



# SARREL

Simplified Stock Company Under French Law  
38 rue Paul Chevalier – 72260 Marolles Les Braults  
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## GENERAL TERMS AND CONDITIONS OF PURCHASE

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## 1. PREAMBLE

These General Terms and Conditions of Purchase are written in French, Portuguese and English. Upon simple request sent to SARREL – Purchasing Department – 38, rue Paul Chevallier 72260 Marolles-les-Braults France, the different versions will be supplied. Should any dispute arise from the interpretation of these Terms and Conditions, all versions, French, Portuguese and English will be taken into consideration.

Taken into account its highly competitive environment and the requests of its clients in terms of quality, costs, time limits and prices, SARREL Company or SARRELIBER as appropriate, its subsidiaries and companies in the name and account of which it operates (generally named "SARREL" hereafter) are particularly committed to ensure the following objectives that they consider as essential conditions in the choice of suppliers:

- **SARREL's purchase price:** the objective is that this price be and remain at the level of best purchase prices on the global market, in comparable conditions.
- **Supply quality:** the objective is that this quality be and remain at the level of best quality on the global market, in comparable economical conditions.
- **Supply delivery times:** the objective is that delivery times be strictly respected by the supplier that will nevertheless be able to modify at SARREL's request within the flexibility limits agreed upon with the supplier in order to remain compatible with the solutions chosen by SARREL with regards to its constant aim at better productivity and supply capacity negotiated with its own clients.
- **Production and manufacturing conditions:** the objective is to insure and respect the security of people, goods and environment.

## 2. FIELD OF APPLICATION

Unless particularly and duly negotiated and agreed upon with SARREL, the General Terms and Conditions of Purchase herein apply to all orders made by SARREL as well as all amendments relative to those orders, concerning all supplies (named "Supplies" hereafter).

Consequently, the supplier of Supplies or the seller (named "the Supplier" hereafter) will comply for any order from SAFER with the General Terms and Conditions of Purchase. Executing any order from SARREL will thus imply the approval of the present General Terms and Conditions of Purchase.

The original version of these general conditions communicated by SARREL (in French, Portuguese or English from case to case) is the only binding version between SARREL and the Supplier, and prevails over other possible translations done by one or the other.

Should any provision of the presents be cancelled in Court or any other administration or authority, such a decision will not affect in any case the validity of other provisions.

The fact of not exercising at any time any of the prerogatives object of the general conditions herein or of not requiring the execution of any of the provisions of this agreement relative to such conditions, will not be considered in any case as a modification of the contract, nor as an express or tacit waiver of the right to exercise such prerogative in future nor of the right to demand the scrupulous implementation of any of the commitments included herein.

### **3. CONSULTATION PHASE**

**3.1.** In order to acquire a Supply in the conditions indicated in the preamble of these general conditions, SARREL will consult with the Suppliers specifically selected according to objective criteria.

Consultations by SARREL essentially include technical specifications and price requests. Except for a consultation process specifically agreed upon with the Supplier, SARREL's consultations are governed by these general conditions. The existence and the content of the consultations are strictly confidential.

Sending consultations to Suppliers does not imply any commitment by SARREL to negotiate or contract with such Suppliers.

**3.2.** The Suppliers consulted must establish their price quotations in accordance with these general conditions and SARREL's and its Client's quality assurance system. Their proposals must conform to SARREL's specifications. They will establish their proposals with full knowledge of constraints, may they be legal, financial, administrative, logistical, technical or commercial as regards the execution of future order. Their proposals must include, in particular, all the supplies, services and works necessary to:

- allow to meet SARREL's specifications at all points,
- allow to respect, within the time limits indicated, performances indicated,
- and, when required, the perfect fulfilment and functioning of the Supplies and/or the realization of the service(s).

Suppliers' proposals must be established in the language provided for in the specifications.

**3.3.** During the whole length of consultation phase, SARREL and the Suppliers consulted will respectively up-date specifications and proposals by integrating, at their own initiative and under their own responsibility, all modifications of their document that they accepted or obtained.

As professionals, Suppliers will look for and point out any error, inadequacy, ambiguity or contradiction and, more generally, any anomaly that may exist in one of, or between, the documents provided by SARREL. In this regard and in general, each party forbids itself to base itself, only or principally, on the professional character of the other party or on the possible limits of standards of professional practice, to evade its responsibility.

**3.4.** None of the proposals rejected by SARREL will give place to any payment or any financial compensation.

### **4. SELECTION OF A SUPPLIER**

At the end of the consultation phase, SARREL may decide to select a consulted Supplier. This selection will take the form of a letter of selection addressed to the said Supplier or of an order placed in the conditions under article 5 hereafter.

The letter of selection defines the conditions in which SARREL intends to order the Supply to the selected Supplier in so far as this Supplier honours the commitments stipulated in the letter of selection and if the project related to the Supply concerned completes its term. The selection of the Supplier is not considered as an order, neither is the acceptance of a Supplier's proposal.

A letter of selection may generate one or several orders from SARREL;

## **5. ORDER**

**5.1.** The order is an order form written out and signed by SARREL or a numerical electronic order. The form bears the words "contract" or "open order" (named "Open Order" hereafter) or "order" or "closed order" (named "Closed Order" hereafter.) The closed order is firm as regards quantity and delivery times. The open order does not include quantities to be delivered, these quantities being fixed by delivery schedules, calls for parts or products or delivery orders, distinct from the open order itself.

**5.2.** The signature of the order by SARREL is the only way to imply SARREL's commitment. The acceptance or the execution – even partial – of the order by the Supplier implies its agreement with the obligations and prescriptions defined in the said order, in its reference documents and under present general conditions.

### **5.3. Hierarchical Order of the Documents**

The decreasing hierarchical value of the documents applicable to a business relationship with a Supplier is the following:

1. SARREL's order
2. Specific conditions duly accepted by SARREL and the Supplier
3. SARREL's general and technical specifications
4. Present General Terms and Conditions of Purchase
5. SARREL's logistics protocol
6. Supplier's commercial proposal
7. Supplier's General Terms and Conditions of Purchase or Services

## **6. MODIFICATIONS**

**6.1.** Any modification of any element of the order will be duly negotiated according to process described in clauses 3. to 5. above having resulted in this order and will give place to the establishment from case to case of an amendment to the order or a new order cancelling the initial one with the objective of modifying for instance:

- Supply price, whatever the motive may be
- Technical specifications
- Logistics conditions

**6.2.** Any modification request relative to technical or commercial clauses of the order by one or the other of the parties must mention for instance the impact on costs, time limits and performances.

**6.3.** The parties will not be entitled of any contractual modification if there is no express agreement on these terms through an order or an amendment of the order.

Any modification of the order made by the Supplier without prior agreement by SARREL may involve, at the Supplier's expenses, adjustments and/or returns necessary to fulfil the order correctly, without prejudice to damages and interests that could result from the incidence of this modification on the final quality of the order, services provided by a third party, and time limits.

## **7. PRICES**

**7.1.** The price fixed in the order, free of taxes, is complete, inclusive, firm and definitive unless provided otherwise in the order. It includes, in particular, packaging and conditioning costs, loading costs, wedging and stowage on means of transport. It takes into account all the elements, all the circumstances and all special characteristics related to study, production, manufacturing, set-up and proper functioning of the Supply ordered, of the Services or commitments to continuous progress under clause 8.1. below. The Supplier is deemed having perfect knowledge of the places, obligations of all orders and dates of its intervention. In particular, it is duly informed that the duration of an open order as well as the quantities to be delivered depend on the commercial success of the final product commercialized by SARREL's client. Consequently, the Supplier will not be entitled to any payment of expenses, reimbursement or compensations beyond the price fixed in the order.

**7.2.** The price is payable within 45 days of the end of the month following the date of such events as defined in the order unless provided otherwise in the order. Payment modality is defined in the order. In the case where the Supplier has stipulated opposable and applicable penalties for late payment, these penalties will be limited in any case to a maximum amount equivalent to what would result of the application of an interest rate equal to 3 times the legal interest rate in France. For Portugal, the interest rate must be limited to the amount of interest rates for late payment in force at this date in Portugal.

**7.3.** Should a warranty claim be stipulated in the order, it will only be applicable if the Supplier executed all possible reserves made upon the reception of the Supply and remedied the problems that may have been reported after reception and only if it communicated to SARREL all the documents conforming to the execution and proper operation of the Supply or proper provision of the Services.

**7.4.** The price fixed in the order is payable in the currency chosen by the parties and stipulated in the order, unless other public policy provisions.

## **8. SUPPLIER'S OBLIGATIONS**

The satisfaction of SARREL's clients is the primary objective of SARREL. Reaching these objectives goes through the Supplies permanent improvement.

To this effect, the Supplier must implement a quality assurance system adapted and certified. SARREL recommends the SO TS 16949, 9001 and 14001.systems

**8.1.** After the order(s) has(ve) been issued, the Supplier will make its best efforts to seek improvements in the technical definition of the Supply as well as of its industrial process, in the constant commitment of lowering manufacturing and quality improvement costs. The Supplier commits itself to show SARREL, upon first request, its effective efforts in compliance with the present paragraph.

An improvement can only be put into application by the Supplier given prior and written agreement of a representative duly authorized by SARREL.

**8.2.** The Supplier must deliver the Supplies and/or provide the services in accordance with the order and with the referenced documents herein as well as in accordance with SARREL's and its clients' quality assurance system. The Supplier must deliver them without any visible or hidden defect and in a perfect state. The Supplies and/or services must, in particular, reach the

contractual quantity and quality performances within the period of time indicated in the order and/or technical specifications.

The Supplies and/or services in their entirety must, on the one hand, under normal conditions of use defined by the Supplier, be capable of achieving the functions and uses they apply to and, on the other hand, conform to the contractual documents as they exist at the date of the order.

Except for contrary convention duly accepted by SARREL and the Supplier and/or in application of standards and certifications applicable, Supply inspection and reception must be carried out in SARREL's plants after delivery. The signature of a delivery note cannot, be considered in any case, as releasing the Supplier from its liability regarding the Supplies delivered.

SARREL reserves the right to notify the Supplier of the losses, damages or non-conformities recorded at the moment of unpacking or during posterior control. SARREL will be entitled to request the Supplier to remove the Supply(ies) refused at the exclusive expense of the Supplier, in a period of time that will not be superior to 7 days following the date of refusal notification. After this deadline, SARREL will be entitled to send the Supplies back to the Supplier, carriage-paid.

Furthermore, in case of non-conformity found according to control quality procedures, SARREL reserves the right to require from the Supplier:

- the replacement of defective parts in the time period and according to the conditions agreed upon in the order or in the delivery schedule,
- the payment of additional costs and financial compensation for the prejudices supported by SARREL or by its clients to correct, in the wide sense of the term, the consequences of non-conformity of the Supplies delivered. SARREL will thus be entitled to invoice the Supplier for the costs of modification, replacement, sorting out, material or Supply replacement, transport, destruction, customs, repairs, necessary labour, tools and means repairs, stoppage of production chain, etc

Furthermore, taken into account the grave prejudice that may involve such non-conformities, SARREL may chose:

- to execute or have executed by a third party the services necessary to make the Supplies comply,
- to select a third party and order urgently Supplies that comply,

all of this at the exclusive expense of the Supplier responsible for non-conformities that will possibly allow the use of its means of production and, in particular, the use of its potential intellectual property. The Supplier will be obliged to make an immediate payment of the expenses thus made by SARREL to remedy its failure, upon simple presentation of the corresponding supporting documents.

Should the Supplier be unable to satisfy the order, SARREL reserves the possibility of cancelling the order by a dated mean allowing the determination of the date of reception. The Supplier will not be entitled to claim for any financial compensation.

**8.3.** The Supplier will take all necessary measures to deliver conforming Supplies according to the delivery times agreed upon with SARREL in order not to disrupt flows and manufacturing programs.

In case of delivery delays with reference to contractual schedules (in particular, delay in the execution of a delivery schedule, failure to comply with deadlines regarding the call of products,...), SARREL:

- will charge the Supplier, without any prior formal notice, penalties for late delivery. The calculation mode of these penalties will be indicated in SARREL's order, or affectation or selection document or logistics protocol.

- will also be entitled to:
  - have the Supplier pay for additional expenses by SARREL to remedy the Supplier's delays.
  - and obtain financial compensation for all prejudices supported by SARREL because of the said delays (cost regarding stoppage of production chain, additional cost for special transports, labour extra hours, ...).
- will be entitled, taken into account the grave prejudices that may involve such a delay, to execute or have executed by a third party the remaining of the order at the exclusive expense of the Supplier responsible for this delay. This Supplier will possibly allow the use of its means of production and, in particular, the use of its potential intellectual property. The Supplier will be obliged to make an immediate payment of the expenses thus made by SARREL to remedy its failure, upon simple presentation of the corresponding supporting documents.

The Supply will have to remedy as soon as possible the problems recorded between 2 deadlines.

**8.4.** The Supplier is also obliged to supply SARREL with consulting advice.

**8.5.** Generally, the Supplier has an obligation of result, in particular as regards the obligations stated above:

**8.6.** Providing SARREL conforms to its confidentiality obligations and to the Supplier's security rules, SARREL is allowed to carry out or have carried out any inspection directly or indirectly relative to the realization of SARREL's order(s). SARREL will inform the Supplier of this inspection within a time compatible with the efficiency objectives of the inspection(s). Each party will pay the full amount of the costs related to these inspections.

**8.7.** The Supplier commits itself to keep manufacturing and production means of Supplies during 15 years starting from the date of the order, as well as all corresponding information.

## **9. SARREL'S OBLIGATIONS**

As soon as the order conforms with contractual requirements and is capable of fulfilling, in normal conditions of use, the functions and uses that it applies to and is delivered within the appropriate delivery schedules of times, SARREL will proceed with reception and pay the price in due respect of the conditions and time periods stipulated in the order, without prejudice of clause 7.

## **10. SPECIFIC TOOLS**

### **10.1. Tools owned by SARREL or its client.**

a) The ownership of a tool is transferred to SARREL or its client only if a specific tool order has been issued by SARREL on its own account or on the account of its client, fixing purchase price and conditions of payment of the price.

In this case, ownership of tools is transferred to SARREL or its client as this tool is being made.

b) SARREL reserves the right to request from the Supplier a bank guaranty upon first request or any other equivalent guarantee warranting the restitution to SARREL of the amounts it paid to the Supplier during the whole design, manufacturing and validation process regarding tools.

c) As soon as possible, the Supplier will apply on each tool a plate indicated it is the property of SARREL or of its client.

d) **When tools are not used by SARREL** but by a Supplier having authority to use the said tools to produce the Supplies for which the tools were made, SARREL grants the Supplier a personal right of use of the tools exclusively for the manufacture of specific parts for SARREL and its client, object of the orders issued by SARREL.

This right of use is granted for the period of time during which SARREL is ordering products for which tools are necessary, under the following conditions:

- SARREL reserves the possibility to carry out at any time a physical inventory of the tools thus placed at disposal. In the same way, the Supplier will communicate upon first request from SARREL the inventory of all specific tools put at its disposal as well as their geographical situation and their reference number.
- SARREL reserves the rights to take back all or part of the specific tools placed at the disposal of the Supplier, in particular in case of delivery failure and non-conforming products.
- Tools will be used exclusively to perform the orders placed on the account of SARREL. If the Supplier wishes to use the said tools for any other purpose, prior written agreement from SARREL will be required before this can be done.
- The Supplier will inform SARREL of the geographical situation of the tools and of any change that may occur regarding their location. At the end of tool use, the Supplier will follow the indications of SARREL that will order its restitution, storage or destruction. In no case, will the Supplier be allowed to destroy a tool lent by SARREL without its express agreement.
- The Supplier will not be allowed, free of charge or against payment, to sell or sublet the tools placed at its disposal and will not give or let give any rights on these tools.
- When the Supplier is renting the plant where the tools are located and used, it will have to warn the owner of this building that the said tools are and remain the property of SARREL or of its client. In no instance will the owner be allowed to exercise its privilege as a lessor, as ruled under clause 2012 of the Civil Code regarding the said tools.
- Should the tools be remitted by the Supplier to one of its own suppliers or sub-contractors, after prior and express agreement from SARREL, the Supplier commits itself to have the dispositions of the present clause respected by its supplier or sub-contractor. In case of bankruptcy of its supplier or sub-contractor, the Supplier commits itself to inform SARREL immediately to allow SARREL to undertake any action necessary to preserve its rights or its client's rights. If the Supplier did not respect these obligations, and had SARREL lose its rights on tools, the Supplier commits itself to substitute, immediately and at its own cost, these tools in order to allow the continuity of the supply of parts manufactured with these tools to SARREL,

e) Maintenance and repair costs are taken in charge by the Supplier using the tools, including current first level maintenance (cleaning and greasing).

The Supplier which has made the tools and sold them to SARREL or its client, will deal with any manufacturing defect regarding the tools that it is deemed to have delivered to SARREL or its client. The Supplier commits itself to carry out and finance necessary repairs within time limits compatible with production imperatives.

It is also responsible for maintenance (except for current first level maintenance) and for tool repairs.

## **10.2. Tools that are not the property of SARREL or of its client.**

- a) Possible methods of payment by SARREL for the said tools are indicated in the Supply order.
- b) The conditions of use of the said tools by the Supplier (be it tool manufacturer and user or exclusively user of the tool) are the following:
  - Tools will be used exclusively to perform the orders placed on the account of SARREL. If the Supplier wishes to use the said tools for any other purpose, prior written agreement from SARREL will be necessary before this is done.
  - The Supplier will inform SARREL of the geographical situation of the tools and of any change that may occur regarding their implantation.
  - If the tools were remitted by the Supplier to one of its own suppliers or sub-contractors, after prior and express agreement from SARREL, the Supplier commits itself to have the dispositions of this clause respected by this supplier or the sub-contractor. In case of bankruptcy of its supplier or sub-contractor, the Supplier commits itself to inform SARREL immediately to allow SARREL to undertake any action necessary to preserve its rights or its client's rights. If the Supplier did not respect these obligations, the Supplier commits itself to substitute these tools immediately and at its own expense in order to allow the continuity of the supply of parts manufactured with these tools to SARREL.
  - Any project of transfer of tool ownership, be it free of charge or against payment or under any form, immediately compels and in full right the Supplier to present or have presented to SARREL and, in case of a collective procedure, to the competent court of justice, an offer of private sale to the benefit of SARREL that will be entitled, in particular, to substitute any third party of its choice. In the particular case of a legal liquidation, this offer must be presented to the competent court, within the 10 days following the date of the liquidation judgement.

## **10.3. Clauses applicable in all cases**

The Supplier using the tools:

- informs SARREL of any impediment regarding the use of the tools.
- informs SARREL as soon as possible of any incident that may happen while the order is being performed.
- makes it its personal business to deal with any damage to third parties when tooling or because of the tools. SARREL is in no way liable or responsible to the Supplier.
- is to check its expenses and is responsible for the adequate use and continuous adequate operating of the tools.
- is responsible as regards SARREL of any damage occasioned by its fault with reference to the tools, in particular when operating, loading, unloading or handling the said tools.

**10.3.1.** When the Supplier places a tool at the disposal in any place of any of its suppliers or sub-contractors, requesting them to manufacture all or part of the Supplies, the Supplier is and remains the user of this tool as regards SARREL. The contract ruling this disposition is in no way opposable to SARREL.

Any transfer of a tool or modification of its conditions of use must be submitted to prior written agreement by SARREL, which will be entitled to request the Supplier to constitute a stock in advance, at its own expense. SARREL must have knowledge of the precise geographical situation of these tools, be informed in real time about their conditions of use and modification projects, as well as have knowledge of the financial situation of the users of these tools. In this instance, the Supplier is in debt of a reinforced obligation of information towards SARREL, taking into account the strategic character of these tools for SARREL and its client.

**10.3.2.** The Supplier which uses a tool is obliged to take and keep a valid insurance policy covering with a sufficient amount the damages the tools could be subjected to or provoke, the tools themselves having to be covered for their value of replacement.

The Supplier must communicate a copy of the said insurance to SARREL upon first request.

**10.3.3.** SARREL can request the restitution or transfer of a tool to secure its supplies. If the said request is motivated by a termination for failure to operate by the Supplier, end of tool use, a strike or a case of force majeure, SARREL has the full right to demand this restitution or this transfer under a very short period of time, or even immediately.

The non-observance of this essential obligation of restitution of a tool by the Supplier is sanctioned by the inclusive payment of 100.000 Euros (one hundred thousand of Euros) based on a judiciary clause, taken into account the strategic character of production tools for SARREL. This amount will become fully payable in its own right after a lapse of time of 3 clear days following the date of reception by the Supplier of a written and dated means allowing determination of reception date, addressed to the Supplier, requesting the application of this clause. Furthermore, SARREL will be entitled to financial compensation of the prejudices resulting from tool retention by the Supplier.

SARREL will take in charge: expenses and restitution formalities, transfer or return, and, in particular, transport and insurance, unless this request is motivated by the supplier's failure.

**10.3.4.** Tools must be stored in fire protected plants.

## 11. REGLEMENTATION AND PRESCRIPTION

**11.1.** When the Supplier performs its services on the French territory, it must communicate to SARREL all the documents allowing SARREL to check out if it complied with its obligations as regards clauses L.8221-3 and L.8221-5 and following of French Labour Code, and with its obligations in terms of Social Security and Tax Administration for the services performed on the Portuguese territory.

When the Supplier is operating on site, it will have to meet the obligations that are at its charge according to the decree of February 20<sup>th</sup> 1992 fixing hygiene and safety rules applicable to works carried out on site, by an external company in compliance with clause R.4511-1 and following of the French Labour Code for France and in compliance with the provisions of the Labour Code as regards Portugal. The Supplier's members of personnel working on site will have to comply with hygiene and safety rules in force on the industrial site concerned or, if it exists, with the Prevention plan.

**11.2.** Should the Supplier operate on a site situated outside of the French territory, the Supplier will have to conform to the labour legislation in force in such country and to the site internal rules and procedures.

**11.3.** The Supplier, as well as the Supplies it manufactures and/or uses, must comply with laws, rules, regulations, orders, conventions or standards applicable in the country of destination or related manufacturing, labelling, transport, import, export, licensing, approval or certification of goods or services, in particular as regards environment, salaries working hours and conditions of work, selection of sub-contractors, discrimination, health and safety and motor vehicles security.

The Supplier declares that it and/or its suppliers do not use any form of forced or involuntary labour for the supply of the products and services object of the order. At the request of SARREL, or

SARRELIBER, the Supplier will certify by writing that it is respecting the above mentioned provisions. The Supplier must clear SARREL of any liability and indemnify as regards any claim for compensation, request or expense (in particular legal fees and other fees) resulting from the non accordance with such provisions.

The Supplier declares it will respect all obligations regarding laws in force and combating undeclared work.

## **12. RESPONSABILITIES**

In accordance with common law, the Supplier is responsible for damages caused to SARREL or a third party as a result of a defect in the Supply or that would arise in the context of - or because of - contractual obligations provided.

The assistance SARREL may give to the Supplier for the realization of the Supply and/or Services, and the inspections SARREL reserves itself the right to carry on, will not be considered as an approval of Supply and/or Services quality. The Supplier will remain solely responsible on the matter since it is understood that reception by SARREL does not exonerate the Supplier of its contractual liability.

## **13. INSURANCE**

The Supplier commits itself to take insurance at the date of the order at the latest, such insurance policies aiming at guaranteeing SARREL or third parties against prejudices that may arise from its responsibilities as defined in clause 12 of the present general terms and conditions. Consequently, the Supplier will have to justify and communicate to SARREL at the date of the order at the latest and every year at the anniversary date of the order, a valid insurance certificate indicating the nature, duration of warranties and excesses.

## **14. TRANSFER OF PROPERTY, OWNERSHIP AND RISKS**

In case of Supplies to be delivered "Departure from chosen transporter's site available", (incoterm FCA), the transfer of property and risks takes place when the individualized merchandises are available for the transporter, on the loading platform agreed upon. The merchandises are loaded, wedged and stowed by the Supplier.

In case of Supplies to be delivered "rendered at the contractual place of delivery" (incoterms DDU or DDP according to what the parties will have decided concerning Supplies customs clearance), the transfer of property and risks takes place after unloading on the platform agreed upon; it is materialized by the signature by SARREL or for its account of the Supplier's detailed delivery note.

The definition of incoterms "FCA", "DDU" and "DDP" applicable are the last published by the International Chamber of Commerce at the date of the corresponding order or of the delivery note.

## **15. INTUITU PERSONAE**

It is hereby reminded that the order is concluded *intuitu personae* with the Supplier, whether its company is ruled under individual or company form. It is placed because of personal competence of the company director or of its social directors with regards to the date of signature of the order, or their participation to share capital as well as financial, labour and material means available in their company to execute the present order.

Consequently, the order cannot be sold nor transmitted without prior written agreement of SARREL. In failure of this obligation, the order will be cancelled by rights, without prior notice if SARREL deems it appropriate.

In the event of a change of company's legal form, of company director or members of the Board operating on the date of signature of the order, sale of the business undertaking or of one of its elements, management merger or capital contribution or change in social capital affecting the effective control of the company, the Supplier will inform SARREL that will be entitled to cancel the order without any compensation, as long as it respects a prior notice that cannot exceed 10 months.

Furthermore, the Supplier will inform SARREL of any change of persons in the managing team of the company.

## **16. TERMINATION**

### **16.1. Suspension of Supply sourcing object of an open order.**

In case of temporary absence of its Supply needs, whatever the duration of this absence may be, SARREL is entitled, if the said absence is not consecutive to a case of Force Majeure, and providing the respect of Supply quotas possibly agreed upon with the Supplier, to suspend Supply sourcing object of an open order.

When temporary absence of needs from SARREL will last for more than 3 months, SARREL and the Supplier will conjointly determine the procedure to resume deliveries or discontinue production definitely.

### **16.2. Termination due to failure of a supply object of an open order.**

The parties declare they have the constant objective of safeguarding quality and continuing their partnership. Consequently, in case of failure to perform one of their essential contractual obligations, the parties agree to seek an amiable solution on the very short term, before implementing their right to terminate the order because of failing to meet the conditions hereafter.

Failing a quick amiable solution, the complaining party may, subject to any damage and interests at his profit, terminate the order within 30 clear days after the receipt by the other party of a registered letter with acknowledgement of receipt requesting it to meet its obligation that remained ineffective. In case of repeated failure to perform, the deadline of 30 days is brought back to 8 days. The termination itself is the object of a registered letter with acknowledgement of receipt.

Notwithstanding the above, when the failure to perform referred to is the non observance of a prohibition, termination does not necessitate any prior formal notice and can start at the date of reception of its notification.

In any case, the Party that terminates will state in its letter of termination the order(s) that are cancelled and/or the Supply(ies) that will not be sourced anymore because of this termination.

### **16.3. Termination due to failure to perform a closed order:**

Failing a quick amiable solution, the complaining party may, subject to any damage and interests at his profit, terminate the order 15 days after the receipt by the other party of a registered letter with acknowledgement of receipt requesting the performance of its obligation that remained

ineffective. In case of repeated failure to perform, the deadline of 15 days is brought back to 8 days. The termination itself is the object of a registered letter with acknowledgement of receipt.

Notwithstanding the above, when the failure to perform referred to is the non observance of a prohibition, termination does not necessitate prior formal notice and can start at the date of reception of its notification.

#### **16.4. Order performed by a third party**

When SARREL has its order performed by a third party, due to order termination by the Supplier consecutive to its waiver to perform the order(s) in progress in the context of a collective procedure, or non performance of the order by the Supplier, the Supplier is automatically and immediately liable for the cost of a third party, without prejudice for damage and interests that SARREL may claim. This cost and any amount of money possibly due by SARREL to the Supplier will be readily imply compensations, by provision if needed, amounting to their respective quotas according to legal rules applicable.

### **17. FORCE MAJEURE**

In case of an unforeseeable and irresistible external event, the defaulting party will inform the other as soon as possible. Each of the parties will have to take necessary temporary measures and do its best to reduce the consequences of force majeure. Furthermore, should the event of force majeure continue, the order may be terminated by one or the other party if needed, even if temporary measures have been adopted.

### **18. SUBCONTRACTING**

The Supplier must proceed itself with the services to be provided in accordance with its order. In any case, the Supplier is the only body unreservedly liable to SARREL, for the total or partial failure or the defective implementation of the order. Nevertheless, it can use subcontractors on the French territory in the conditions provided for and defined by the modified law 75-1334 of December 31st 1975. Total subcontracting is prohibited. This means automatic transfer of the order refused by SARREL. The Supplier commits itself to obtain, to the subcontractors' benefit, guarantees under clause 14 of the above mentioned French law, or for a Portuguese supplier, a personal joint and several guarantee for the payment of all amounts due by the suppliers to the sub-contractors. It must provide a copy to SARREL.

Furthermore, the Supplier commits itself in its proposal, and then on the day the order is received and while the order is being executed, to present SARREL, before they may proceed with the order the written presentation list of all the subcontractors that it will used to execute the order.

This written presentation list will have to indicate, in particular, the name and address of the head office and of the company concerned, its legal form, the amount of its social capital, the name of its legal representative and the name of the person responsible for the contract, the field of speciality, general fields and intervention procedures, certifications, telephone numbers of each subcontractor and means of payment used to pay them.

In its documents it is addressing to the subcontractors, the Supplier will indicate the corresponding order number of SARREL. The Supplier also commits itself to inform the subcontractors of these general terms and conditions, as well as the obligations between SARREL, and itself, in particular those that are related to industrial and intellectual property.

Once the Supplier's documents have been presented, SARREL, reserves the right to reject all or part of the subcontractors without any necessary motive. The subcontractors that are not presented will be considered as rejected. The acceptance of a subcontractor by SARREL, can only result from an express written mean and save the full acceptance by the said subcontractor of these general conditions.

## **19. INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS**

19.1 SARREL reserves ownership and exclusive use of all industrial and/or intellectual property rights that belong to SARREL and that the Supplier may know of, or use, to perform the order. All use of industrial and intellectual rights belonging to SARREL by the Supplier will have to be the object of prior written agreement by SARREL.

**19.2.** The results of studies, services and/or equipment specifically developed for SARREL or its client by the Supplier will become, in full right, and as they are being carried out, the exclusive property of SARREL that can use them without any restriction, as they stand or after adaptation.

Is designed under the term "studies, services and equipment specifically developed by SARREL" any element exclusively carried out for SARREL.

In particular, the purchase price for property of a tool specifically designed and manufactured by SARREL or its client, means inclusive transfer of corresponding intellectual property rights to SARREL or its client.

As regards the present article 19.2. and unless provided otherwise and duly accepted by SARREL and the Supplier:

- Patent deposits regarding inventions that may be achieved with regards to the order will be made by SARREL on its own account and at its expenses.
- The Supplier transfers to SARREL exclusively the creation rights that may be protected by author's rights, in particular plans, designs, diagrams, graphics as well as software developed on its own account to execute the order and, in particular, reproduction, representation, commercialisation and adaptation rights, for the duration of these rights, without any limitation of extent or destination. Consequently, the Supplier will not keep any exploitation rights on the said works.

The Supplier forbids itself in this case to deposit any title of industrial and/or intellectual property concerning prototypes or prototype elements or any other element or information that SARREL could place at its disposal.

**19.3.** As regards studies, services and equipment adapted to SARREL's or its client's needs, the Supplier will grant SARREL, free of charge, and with faculty of transferring this right to any subsidiary and commercial partners, the non-exclusive and irrevocable right of reproducing, adapting and using plans, graphics, drawings and more generally any technology that it will have communicated or elaborated with relation to the order for the use, maintenance or evolution of the order and, more generally, for SARREL's commercial activities.

The Supplier grants, free of charge, an operating licence having the same field of application as in the above mentioned clause, regarding its existing software that is integrated in the order as it stands or after adaptation.

Unless prior express agreement, patent deposits regarding inventions possibly achieved to execute the order and relative to studies, services and/or equipment adapted to SARREL's needs will be done in the name of and at the expense of the Supplier

**19.4.** The Supplier commits itself not to enforce its industrial and/or intellectual rights that would be necessary to operate the results of each specific study by SARREL.

In addition, the Supplier grants, without any extra cost, an operating licence to use, maintain or develop the object of the order with regards to its existing software that is integrated in the order, as it stands or after adaptation.

**19.5.** The Supplier guarantees SARREL against any action that may be commenced against it by third parties, founded on industrial or intellectual rights or any other legal causes regarding Supplies, materials, means and/or products used by the Supplier in its services to SARREL, in particular on the basis of patents, drawings, models and trade marks. It is the Supplier's responsibility, where appropriate to obtain from the owners of the above mentioned rights the necessary sales, licences or authorizations and to support the cost of rights, royalties or related indemnities, or to modify services, at its own expense in order to allow their free operation by SARREL. In case of request by a third party, be it founded or not, the Supplier will have to reimburse SARREL for all expenses made, including for its defence.

## **20. USE OF DOCUMENTS - CONFIDENTIALITY**

**20.1.** The Supplier commit itself to treat as strictly confidential and not to disclose or let disclose or communicate to anyone, by any mean, the documents, data, know-how, prototypes, information, tools, software (globally called hereafter "Information") transmitted by SARREL or that it could be aware of due to its commercial or contractual relationships with SARREL.

The Supplier will take any necessary measures to preserve information confidentiality. In this context, the Supplier commits itself, in particular, to communicate information only to the members of its staff having to be aware of this information for the proper implementation of the order.

Furthermore, the Supplier commits itself to take all dispositions to ensure that members of its staff concerned and its possible subcontractors are respecting confidentiality and takes this responsibility.

**20.2.** Confidentiality will be maintained as long as information is not in the public domain and for a minimum of 5 years.

**20.3.** Commercial relationships with SARREL cannot give place in any case to direct or indirect advertising, without prior and written agreement from SARREL.

## **21. LAW APPLICABLE / COURT OF JURIDICTON**

The relationships between SARREL and its Supplier are submitted to:

- French internal law, excluding international conventions, when the contract concerned is concluded with SARREL Company under French Law. Under these circumstances, any dispute between the parties relative to the present General Terms and Conditions and/or of any convention related to the said General Terms and Conditions herein, will be submitted to the exclusive competence of the Commercial Court of Paris France, even in case of multiple courts of law or parties, guarantee calls or emergency proceedings.

- Portuguese internal law, excluding international conventions, when the contract concerned is concluded with SARRELIBER under Portuguese Law. Under these circumstances, any dispute between the parties relative to the present General Terms and Conditions and/or of any convention related to the said General Terms and Conditions herein, will be submitted to the exclusive competence of the Commercial Court of Lisbon Portugal, even in case of multiple courts of law or parties, guarantee calls or emergency proceedings.

**21.2.** Any dispute between the parties relative to the interpretation and the performance of the present General Terms and Conditions of Purchase and/or of any convention related to the said General Terms and Conditions of Purchase herein, is submitted to the exclusive competence of the Commercial Court of Paris France, even in case of multiple courts of law or parties, guarantee calls or emergency proceedings.

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