series orders, the Customer shall require that specimens are manufactured and submitted to it by the Manufacturer after all necessary inspections and tests have been carried out for approval purposes, and the parts shall be deemed to be accepted by the Customer, if it has not sent any written observations within fifteen days after receiving the parts.

Should the Customer's drawings and specifications not allow to completely check that they are fully in concordance with the tools supplied by it, the shapes, dimensions and thickness of the parts obtained would, in that case, be entirely or partly determined by these tools. Responsibility for the result obtained with regard to this data would then exclusively rest with the Customer, previously notified in writing by the Manufacturer.

In all cases, if the tools received by the Manufacturer are not suitable for the purpose that it was reasonably entitled to expect, the Manufacturer shall ask for a revision of the price of the parts which had been initially agreed, on the understanding that such revision shall be agreed with the Customer before manufacture of the parts begins.

b) When the Manufacturer is asked by the Customer to manufacture tools, the Manufacturer shall produce them in agreement with the latter, according to the requirements of its own manufacturing technique. The tool manufacturing costs as well as the costs for replacing or repairing worn tools shall be paid to the Manufacturer independently of the parts supply.

The Manufacturer shall only bear tool replacement costs within the limits of the supply of part quantities which has been contractually agreed, or as resulting from normal wear.

Unless a price increase has been previously agreed with the Manufacturer to cover such risk, the Customer shall either supply a new replacement tool, or pay for its manufacture or repair by the Manufacturer.

c) The price of tooling designed by the Manufacturer, whether it is manufactured by it or not, shall not include the Manufacturer's intellectual property on this tooling, i.e. the application of its know-how or patents for their study or development. The same applies to any adjustments that the Manufacturer may make on the tooling supplied by the Customer in order to ensure that parts are correctly manufactured or to increase productivity.

Tools shall remain in the Manufacturer's facilities after fulfilment of the order, and the Customer shall only regain possession of said tools after the conditions for use of the Manufacturer's intellectual property have been agreed in writing, in accordance with the provisions of the Intellectual Property Code, and after all invoices due to the Manufacturer on any account whatsoever have been paid. These tools shall be kept in good operating condition by the Manufacturer, and the consequences arising from their wear, repair or replacement shall be borne by the Customer.

Unless otherwise agreed between the parties, tooling will be paid as follows: 50% on the order and the balance when they have been manufactured, or on the date of presentation or acceptance of the specimens, as appropriate. The acceptance of standard parts may not take place beyond a maximum period of 30 days after the date of presentation.

d) In the event that the Customer decides to start the production of parts despite a provisional acceptance, or acceptance with reservations being made about the tools or specimens, the Customer shall not be entitled to delay payment for the tools after the date when production is started. This provision shall apply without prejudice to the possibility for the Customer to withhold a maximum of 5% of the amount due in the conditions laid down in Act n°71-584 of July 16, 1971 which is mandatory law.

e) The Manufacturer shall refrain at all times for using for the account of third parties the tooling referred to in paragraphs a, b and c above, whether or not it owns them, unless with the prior and written authorisation of the Customer

4.5 Tool storage

It is the responsibility of the Customer, who remains entirely responsible for the tools covered by Article 4.4 hereabove, of which it is the owner, to take out an insurance policy covering their damage or destruction in the company for any reason whatsoever, waiving all claims against the Manufacturer and its insurer. These tools shall be returned to the Customer, either at its request or when the Manufacturer so chooses, in the condition in which they are at that time, on condition that full payment has been received for the tools and manufactured parts.

If the tools remain with the Manufacturer, they shall be stored free of charge during three years after the date of the last delivery. After this period, if the Customer has not asked for the tools to be returned, or if it has not agreed with the Manufacturer upon the principle and conditions for an extension of their storage, the Manufacturer shall be entitled to destroy the tools, after a formal demand has been sent to the Customer by registered letter and has remained ineffective during a period of three months.

5 - Characteristics and status of the ordered products

5.1 - Intended purpose of the products

The Customer shall be responsible for using the product in the normal foreseeable conditions of use and in conformity with the safety and environmental legislation applicable in the place of use, as well as in accordance with the good practices of its profession.

In particular, it is the Customer's responsibility to choose an appropriate product to meet its technical needs and, if necessary, to make sure with the Manufacturer that the product is suitable for the intended application.

5.2 - Product packaging

a) Containers, frames, spreaders, pallets and any other permanent equipment owned by the Manufacturer shall be returned to it by the Customer in good condition and carriage paid within thirty days after their reception; failing that, they will be invoiced by the Manufacturer. If the aforementioned equipment belongs to the Customer, the latter shall ship them in good condition no later than the date previously agreed with the Manufacturer, and to the site specified by the latter. The Manufacturer shall be informed of any delay in the delivery of packaging by the Customer, and the Manufacturer shall not incur penalties of any sort whatsoever therefor.

b) At the Customer's request, special protective measures may be taken to protect the parts. These measures shall be determined by the Customer and their cost shall be charged to it by the Manufacturer.

5.3 Transmission of information relative to the product

The Customer undertakes to provide any sub-purchaser with all useful information for using the product. The Manufacturer shall ensure traceability of the product up to the date of its delivery to the Customer, in accordance with Article 7.2 of these general terms and conditions.

6. - Intellectual property and confidentiality

6.1 - Intellectual property and know-how of documents and products

All intellectual property rights and know-how incorporated in the documents, products and services supplied shall remain the exclusive property of the Manufacturer.

Any transfer of intellectual property rights or know-how shall be covered by a contract with the Manufacturer.

In all cases, the Manufacturer reserves the right to dispose of its know-how and of the results of its own research and development.

6.2 - Confidentiality clause

The parties mutually undertake to fulfil a general obligation of confidentiality regarding any oral or written information of any sort whatsoever and in any form whatsoever (e.g. discussion reports, drawings, exchange of computer data, activities, installations, projects, know-how, products) exchanged during the preparation and execution of the contract, with the exception of information that is generally known to the public or that will become so through no act or fault of the Customer.

Consequently, the parties undertake:

- to keep all confidential information strictly secret, and in particular to refrain from disclosing or transmitting all or part of the confidential information in any way whatsoever, directly or indirectly, to whomsoever, without the prior written consent of the other party;
- not to use all or part of the confidential information for purposes or for activities other than the execution of the contract;
- not to duplicate or copy all or part of the confidential information.

The Customer undertakes to take all necessary measures to ensure the fulfilment of this obligation of confidentiality throughout the duration of the contract and even after its expiry, and vouches for the fulfilment of this obligation by all its employees. This obligation is an obligation of result.

6.3 - Guarantee clause in case of infringement

The Customer vouches that on the conclusion of the contract the contents of the drawings and specifications and their conditions of use do not use the intellectual property rights or know-how owned by a third party. It guarantees that it can freely dispose of them without infringing any contractual or legal obligation.

The Customer shall hold harmless the Manufacturer from and against the direct or indirect consequences of any action involving civil or criminal liability arising in particular from acts of infringement or unfair competition.

7. Delivery, transport, verification and acceptance of products

7.1 - Delivery time

Delivery times shall start from the latest of the following dates:

- the date of final acceptance of the order by the Manufacturer
- the date of receipt of all materials, equipment, machinery, tooling, special packaging, manufacturing details to be provided by the Customer
- the date of performance of the contractual or legal obligations which must be previously fulfilled by the Customer

The agreed period is an important element which must be specified in the contract as well as its nature (deadline for making available, deadline for submission for acceptance, delivery time, legal deadline for receipt, etc.). The periods stipulated are provided for information purposes only and may be challenged in the event of the occurrence of circumstances beyond the Manufacturer's control.

7.2 - Terms of delivery

Delivery is deemed to be made in the Manufacturer's plants or warehouses, with packaging invoiced and not taken back, unless otherwise stipulated.

The risks shall therefore be transferred to the Customer as soon as delivery is made without prejudice to the Manufacturer's right to invoke the reservation of title clause or to use its right of retention.

Delivery shall be made:

- by notice of readiness, with the parts then being invoiced and stored at the cost and risk of the Customer,

- or, if the contract so provides, by direct submission to a third party or to a carrier designated by the Customer, or, otherwise, chosen by the Manufacturer,
- or, if the contract so provides, by delivery to the Customer's factories or warehouses.

In the event where the Customer has hired a carrier and pays the cost of transport, all the pecuniary consequences arising from a direct action taken by the carrier against the Manufacturer shall be borne by the Customer.

7.3 - Transport – Customs – Insurance

Unless otherwise agreed, all operations relating to transport, insurance, customs, handling and on site installation shall be the responsibility of the Customer and shall be at its risk and expense. The Customer shall be responsible for checking shipments on their arrival and for initiating proceedings against carriers, where necessary, even for carriage-paid shipments.

When shipped by the Manufacturer, goods shall be shipped carriage forward at the lowest prices, unless otherwise requested by the Customer, in which case additional transport costs will be charged to the Customer.

Unless otherwise agreed, the Manufacturer, when it carries out the shipping and the operations relating to transport, acts only as agent for the Customer who, on receipt of the invoice, will reimburse it the costs for carriage paid shipments. It is therefore incumbent on the Customer, who assumes the risks of these operations, to verify upon arrival: the condition, the quantity and the compliance of the material with the packing slip and to immediately inform the driver of any challenges, without prejudice to the action it must take itself against the carrier in compliance with Article L.133-3 of the Commercial Code.

The Customer assumes the costs and risk of sending and returning the specimens, tooling and control devices.

In the event where the Customer has hired a carrier and pays the cost of transport, all the pecuniary consequences arising from a direct action taken by the carrier against the Manufacturer shall be borne by the Customer. Therefore, the Manufacturer shall be entitled to claim from the Customer the reimbursement of the entire amount paid in respect of the direct action.

7.4 - Control of products

The Customer shall, at its own expense and under its own responsibility, check the products' conformity with the terms of the order.

7.5 – Acceptance of parts

a) The Customer shall be obliged to perform the legal acceptance of the products, whereby it shall recognise their compliance with the contract. Acceptance constitutes recognition of the absence of apparent defects.

In the absence of specific stipulations, acceptance is deemed carried out as of the goods being made available.

The Customer will control the parts upon delivery and, in any event, within a period which may not exceed fifteen days.

In the event a defect is observed, the Customer must notify the Manufacturer in writing at the earliest opportunity, so that it can perform the necessary corrective actions. All facilities must be granted to the Manufacturer in order to acknowledge and limit the consequences of this defect.

Any intervention by the Customer on the delivered parts may only take place with the express agreement of the Manufacturer.

After acceptance, the Manufacturer may not be held liable for any apparent defect or which the means of control normally used in this area or the special means used by the Customer should have normally enabled to detect.

b) The Customer assumes full liability for the design of parts and tooling according to the industrial results it desires, and which it alone knows in detail.

It therefore decides on the technical specifications which define, in all their aspects, the parts and tooling to be produced and services to be provided, as well as the nature and procedures for the controls and tests required upon their receipt. These special controls and tests are borne by the Customer.

The Manufacturer is bound to comply with the plan and the specifications and with the application of the standard practices of the profession.

c) In all cases, the nature and extent of the necessary controls and tests, the standards and categories of severity concerned, as well as the tolerances of any nature, must be specified in the plans and specifications which must be attached by the Customer to its call for tenders and confirmed in the contract concluded between the Manufacturer and the Customer, in order to determine, in particular, the conditions of exercise of the warranty defined in Article 11.

In the case of manufacture of composite parts or weld assembly of parts by the Manufacturer, the parties shall agree on the delimitations of each component part and on the size and type of weld junctions.

d) In the absence of any specifications on the inspections and tests to be carried out on the parts, the Manufacturer shall only perform a simple visual and dimensional inspection of the major dimensions.

e) The controls and tests which are deemed necessary by the Customer shall be carried out at its request either by the Manufacturer, by itself or by a third party laboratory or body.

This shall be clearly stipulated before signing the contract, as well as the nature and scope of the inspections and tests. Acceptance shall take place on the production site at the Customer's expense, and no later than within a week after the notice of readiness for acceptance has been sent by the Manufacturer to the Customer or to the body in charge of the acceptance. In case of failure by the Customer or by the inspection body to perform the acceptance procedure, the parts shall be stored by the Manufacturer at the Customer's cost and risk.

After a second notice from the Manufacturer which remains without effect within the fifteen-day period after it is sent, the parts shall be deemed to be accepted and the Manufacturer shall be entitled to ship and invoice them. Similarly, in the case of a use of parts by the Customer, they shall be deemed accepted.

e) The price of controls and tests shall generally be separate from the price of the parts, but may be included in it where agreed between the Manufacturer and the Customer. This price takes into account all special works necessary to obtain the conditions required for the proper performance of these controls and tests, in particular in the event of destructive testing.

f) When parts are to be manufactured under a Quality Assurance scheme, this shall be mentioned by the Customer in its call for tenders and in its order, and the Manufacturer for its part shall confirm this in its bid and in its acceptance of the order, without prejudice to the provisions of the preceding articles.

8. Unforeseen and force majeure events

8.1 - Hardship clause

In case of the occurrence of an event beyond the control of the parties which may impair the equilibrium of the contract to the extent that fulfilment by the Manufacturer of its obligations would be detrimental to it, the parties shall agree to negotiate the modification of the contract in good faith.

This clause particularly refers to the following events: variation in the prices of raw materials, modification of customs duties, change of exchange rates, changes in legislations, modification of the Customer's financial situation. Failing agreement between the parties, the Manufacturer shall have the option to terminate the contract subject to one month's notice.

8.2 - Force majeure

Neither party to the contract shall be held responsible for its delay or failure to fulfil one of the obligations incumbent on it under the contract, if such delay or failure directly or indirectly results from a case of force majeure understood in a wider sense than French jurisprudence, such as:

- the occurrence of a natural disaster
- an earthquake, storm, fire, flood, etc.;
- armed conflict, war, conflict, attacks;
- a labour dispute, total or partial strike in the Manufacturer's or Customer's plants;
- a labour dispute, total or partial strike affecting the suppliers, service providers, carriers, postal services, public services, etc.
- an imperative injunction issued by the public authorities (ban on imports, embargo)
- operating accidents, breakage of machinery, explosion

Each party will immediately inform the other party of the occurrence of a force majeure event when they are aware of it and which, in its opinion, is likely to affect the performance of the contract.

Where the duration of the impediment exceeds 10 working days, the parties shall consult each other within the 5 working days after expiry of the 10 working day period to examine in good faith whether the contract should be continued or terminated.

9. - Pricing

The prices are established in Euros, excluding taxes and "ex works", unless otherwise provided in the contract. They are invoiced in the conditions of the contract.

The price corresponds exclusively to the products and services specified in the order expressly accepted by the Manufacturer. The performance of services in no event corresponds to a fixed price contract.

The contractual prices are established on the basis of economic conditions at the time the estimate is established and are revisable in the conditions laid down in the contract.

10. Quantities in a "closed" order

a) Completed quantities

From a quantitative point of view the number of parts mentioned in the contract shall be the rule.

However, a certain tolerance on the number of manufactured and delivered parts is admitted, which shall be agreed between the Manufacturer and the Customer when negotiating the contract.

In the absence of any such previous agreement, the generally accepted tolerance is between + 10 and – 5% of the number of parts mentioned in the contract.

Part quantity disputes shall only be received by the Manufacturer, if the dispute has been lodged with him within a maximum period of 48 hours.

11. - Payment

11.1 - Terms of payment

According to Article L.441-6 of the Code of Commerce resulting from the Law for Modernisation of the Economy n° 2008-776 dated August 4, 2008 ("LME"), the payment period agreed between the parties may not exceed 45 days end of month or 60 days as of the date of the invoice.

On the other hand, professional practices stipulate that payments are made, unless otherwise expressly agreed, at the latest within a period of 30 days following the date of issue of invoice.

Any clause or demand to fix or obtain a payment period longer than the aforementioned period of thirty days, which is current industry practice in the mechanical engineering industries, and unless an objective reason can be substantiated by the Customer, may be considered as unfair or unreasonable within the meaning of Article L.442-6-I 7 of the Commercial Code as resulting from the Law of Modernisation of the Economy n° 2008-776 dated August 4, 2008 and is subject to a civil penalty of up to 2 million Euros.

The dates of payment agreed upon contractually cannot be challenged unilaterally by the Customer under any pretext whatsoever, including in the event of a dispute or the late control of parts.

Advance payments are made without any discount, unless otherwise agreed. Deposits are made in cash.

According to the statutory provisions in force, the deposit will give rise to a charge.

All drafts must return with acceptance within seven days of its dispatch.

In the absence of provisions agreed between the parties, repair and maintenance works, as well as the additional supplies or supplies delivered during assembly, are billed on a monthly basis and payable in cash, net and without a discount.

The invoice refers to the date on which the payment must be made; payments are made to the Manufacturer's domicile.

The Customer may not defer the contractual due date of the payment if the receipt or shipment of supplies made available to it in the factory are delayed or cannot be performed for any reason outside of the Manufacturer's control.

11.2 - Late payment

In application of Article L.441-6 subparagraph 12 of the Code of Commerce as amended by Act n° 2012-38 7 of March 22, 2012, any late payment automatically gives rise, as of the first day following the payment date which appears on the invoice:

1/ To late penalties.

The late penalties will be determined by the application of the refinancing rate of the European Central Bank increased by ten points.

2/ To a flat-rate indemnity for recovery costs, of an amount of 40 Euros.

This indemnity is due in application of a provision of the Law of March 22, 2012 applicable as of January 1, 2013. Its amount is fixed by Article D.441-5 of the Commercial Code.

Pursuant to the Article L.441-6 referred to hereabove, when the recovery costs incurred are higher than the amount of this flat-rate indemnity, the supplier is also entitled to request a justified additional indemnity.

In addition to this penalty and these indemnities, any delay in payment will give rise, if the Manufacturer deems fit, to the expiry of the contractual term, in which case all the amounts due shall be immediately payable.

In the event of a late payment, the Supplier may exercise its right of retention on all the parts and tools in its possession (products entrusted or produced or in the course of production and related supplies, tooling, etc.) and proceed with the suspension of deliveries.

The fact that the Manufacturer benefits from either or both aforementioned provisions shall not deprive it of the right to invoke the retention of title clause laid down in Article 11.6 hereafter.

11.3 - Change in the Customer's situation

Should the Customer's situation deteriorate as ascertained by a financial institution or as shown by a significant lateness in paying or in returning drafts with acceptance, or when the financial situation significantly differs from the data made available, delivery shall only be made against immediate payment.

In the event of late payment, the Manufacturer shall be entitled to a right of retention over the manufactured products and related supplies.

In the event of the sale, transfer, pledge or contribution of its ongoing business, or a significant part of its assets or equipment by the Customer, the Manufacturer reserves the right, and without formal notice:

- to declare the occurrence of an event of default, and consequently all sums due on any account whatsoever to be payable immediately;
- to suspend all shipments;
- to note, on the one hand, the cancellation of all the contracts in progress and to practice, on the other hand, the retention of advance payments collected, of tooling and parts held, until the possible indemnity is fixed.

11.4 - Off-set of payments

The Customer shall abstain from any illegal arbitrary debit or credit practices, and from invoicing the Manufacturer any sum which is not expressly recognised by the latter as being its responsibility.

Any arbitrary debit shall be considered as an outstanding payment and as such shall be subject to the provisions of Article 11.2 relating to late payment.

However, the parties reserve the right to resort to the legal or agreed off-setting of claims, in the conditions laid down by the law.

11.5 - Legal guarantee of payment in case of subcontracting

When the contract concluded is part of a chain of contracts for work within the meaning of Law n° 75- 1334 of December 31, 1975, the Customer is under the legal obligation to ensure that the Manufacturer is accepted by its own principal. It is also obliged to have its principal accept the Manufacturer's terms of payment, and to provide the payment guarantee provided by legal provisions.

If the principal is not the end customer, the Customer undertakes to require that it abides by the provisions of the Law of 1975.

In accordance with Article 3 of the Law of 1975, the absence of presentation or of approval gives rise to the impossibility for the Customer to invoke the contract against the Manufacturer. Such impossibility covers, inter alia, claims for any non-conformity with the specifications. However, in accordance with the aforementioned article, the Customer shall remain bound to fulfil its contractual obligations towards the subcontractor.

Under these general terms and conditions, the aforementioned 1975 Law shall be considered as an international policy law which is applicable to foreign end customers through the Customer.

11.6 - Retention of title

The Manufacturer shall retain full title to the goods covered by the contract until effective payment in full of the price including the principal and ancillary costs. Failure to pay any one of the instalments due may lead to a claim for recovery of these goods. According to jurisprudence, the retention of title clause is applicable to works contracts.

However, from the date of delivery, the Customer assumes liability for any damage these goods may suffer or cause for any reason whatsoever. Until full payment, the goods cannot be resold, processed or incorporated, without the prior agreement of the subcontractor.

In the case of non-compliance by the customer with one of the payment deadlines or in case of any breach of the retention of title, the Manufacturer may require, without losing any of its other rights, by registered letter with acknowledgement of receipt, the return of the goods at the expense of the Customer until the performance by the latter of all of its undertakings. To enable the exercise of the Manufacturer's right of retention, the Customer undertakes, on first request, to authorise the inventory of the parts in its possession, without the need for any procedure of any nature whatsoever.

Furthermore, the Manufacturer may automatically terminate the contract by registered letter with acknowledgement of receipt. Without prejudice to any other damages, the Customer, in addition to its obligation to return the goods, shall owe compensation for termination fixed at 20% of the amount, before tax, of the non-executed contract assessed on the date of termination.

12 - Liability and warranty

12.1 - Definition of the Manufacturer's liability

The Manufacturer's liability shall be strictly limited to the observance of the Customer's specifications as stipulated in the specifications.

In effect, the Customer, acting as "principal", is able, by its professional capacity in its speciality and according to the industrial means of production it has, to define with precision the work according to its own industrial data or those of its Customers.

The Manufacturer shall perform the work required by the Customer according to good engineering practices.

For series orders, the Customer shall require that specimens are manufactured and submitted to it for approval after completion of all necessary tests and inspections. In the absence of written observations within the period of one month from the date it received them, the Customer's acceptance is deemed acquired and the corresponding payment effective.

In the event of a claim by the Customer concerning the delivered parts, the Manufacturer reserves the right to examine the parts on site.

In case of non-conformity, the Manufacturer undertakes, after agreeing with the Customer, either:

- to credit to the Customer the value of the parts acknowledged as non-compliant with the contractual plans and technical specifications or with the specimens accepted by it,
- or to replace the discarded parts and issue a credit note on them. The replacement parts are invoiced at the same price as the replaced parts.
- to bring parts into conformity or have them brought into conformity.

Bringing into conformity shall be effected as decided by mutual agreement. The costs shall be borne by the Manufacturer if it is responsible for ensuring conformity, or the Manufacturer's consent shall be sought if the Customer decides to bring the parts into conformity at a price that will be previously indicated to the Manufacturer.

Parts to be replaced or brought into conformity by the Manufacturer shall be returned to it carriage forward. The Manufacturer reserves the right to choose the carrier.

Should parts be brought into conformity by the Customer without the Manufacturer's consent on the principle and cost of this operation, the Customer shall lose the right to make a claim.

12.2 - Limits and exclusion of the Manufacturer's liability

The Manufacturer's liability shall be limited to the direct material damage suffered by the Customer as a result of faults attributable to the Manufacturer in the performance of the contract.

The Manufacturer shall not be held liable for any damage resulting from faults committed by the Customer or by third parties in relation to the performance of the contract.

The Manufacturer shall not be liable for any damage resulting from any use by the Customer of technical documents, information or data provided by the Customer or imposed by it.

The Manufacturer shall not, under any circumstances whatsoever, be liable for compensation for immaterial or consequential damage such as: loss of production, lost profits, loss of opportunity, commercial loss, lost income.

The Manufacturer shall not be held liable:

- for any defects arising from the materials supplied by the Customer;
- for any defects arising from a design made by the Customer, from technical choices or subcontractors imposed;
- for any defects resulting wholly or partly from the normal wear of the part, from damage or accidents attributable to the Customer or to a third party;
- in the event of modification, of use which is abnormal, unusual or non-compliant with the intended purpose of the product, with professional practices or with the Manufacturer's instructions or recommendations;
- in the event of the intervention of the Customer or of a third party on the product delivered without the express agreement of the Manufacturer.

Where penalties and compensation have been agreed by common consent, these shall amount to a lump-sum compensation in full discharge, excluding any other penalties or compensation.

The civil liability of the Manufacturer, for all causes with the exception of personal injury and gross negligence, is limited to an amount capped at the amount invoiced and collected on the defective goods.

The Customer shall vouch that its insurers or any third parties having contractual relationships with it will renounce all claims against the Manufacturer or its insurers beyond the limits and exclusions stipulated hereabove.

13 - Termination

In the event of the serious breach by one of the parties of any one of its contractual obligations, the contract may be terminated by right 30 days after sending formal notice which remains without effect.

14 - Amicable settlement of disputes

The parties shall undertake to try and settle their dispute amicably before referring it to the competent court.

In the event of a dispute of a technical nature regarding the Manufacturer's products or work, and failing an amicable agreement between the parties in the presence of their respective insurers or not, the parties shall agree to initiate a "codified amicable expert review" procedure whereby an expert's opinion is obtained in accordance with the regulations of the CNIDECA (National association of qualified engineers appointed as judicial experts by the French judicial and administrative courts of appeal).

15 - Applicable Law

The contract is governed solely by French law.

16 - Attribution of jurisdiction

It is expressly agreed that any dispute relating to the contract shall be brought exclusively before the Commercial Court of Grenoble, even in the case of appeal and when there are several defendants.