



SARREL
Simplified Stock Company Under French Law
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GENERAL CONDITIONS

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1. PREAMBLE

The present general conditions fully apply and prevail over any other general conditions of purchase or any other document originating from the CLIENT, whatever their terms may be. Any Selection Document, letter of intention, letter of approval or letter of affectation, first order or equivalent document addressed to SARREL (Simplified Stock Company Under French Law, Head Office situated in Marolles-les-Braults, RCS (Companies Register) Le Mans 059 500 504) and its subsidiaries (« SARREL ») imply, unreservedly, the acceptance of its prices and/or tickets and of the present general conditions. Any other provision in contradiction with the present ones will only be taken into account if expressly approved in writing by SARREL before the date of formation of the present Contract. Should any provision of this Contract be declared null by 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 of the General Conditions herein or of not requiring the execution of any of the provisions of this agreement relative to such General Conditions will not be considered in any case as a modification of this Contract nor as an express or tacit waiver of the right to exercise such prerogative in future nor of the right to demand the full exercise of any of the commitments included herein.

2. GENERALITIES

2.1. Glossary

- **Capacity Per Month:** number of parts (Good and Raw Defect) that can be produced in standard operating conditions, month-on-month except for annual shut-downs, implementing the capacity of the support treatments bought by the CLIENT with a sufficient supply of Raw Parts and components by the CLIENT. The theoretical Monthly Capacity will be communicated by SARREL's Commercial Department with the price offer.
- **Client:** Professional client of the same trade area as SARREL or with a different area but in direct relation to the Services provided.
- **Order:** Open Order or Closed Order.
- **Closed Order:** firm order as regards quantity and delivery times that cannot be subject to any modification.
- **Open Order:** firm order but which does not include quantities to be delivered, these quantities being set out in schedules, delivery programmes, part or product calls, or delivery orders, separate and distinct from the Open Order itself.
- **Contract:** formal or informal agreement between SARREL and the CLIENT on the terms of execution for the Service provision. This agreement is final and binding for SARREL and the CLIENT, according to the provisions of the general conditions herein. It often results from the written acknowledgement of receipt by SARREL of the Selection Document or of a Client Order.
- **Raw Defect ("RD"):** Chrome-plated parts but with one or several defects due to part injection (burr, silvering, shrinkage cavities, etc.).
- **Selection Document:** any document of selection, letter of intention, letter of acceptance or assignment, first order, addressed by the CLIENT to SARREL concerning the selection of SARREL as to provide Services on an industrial project.
- **Raw Parts:** plastic parts injected by SARREL or under its responsibility, according to CLIENT specifications or Raw Parts.
- **Good Parts:** Parts chrome-plated by SARREL and controlled as compliant.
- **Services:** Services of electroplating, global injection moulding followed by electroplating, studies, consulting and other Services that SARREL may provide to Clients.
- **Discontinued Production:** production that does not occur every month is considered as discontinued.
- **Program :** Firm program or provisional program
- **Firm Program:** program for which delivery times and quantities cannot be modified as referring to an Open Order.

- **Provisional Program:** Program for which delivery times and quantities can be modified. The one month provisional program commits the issuer to purchase the parts concerned. In case of long lead times of supply (specific components, materials, etc.) the provisional program is committing. The provisional program allows SARREL to anticipate the needs of the CLIENT.
- **Logistic Protocol:** document describing the logistic procedures agreed upon between SARREL and the CLIENT.
- **Waste:** Chrome-plated parts controlled as bad in reason of the chroming process by SARREL. A calendar year contract rate of waste is previously defined by the CLIENT.

2.2. Field of Application

The general conditions herein apply to Services SARREL may provide to the CLIENT.

All of Services provided by SARREL are processing (tolling) Services provided at the request of the CLIENT and responding by nature to the jurisdictional qualification of a contract of Services.

2.3. Formation of the Contract

The Selection Document transmitted by the CLIENT to SARREL is considered as an acceptance, pure and simple, with commitment to place an order relative to the last offer transmitted to the CLIENT by SARREL according to the general conditions herein.

Nevertheless, the Contract will not be fully valid until written acknowledgment of receipt by SARREL of the Selection Document or of any other equivalent document sent by the CLIENT to SARREL. Should there be no written acknowledgment of receipt from SARREL, the date of the beginning of the performance or operational implementation by SARREL will be considered as the date of Formation of the Contract to which the general conditions herein will apply. Any modification or withdrawal made by the CLIENT starting from the date of Formation of the Contract will only be taken into account if this modification is deemed reasonable and has been accepted by SARREL in writing.

2.4. Hierarchical Order of the Documents

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

1. Acknowledgement of receipt by SARREL of the Selection Document
2. Particular conditions duly accepted by SARREL and the CLIENT
3. The General Conditions herein
4. Logistics Protocol
5. Open Order or Closed Order
6. Selection Document
7. Purchase conditions of the CLIENT
8. General and Technical Specifications

2.5. Delivery

- a) Unless particularly specified otherwise, the Delivery of Services will be carried out at THE PLANT (EXW Incoterms CCI 2010) in the factories, warehouses, workshops or in the offices of SARREL. Delivery will be carried out through direct provision of the results of the Services, either to the CLIENT or to the transporter it will have chosen or, failing that, to the transporter chosen by SARREL. Should there be an absence of instruction on the destination or should SARREL not be capable of delivering for any independent cause, Delivery will be considered as done by a simple advice of availability, the results of the Services being then stored, with invoiced storage costs, at the expense and risk of the CLIENT
- b) Unless particularly agreed otherwise, delivery times start from the date of reception of Orders or Programs sent to SARREL and at the earliest from the date all documents, equipment and details

of execution have been supplied by the CLIENT, the CLIENT having also fulfilled the preconditions at its charge. When Services correspond to operations to be carried out on Raw Parts, delivery times start from the reception of Raw Parts, packages and components supplied in a quantity closest to the multiple amount of quantity per bar.

Any modification of the Order, of documents, materials and execution details, or of the technical specification during the execution of the Contract will imply a revision of delivery times. Furthermore, delivery times will be extended at the request of SARREL or of the CLIENT for any cause independent from their own will and having placed the party asking for the said extension of dead lines in the incapacity of fulfilling its obligations. In this instance, a delay in the delivery dates will not imply, under any circumstances, the award of any damages, or cancellation of the Contract and/or any of the Orders.

2.6. Conformity

Any claim on non-compliance from the CLIENT must be notified to SARREL within a maximum period of 30 days starting from the delivery date by any mean, written and dated, allowing to determine the date of receipt by SARREL and be accompanied by factual elements supporting the said non-compliance, for instance:

- Photo(s)
- Control reports indicating the type of product, its reference, its batch number, the completion date and delivery date, the completion site, the reception site, the delivery site.
- A report indicating in which circumstances the non-compliance was recorded.
- Contract technical specifications SARREL is presumed not to have respected.

Once this 30 day period has expired, no claim is receivable and the delivery is considered as compliant and accepted by the CLIENT.

SARREL will be given the necessary time to carry out, at its own cost, the necessary inspections and controls on site and with the experts it will have chosen if deemed appropriate.

SARREL will decide together with the CLIENT of the appropriate measures and actions to be carried out. Sorting Services can only be decided upon with the prior and express agreement of SARREL that will have to give its agreement on the choice of the contractor responsible for the sorting Services, on the arrangements relative to sorting Services (references concerned, where sorting Services will take place and for how long) and on the cost of the said Services.

Should the products be returned by the CLIENT, and this return accepted by SARREL, these products will have to be returned clean, in a good state and in a well adapted and protective package, in the absence of which SARREL may invoice the CLIENT for cleaning costs and/or compensation for the depreciation of the said products.

In any case, the CLIENT will not proceed with the refusal or the return of the merchandise and will not deduct from the amount invoiced by SARREL any penalties or rebates related to non-compliance, before SARREL is in a position to verify the accuracy of the relevant complaint.

2.7. Capacities

When issuing the Selection Document and/or an Order:

- The CLIENT is accepting, with regards to SARREL, an obligation of vigilance and anticipation as regards the production capacities of SARREL, in its own interest as well as in SARREL's.
- The CLIENT is duly informed and accepts in advance the following:

- The theoretical monthly capacity communicated by SARREL's Commercial Department with the price offer cannot be implemented immediately in so far as some period of time must be allowed to SARREL for the technical start-up of production (a minimum of 72 hours and more depending on the work load) regarding Discontinued Productions (including occasional productions and productions discontinued because of insufficient supply, etc.)
- Except for specific conditions agreed upon otherwise, the minimum quantity required for production start-up is of 3 bars.
- Except for specific conditions agreed upon otherwise, delivery schedules over a period of time of more than 3 months only give a trend and are not considered as firm programs and consequently cannot imply a reservation of means or capacities.
- The capacity of means implemented and the capacity of SARREL production sites are limited and are not, unless expressly provided otherwise, entirely dedicated to the CLIENT. Consequently, SARREL cannot warranty immediate availability of means and capacities but commits itself to do its best to supply the CLIENT as fast as possible as regards capacities and means requested.
- In any case, any variation of production volumes asked for by the CLIENT must be requested to SARREL in a reasonable period of notice allowing SARREL to do its very best to answer favourably.

Generally speaking, the CLIENT commits itself to notify the date of the end of series life of the parts to SARREL as soon as this date has been fixed.

When placing an order with SARREL, the CLIENT commits itself not to abruptly or even partially break a commercial relationship established with SARREL, without any prior written notice taking into account the duration of such a commercial relationship.

2.8. Prices

a) Unless agree otherwise prices are per unit prices, excluding duties and taxes, AT THE FACTORY (EXW Incoterms CCI 2010), the results of Services being delivered in the condition specified in the Contract.

b) According to the agreement expressly provided for in the Contract, prices:

- are defined for the period of time and/or the volume and/or the capacity agreed upon.
- can be revised according to appropriate formulas, taking into account the fluctuations of in raw material prices, the cost of energy, the rate of pay, the inflation rates, the amount of duties and fiscal, custom or financial taxes, the exchange rates, costs associated to the order, and technical and financial constraints arising between the date of the Contract and the date(s) of contractual deliveries, failing other application dates provided for in the Contract.

c) SARREL and the CLIENT agree to meet as soon as possible upon request of one of the parties should an exceptional evolution of the general economic situation occurs (in particular as regards, the increase of the price of the raw materials and/or the costs of production), upsetting the economic relationships between SARREL and the CLIENT at such a level that it would be highly detrimental to SARREL in the performance of its Contract obligations.

The parties agree to then renegotiate an increase of the financial conditions of the orders in progress, in a spirit of collaboration and equity aiming at repositioning themselves in a situation of balance comparable to the one that existed prior to the exceptional evolution of the economic situation.

The orders in progress are those bearing a date posterior to the date of the beginning of the exceptional economic hardship.

2.9. Payment

Unless mentioned otherwise on invoices, invoices will be payable in Euros, by making a bank transfer in to the bank specified by SARREL, at its administrative headquarters situated 38 rue Paul Chevalier – 72260 Marolles Les Braults – France, within 30 days of the end of the accounting month.

Any payment made after this term will involve in its own right the application of late penalty fees on the sums remaining to be paid, this penalty being equal to the rate of the European Central Bank on refinancing operations, increased by 10 basis points and calculated by indivisible periods of 15 days starting from the first day of non payment. There will be no debt compensation, even in case of liquid payable credits, without SARREL's prior written and express agreement. Compensation for recovery costs due to the creditor in addition of penalties for late payment will be a lump sum of 40 Euros.

2.10. Guaranty/Liability

SARREL warrants the CLIENT Services will comply with contractual specifications and descriptive documents, and will be performed according to current best practice.

SARREL warrants the CLIENT against any complaint, whatever their author may be, regarding intellectual rights of the Services included in this Contract. The implementation of this warranty is subject to the CLIENT informing SARREL quickly of the existence of such an allegation and communicating to SARREL all necessary pertaining information. It is also subject to the CLIENT's delegation of authority to SARREL in order for SARREL to be in a position to conduct the defence and any other negotiation aiming at a transaction. SARREL will not assume any of the above mentioned obligations if the allegations are relative to the use of the results of the Services under different conditions than the ones stated in the Contract.

The CLIENT will not be entitled to obtain SARREL's liability unless proving a fault. The action for damages will have to be started as soon as possible after the prejudicial event occurred. SARREL's will not be held liable in case of force majeure.

In addition, the warranty and liability relative to Services are expressly limited to the conditions under point 3.2. below regarding the supply of engineering, consulting and other Services and under point 4.4. below regarding the supply of electroplating and injection moulding followed by electroplating, excluding any compensation for any reason and, in particular, for loss and damages of any nature (indirect damages, loss of earnings, reputation injury, etc.).

SARREL's liability is always expressly limited to direct damages, caused only by the Services under the responsibility of SARREL.

2.11. Property

The CLIENT is not entitled to any property of any mean, any invention born or developed, any method or know-how developed by SARREL while performing the Contract with regards to any manufacturing study, any design document or any original modification of the specification(s) performed by SARREL, but only to a non-exclusive right of use after full payment of the Services.

The CLIENT shall not communicate to a third party, nor publish or even reproduce, even free of charge, the whole or any of these engineering studies, Services, inventions, methods, know-how, modifications, without prior and express agreement from SARREL. The rights given to the CLIENT are not be transferred to a third party for any period of time without prior and written agreement by SARREL.

2.12. Law Applicable / Competent Court

Any question relative to the general conditions herein, as well as to those related to the Contract they govern, that would not be submitted to any contractual provisions, will be submitted to French internal law, excluding international conventions. Any dispute relative to the present general conditions, and to those related to the Contract they govern, will be submitted to the exclusive competence of the Commercial Court of Paris (France), even in case of multiple courts of law or parties, warranty calls or emergency proceedings.

2.13. Confidentiality

The CLIENT will consider as strictly confidential and commits itself not to communicate nor use for non contractual purposes any of the information transmitted by SARREL before or after the Formation of the Contract. Documents hence handed over by SARREL remain its entire property and will have to be handed back upon simple request.

3. ENGINEERING, CONSULTING AND OTHER SERVICES PROVIDED BY SARREL

3.1. Reception of Engineering and Other Intellectual Services

In the absence of any particular agreement, the CLIENT is given 30 days starting from the effective date of delivery to make sure Services do conform to contractual specifications. Once this period over, the CLIENT will be considered as having given its agreement and the reception considered as done in its own right. The defects the CLIENT may not have notified in the forms and within the time limits agreed upon will be dealt with as part of the Warranty. Should the CLIENT refuse to give its agreement, it will have to notify immediately and in writing its observations and reserves to SARREL that will be given 30 days to accept the request of the CLIENT and make the necessary changes or to justify its refusal to accept the CLIENT's request. In this case, reception will be considered as completed at the date of notification by the CLIENT of its observations and reserves. If the Service was divided in batches, the above mentioned procedure will be carried out batch per batch.

3.2. Liability Relative to Engineering, Consulting and Other Services Provided by SARREL

As provided in the above mentioned clause 2.10, SARREL will not be considered as liable in any case for any damage resulting from conditions of use different from those defined in the Contract

Should the responsibility of SARREL be implied, the amount for which it is responsible will not exceed the price effectively received by SARREL as regards the Services in question. The CLIENT will do its best to minimize damages, in its own interest as well as in SARREL's.

4. INJECTION MOULDING, INJECTION MOULDING FOLLOWED BY ELECTROPLATING, ELECTROPLATING AND PAINTINGS SERVICES

4.1. Tooling and Means of Control

4.1.1. Supports

a) The Part Supports are designed and made by SARREL according to its industrial processes and to the Services ordered.

The Supports are the object of a specific order from the CLIENT. The costs of design, realization and manufacturing of these Supports are invoiced to the CLIENT by SARREL before production start-up.

b) Propriety of the said supports is transferred to the CLIENT as soon as they have been paid for (Upon receipt by SARREL of all amounts due as regards supports). Payment involves paying the price, the cost of purchase expenses and any potential interests.

The expenses relative to replacement or restoration following wear of the said supports are passed on the CLIENT at the Services unit price. In this respect, the Contract will necessarily last as long as the minimum period necessary for the payment of this replacement or restoration following wear of the said supports, amortized through the unit price of Services.

c) Unless expressly provided otherwise between the parties, SARREL will never sell intellectual property relative to Supports and will always consequently be the owner of intellectual propriety rights regarding the said Supports that it developed, designed, realized and manufactured itself.

The CLIENT only acquires the exclusive right of use of the Supports, limited to the Parts ordered from SARREL and to the Services provided by SARREL.

In this respect, SARREL will not communicate to the CLIENT any Support design, dimensions or nature of coating.

Supports are stored at SARREL's or at SARREL's subcontractor's after the Order has been carried out. The CLIENT will be entitled to take possession of the said Supports only upon SARREL's written agreement on the conditions of use of its intellectual property or of the one of its subcontractor and after payment of all invoices due for any reason.

The selling price of intellectual property relative to a Support cannot be inferior to 30% of the purchasing price of the said Support paid before production start-up.

d) If they remain stored at SARREL's, Supports are kept free of charge for a maximum period of 3 years after the last Services involving these Supports have been performed.

After this deadline, if the CLIENT did not request their restitution nor come to an agreement with SARREL regarding extended storage, SARREL will be entitled to destroy Supports after formal registered notice with acknowledgement of receipt that remained ineffective after a deadline of 3 months.

4.1.2. Masks, Means of Control, Painting and Assembly, Prototypes

a) When asked by the CLIENT to realize masks, means of control, prototypes, SARREL will perform these Services in accordance with the CLIENT, according to the requirements of its industrial processes and to the Services ordered.

The masks, means of control, prototypes are the object of a specific order by the CLIENT. Moulds design, realization and manufacturing costs are invoiced to the CLIENT by SARREL before production start-up.

b) Property of the said masks, means of control, prototypes is transferred to the CLIENT upon full payment by the CLIENT of the said Services (receipt by SARREL of all amounts due regarding Supports). Payment involves paying the price of the Services, the cost of sale expenses with any potential interests.

c) When masks, means of control and prototypes are communicated by or in the name of the CLIENT to SARREL, a Contract of assignment, free of charge, is duly signed between SARREL and the CLIENT or its representative. They must be delivered free of charge on the site chosen by SARREL.

In this case, masks, means of control and prototypes must be marked distinctively, with assembly or usage markers.

The CLIENT will be responsible for the perfect accordance of the said masks, means of control and prototypes with its plans and technical specifications.

If SARREL deems it necessary to do some modifications for the proper implementation of the Services, pending expenses will be at the exclusive charge of the CLIENT after its prior and express agreement.

d) Generally and except for prior written agreement between the CLIENT and itself, SARREL does not guaranty the length of life of masks, means of control and prototypes.

4.1.3. Moulds

a) When requested by the CLIENT to make moulds, SARREL will provide this Service in agreement with the CLIENT and in accordance with the requirements of its own industrial processes and the Services ordered.

Moulds will be the object of a specific invoicing of the CLIENT. Moulds design, realization and manufacture will be invoiced to the CLIENT by SARREL before production start-up.

b) Mould propriety will be transferred to the CLIENT upon full payment by the CLIENT of the said Services (receipt by SARREL of all amounts due regarding supports). Payment involves paying the price of the Services, the cost of sale expenses and any potential interests.

c) Unless expressly provided otherwise between the parties, SARREL will never sell intellectual property relative to Moulds and consequently always remains the owner of intellectual propriety rights regarding the said Moulds that it developed, designed, realized and manufactured itself.

The CLIENT only acquires the exclusive right of use of the Moulds, limited to the Parts ordered from SARREL and to the Services provided by ordered from SARREL.

In this respect, and unless specified otherwise, SARREL will not communicate to the CLIENT any Mould design, dimensions or nature of coating.

Moulds are stored at SARREL's or at SARREL's subcontractor's after the Order has been carried out. The CLIENT will be entitled to take possession of the said Moulds only upon SARREL's written agreement on the conditions of use of its intellectual property or of the one of its subcontractor and after payment of all invoices due for any reason.

The selling price of intellectual property relative to a Mould cannot be inferior to 30% of the purchasing price of the said Support paid before production start-up.

d) If they remain stored at SARREL's, Moulds are kept free of charge for a maximum period of 3 years after the last Services involving these Moulds have been performed.

After this deadline, if the CLIENT did not request their restitution nor come to an agreement with SARREL regarding extended storage, SARREL will be entitled to destroy Moulds after formal registered notice with acknowledgement of receipt that remained ineffective after a deadline of 3 months.

e) When Moulds are communicated by or in the name of the CLIENT to SARREL, a Contract of assignment, free of charge, is duly signed between SARREL and the CLIENT or its representative. They must be delivered free of charge on the site chosen by SARREL.

In this case, moulds must be marked distinctively, with assembly or usage markers.

The CLIENT will be responsible for the perfect accordance of the said moulds with its plans and technical specifications.

If SARREL deems it necessary to do some modifications for the proper implementation of the Services, pending expenses will be at the exclusive charge of the CLIENT after its prior and express agreement.

f) Generally and except for prior written agreement between the CLIENT and itself, SARREL does not guaranty the length of life of moulds.

g) Maintenance and repair expenses regarding moulds are taken in charge:

- by the CLIENT or its representative as regards moulds communicated by the CLIENT or in its name, SARREL taking only in charge first level current maintenance (cleaning and greasing),

- by SARREL or its subcontractor as regards moulds realized by SARREL and invoiced to the CLIENT until the end of mould warranty stated by SARREL in its offer.

The costs relative to Moulds replacement and/or restoration following wear are taken in charge by the CLIENT according to what was agreed with it.

- Either through the price of Services per unit.
In this respect, the Contract will necessarily last as long as the minimum period necessary for the payment of this replacement or restoration following wear of the said moulds, amortized through the unit price of Services.
- Or on the basis of a specific invoice by SARREL.

4.2. Packages

Unless agreed otherwise between SARREL and the CLIENT, boxes, bins, frames, crates, pallets and any other permanent equipment that belongs to SARREL, must be returned in a clean and good state by the CLIENT, at its charge, during the 15 days following their receipt by the CLIENT, failing which they will be invoiced to the CLIENT by SARREL.

When the equipment belongs to the CLIENT, it must be kept at the disposal of SARREL during a period of time compatible with its manufacturing and delivery imperatives and according to the following conditions:

- If packages used for chrome-plated parts are different from Raw Part packages, the CLIENT then commits itself to supply to SARREL the components necessary for product packaging (plastic bags, packaging foam, crates, cardboard boxes, pallets, etc.) The said components will have to be indicated on the delivery note with appropriate SARREL part codes.
- Packages and components delivered must be identified according to GALIA standard (or any other automotive standard).
- Packages delivered will be sorted out in accordance with the nomenclature (e.g. plastic bins and crates). They must not be mixed up.
- Packages must be clean, dry, with their old labels removed and in good state. If one of these conditions was not respected, SARREL reserves the right to refuse reception.
- For fire prevention sake, expanded polystyrene packages are forbidden. Non-openwork crates or containers will have to be covered.
- Palletizing: should a special palletizing be requested, a palletizing range will have to be defined and validated by the two parties.

4.3. Control and Reception

a) In the case of there being no Specifications nor specific monitoring plan concerning controls and tests to be carried out as regards Services and associated products or accessories, SARREL will ONLY carry out controls provided for by standards and certifications SARREL is submitted to at the date of the said controls.

b) In cases where a reception is required, its scope and conditions will have to be established at the Formation of the Contract, at the latest. Unless provided otherwise in the Contract and/or in application of standards and certifications applicable, reception will take place at SARREL's, at the CLIENT's expense, at the latest during the week following the notice of availability for delivery or any equivalent document addressed by SARREL to the CLIENT or to the body in charge of this reception. In the case of

shortcoming on the part of the client or the organisation in charge of control, Services or associated product(s) or accessories will be stored by SARREL, at the expense and risk of the CLIENT.

4.4. Conformity

a) Services or associated products will be presumed in full compliance and be accepted as such by the CLIENT on the day of the set up of the subset integrating Services or associated product(s) or accessories relative to the final product, or part of it, or a subset of it, providing the CLIENT did not formulate beforehand any reservation with respect to their compliance. In this context, any contest relative to the compliance of the product will be considered as merely and simply inadmissible and be rejected by SARREL.

b) Waste: Waste is expressed in percentage and corresponds to a volume of parts treated but that failed because of development constraints and specificities, continuous treatment, quality controls and improvement processes. Waste announced by SARREL in its offer is paid by the CLIENT, in accordance with common practice and with the conditions of the Contract.

Waste doesn't include parts that failed for external causes, and in particular when the origin of the failure is Raw Material or a Raw Part supplied by the CLIENT or when treatment is not adapted to the usage determined by the CLIENT.

Should the yearly average waste be superior to the waste indicated in the Contract, SARREL may provide the CLIENT with a credit note equal to the amount, all taxes excluded, of the cost price of the Raw Parts delivered by the CLIENT. The value, all taxes excluded, of the cost price of Raw Parts delivered by the CLIENT will have to be communicated to SARREL at the date of Formation of the Contract, at the latest. Otherwise, this value will be fixed by SARREL. In the event of a dispute, this value will be verified and possibility modified by a college of 3 technical experts, each of the parties designing its own expert, these 2 experts thus nominated nominating in turn a third expert. The cost of expert advice will be shared in half between the parties.

c) Raw Defects: Raw Defects are always invoiced to the CLIENT in accordance with the Contract and SARREL will not incur any liability through this.

SARREL will also be in a position to invoice the CLIENT of a lump sum aiming at compensating its prejudice because of Raw Defects found.

If the CLIENT demands to carry on with treatment operations despite a notification of Raw Defects superior to 20%, it is duly informed that control procedures before delivery will be disturbed and SARREL will not be able to warranty the absence of Raw Defects amongst the parts delivered. Possible costs of sorting out will be at the full charge (100%) of the CLIENT in this case.

4.5. Warranty

Under clause 2.10 mentioned above:

a) Unless expressly agreed otherwise, Services and associated products or accessories (excluding parts, products, wear materials supplied by or at the request of the CLIENT) are **warranted** against any hidden manufacturing defects or any undetectable material defects on delivery or assembly for a time period expiring 24 months after delivery date - the warranty being limited to a mileage (in km) of 100.000 km for motor vehicles in normal conditions of use, or for a time period expiring 24 months after the billing date for Services and associated products or accessories as regards "spare" also limited to a mileage (in km) of 100.000 km for motor vehicles in normal conditions of use.

When they bear a mark that allows for determination of the month and year of production, only Services and associated products or accessories with a mark date that does not exceed 48 months will be covered by the present warranty.

- b) In the case of a dispute by the CLIENT concerning Services, SARREL reserves the right of examining the presumed defects on site or to have them examined by a commission of technical experts composed of an equal number of representatives of the CLIENT and SARREL. Services are deemed defective if it is proved that the presumed defects were not detectable on delivery or assembly, and, in case of reproduction of the defect in laboratory, unless express and written agreement of SARREL.
- c) The warranty by SARREL is expressly limited to crediting the CLIENT of the value of the Services proved to be defective.

The warranty applies and is always expressly limited to the Services and/or products provided by SARREL and does not extend to nor ever covers parts and products that accompany, complete, integrate or incorporate the Services and/or associated products or accessories.

- d) Under penalty of definitive cancellation of the warranty right defined above, the CLIENT is obliged to give notice to SARREL of any lack of conformity as soon as it is discovered and to explicitly ask for reimbursement in a maximum period of time of 15 days starting from the date of the discovery.

After the expiry of these time limits, no claim will be accepted. Any correction, return or repair performed by the CLIENT without the agreement of SARREL upon its principle and its cost, will lead to the cancellation of the warranty right.

- e) Unless contrarily agreed upon by the parties, **warranty does not extend in any case to:**
- sorting costs
 - withdrawal from circulation
 - damages caused by abnormal conditions of use, deficient maintenance, or an application that was not planned originally or is contrary to the precautions of use notified to the CLIENT, inadequate storage or faulty assembly,
 - damages caused by the default of a product or a part supplied by SARREL induced by other neighboring components or components to which it has been associated with by - or at the request of - the CLIENT.

A sorting procedure cannot be initiated without express and prior agreement by SARREL under penalty of definitive cancellation of the warranty.

4.6. Liability

Under clause 2.10 mentioned above, SARREL cannot be held responsible in any case of any damage resulting from the use of the results of its Services and associated products or accessories in conditions of use different from those defined in the Contract. Should SARREL's responsibility be proved, the amounts of money at its charge cannot exceed 5% per annum of the yearly turn over, all taxes excluded, achieved by SARREL with the CLIENT regarding the Services referred to. The CLIENT will do its best to minimize damages, in its own interest as well as in SARREL's.
