

Applicable from the 1st of January 2013

DELFINGEN GENERAL CONDITIONS OF SALE

PRELIMINARY ARTICLE – DEFINITIONS: The word "Supplier" refers to the companies of DELFINGEN group, namely SA DELFINGEN Industry and its various subsidiaries located in several countries. The word "Customer" refers to the clients who place orders for products or accessory services with the Supplier. The expression "Parties" refers both to the Supplier and the Customer. The words "Parts or Products" mean any product manufactured and/or sold by the Supplier. The word "Order" means any order issued by the Customer. This word covers all orders, opened or closed, entailing one or several deliveries.

1 GENERAL PROVISIONS: 1.1. The presented general conditions of sale, hereinafter called the GCS, define the rights and obligations of the Supplier and the Customer with regard to contracts for the supply of parts, and services that the Supplier may have to provide for the Customer, said contracts possibly being sales contracts or job contracts. Once they have been brought to the knowledge of the Customer, the present GCS supersede any preceding versions. Placing an order entails acceptance of the present GCS by the Customer notwithstanding any provision to the contrary formulated by the latter at whatsoever date and in whatsoever form. **1.2.** The present GCS accordingly constitute the legal basis for these contracts as regards all those provisions that have not been covered by particular agreements in writing. **1.3.** They shall prevail over any provision to the contrary expressed in any way whatsoever by the Customer, if the Supplier has not accepted this in writing. **1.4.** The GCS, supplemented where applicable by the "purchase requirements" submitted by the Customer, by the commercial proposal submitted by the Supplier and by the "particular conditions of sale" negotiated between the Parties, constitute the "contractual documents" expressing the entirety of the agreement between the Parties, any other document being excluded from the contractual scope.

2 TENDER AND ORDER: 2.1. The Customer's invitation to tender shall be accompanied by purchase requirements. **2.2.** The Supplier's tender shall be considered firm only if it includes a period of validity. Cumulatively, any change made by the Customer to the purchase requirements or to the specimen parts which may be submitted to him by the Supplier shall also be accompanied by a period of validity to be considered firm. **2.3.** The Supplier can only be committed by the conditions of his explicit acceptance of the firm, definitive order of the Customer, by letter or any other means of communication generating a document. A standing order, taking the form of calls for periodic deliveries or deliveries at given times, can be concluded only for a limited period agreed between the Supplier and the Customer. **2.4.** The Customer recognizes that the customary production lead time for the Supplier is 14 days from sending the acknowledgement of receipt. This lead time shall apply unless otherwise specified in the particular conditions, in particular by the indication of another lead time. **2.5.** In the event of cancellation or stoppage of all or part of a definitive order by the Customer, the latter shall pay the Supplier in the following circumstances: 1. The ordered products which have already been manufactured by the Supplier on the day of cancellation or stoppage of the order shall be packed and shipped to the Customer, who shall pay the price for them.; 2. For those materials and supplies that have been ordered and paid for by the Supplier in order to honour the order, the Customer shall repay their total cost to the Supplier (including overheads) plus a 15% penalty calculated on that cost; 3. The Customer agrees to compensate any direct or indirect damage sustained by the Supplier.

3 SPECIFIC TOOLING, MOULDS AND EQUIPMENT: 3.1. When he is assigned responsibility by the Customer for producing "tooling" or having it produced, the Supplier shall perform this work or have it performed. Unless otherwise agreed between the Parties, the cost of production, and the expenses for replacement or reconditioning after wear, shall be paid to him separately from the price of the parts. **3.2.** The price of the "tooling" produced directly or indirectly does not include the Supplier's intellectual property rights concerning this "tooling", i.e. the contribution of his expertise or patents for its design, production and development. The same applies to any adaptations made by the Supplier to the "tooling" provided by the Customer to ensure correct execution of the parts. The "tooling" shall remain in custody with the Supplier after execution of the order and the Customer may take possession of it only after a written agreement concerning the conditions of exploitation of the intellectual property rights of the Supplier and after payment of all invoices due to him on whatsoever basis. This "tooling" shall be kept in sound technical operating condition by the Supplier, the consequences of its wear, repair or replacement being payable by the Customer. Unless otherwise agreed between the Parties, the "tooling" shall be paid for 50% at ordering and the balance upon its production or on the date of acceptance of the specimen parts where applicable. **3.3.** The Supplier agrees not to use the "tooling" that is the property of the Customer for third parties at any time, except with the prior written approval of the Customer. The Customer, who shall have full responsibility for the "tooling" of which he is the owner, shall take out at his own expense insurance covering its deterioration or destruction on the premises of the Supplier, excluding any right of recourse against the latter. This "tooling" shall be returned to him on his request or as the Supplier may decide, as is, subject to its full payment and settlement of the manufactured parts. If it remains in custody on the Supplier's premises, it shall be stored free of charge for a maximum period of two years from the last parts manufactured. After this period, if the Customer has not requested return of the "tooling" or if he has not agreed with the Supplier on an extension of the custody, the latter shall be entitled to destroy the tooling, after formal notice by registered letter with notification of receipt remaining unanswered after a period of three months. If the Customer takes back his "tooling" before the costs of design and development have been recovered by the Supplier, he agrees to pay a fixed compensation of 30% of the price of the "tooling". Moreover, in the case of special production requiring the acquisition of specific material or equipment, the Customer agrees to buy them back at their net book value.

4 RAW MATERIALS AND/OR COMPONENTS SUPPLIED BY THE CUSTOMER: Where the Supplier operates as a jobbing worker, the Customer shall deliver or have delivered, at his expense and risks, and allowing for at least 5% loss in transit, the necessary and appropriate raw materials and/or components for execution of the order. The goods shall be delivered taking into account the Supplier's normal manufacturing lead times and contingencies.

5 DELIVERY TIMES: 5.1. Delivery times shall run from the date of confirmation of order by the Supplier, or at the latest from the date on which all the execution documents, equipment and details have been provided by the Customer, who has also fulfilled any other prerequisite that he is obliged to accomplish, and in particular settlement of the "tooling".

5.2. The binding nature of the agreed delivery time shall be specified in the contract, as well as the delivery details (date of making available, date of presentation for inspection or acceptance, effective delivery date, etc.).

Failing such details, the delivery time shall be considered as indicative and the Customer agrees to take delivery of the Products, in particular in the case of early delivery.

Any change in the contractual conditions of supply will entail setting a new delivery time.

5.3. The contractual delivery times shall be extended at the request of the Supplier or the Customer for any reason independent of their will that has made it impossible for the party requesting this extension to meet his obligations.

The defaulting Party shall inform the other Party in writing of this impossibility as soon as it occurs, and they shall both then consult one another immediately to agree to the measures to be taken as a consequence.

5.4. The Customer who defers the delivery date, without the Supplier being responsible for this, is required to compensate the latter for all the costs incurred on the date of receipt of the Customer's notice under the conditions of Article 2.5. of the present GCS.

6 PACKAGING: Unless specifically agreed otherwise, the Supplier shall propose one or more packaging solutions.

7 DELIVERY AND TRANSFER OF THE RISKS: **7.1.** Delivery, which entails transfer of the risks, shall be performed by direct handing over of the supply, either to the Customer or to the carrier appointed by him or, failing that, chosen by the Supplier. **7.2.** Unless otherwise agreed, in the case of mass production, a tolerance is accepted concerning the number of parts delivered, generally 5% more or less.

8 TRANSPORT: **8.1.** In all cases, the Supplier performs shipment and accessory transport operations only as agent for the Customer who, upon receiving the invoice, shall repay him the costs of carriage paid shipment. It shall therefore be incumbent on the Customer, who accepts all the risks of these operations, to verify, upon arrival of the equipment, the condition and quantity of the supplies and their conformity with the information mentioned on the consignment note. **8.2.** The Customer shall immediately inform the Supplier of any possible dispute, without prejudice to legal action that he may himself take against the carrier. **8.3.** The goods may be insured in accordance with the written instructions of the Customer and at his own expense against any risk for a value to be agreed.

9 PRICES: **9.1.** According to the agreement explained in the contract, prices shall be: 1. either firm during an agreed period; 2. or revisable in accordance with appropriate formulas, attached to the price offer, taking into account variations in the price of materials, energy costs, wage rates and accessory costs related to the order, occurring between the date of the contract and the contractual delivery date, if no other dates of application are specified in the contract. **9.2** Unless specifically provided for, prices shall apply "ex works", excluding packaging and excluding VAT. **9.3** If the agreements provide for determination of the price according to the weight of the parts to be delivered, the final price shall be determined based on the weight of the approved reference sample. **9.4.** While the price of "tooling" may include the cost of samples, it shall in no case include the cost of testing and machining equipment, nor costs arising from changes due to the Client.

10 TERMS OF PAYMENT: **10.1.** Payments shall be assumed to be made in the Supplier's head office. The payment times and method, and the payment of any instalments, shall be covered by an explicit agreement in the contract. Payments shall be made net, without discount, 45 days end of month from the date of invoicing. **10.2.** Without prejudice to the reservation of ownership right referred to in Article 14, failure to return drafts with acceptance and bank domiciliation within 7 days of their sending, failure to meet any payment deadline, serious harm to the Customer's credit rating, and in particular the revelation of any protest or pledge on the business, shall entail, *de jure*, without formal notice and as the Supplier may decide: 1. either an event of default and as a consequence the immediate payability of the amounts still due on whatsoever grounds and/or the suspension of all shipments; 2. or the cancellation of all contracts in progress with retention of instalments received, and retention of the "tooling" and parts in the Supplier's possession, until compensation has been determined where applicable. **10.3.** All amounts that have become payable shall bear, by right and without formal notice, interest of three times the legal rate, from the date of invoicing until the date of effective payment. For any invoice issued from France only : In accordance with the Articles L 441-6 and D 441-5 of the French Commercial Code, a lump sum indemnity of 40 (forty) euros for recovery costs will be invoiced for any late payment. This does not prevent the Supplier to request any other additional compensation, with relevant documents, should the recovery costs exceed the the lump sum indemnity. **10.4.** No payment may or give rise to any compensation without the prior written agreement of the Supplier. The Customer may not defer a contractual payment deadline if the procedures for acceptance or shipment of the supplies made available to him in the Supplier's plant are delayed or cannot be carried out in case of force majeure. The Customer may not be exempted from paying all or part of an amount due to the Supplier or delay its settlement due to any claims on his part. **10.5.** All the provisions of Article 10.4. shall apply in particular when credit notes are granted by the Supplier pursuant to Article 12.

11 INSPECTION AND ACCEPTANCE: **11.1.** When the Customer takes full responsibility for design of the parts according to the industrial result aimed at, which he alone knows precisely, he shall decide as a consequence on the purchase requirements which determine the specifications that will define all aspects of the parts to be produced, and the nature of and procedures for the inspections, checks and tests required for their acceptance. Acceptance by the Customer of proposals with a view to any improvement in the purchase requirements or a change in the parts' design may in no way result in a transfer of responsibility, design remaining in this case the exclusive responsibility of the Customer. **11.2.** In all cases, and even in the absence of acceptance, the nature and scope of the necessary checks and tests, the standards and tolerances of all kinds shall be specified in the drawings and purchase requirements that shall mandatorily be attached by the Customer to his invitation to tender and confirmed in the contract agreed between the Supplier and the Customer. **11.3.** The checks and tests demanded by the Customer may be performed at his request by the Supplier, or by an outside laboratory or organization. This shall be specified at contract signature at the latest, together with the nature, scope and cost of these checks and tests. Where acceptance is required, its scope and conditions shall be established at contract signature at the latest. Unless otherwise agreed in the contract, acceptance inspection shall take place on the Supplier's premises, at the expense of the Customer, at the latest within the week following notice of availability for acceptance inspection sent by the Supplier to the Customer or to the organization responsible for said acceptance inspection. In the event of failure to attend by the Customer or the inspection organization, the parts shall be warehoused by the Supplier at the expense and risk of the Customer. Following a second notice from the Supplier remaining unanswered within fifteen days following its sending, the equipment shall be deemed to be accepted and the Supplier shall be entitled to invoice it. Since the principle of and procedures for non-destructive testing can be defined only on the basis of the parts' design, the Customer must always specify in his invitation to tender and his order the inspections decided by him and the areas of the parts on which they should be performed, so as to determine in particular the conditions of application of the guarantee defined in Article 12. In all cases, these inspections and acceptance tests shall be performed within the framework of reference standards, and in accordance with the conditions defined by the documents and purchase requirements as decided by the Customer and accepted by the Supplier. **11.4.** Barring specifications concerning the checks and tests to be performed on the parts, the Supplier shall merely perform visual and dimensional inspection. **11.5.** The price of the checks and tests is generally separate from the price of the parts, but it may be included in the price following agreement between the Supplier and the Customer. This price takes into account the cost of special work required to obtain the conditions essential for correct performance of these checks, especially in the case of non-destructive testing. **11.6.** Manufacturing performed within the framework of a Quality Assurance system requires that this condition be specified by the Customer in his invitation to tender and in his order, the Supplier confirming this for his part in his tender and in his acceptance of order, without prejudice to the provisions of the preceding articles.

12 GUARANTEE: **12.1.** The Supplier is obliged to supply parts in conformity with the drawings and the stipulations of the contractual purchase requirements. In the event of a claim by the Customer concerning the delivered parts, the Supplier reserves the right to examine them on the spot. For volume production orders, the Customer shall request at his own expense the manufacture of specimen parts which shall be submitted to him by the Supplier for acceptance by him after all checks and tests that he may consider necessary. This acceptance shall be sent by the Customer to the Supplier by letter or any other means of communication generating a document. This acceptance shall be the starting point for any further delivery time for new supplies. **12.2.** The Supplier's guarantee consists, following agreement with the Customer, in: 1. crediting the Customer with the value of parts recognized as nonconforming to the drawings and the stipulations of the contractual purchase requirements or the specimen parts accepted by him; 2. or replacing them free of charge; 3. or bringing them into conformity or having them brought into conformity where applicable. The parts replaced by the Supplier shall be covered by a credit note, the replacement parts being invoiced at the same price as the replaced parts. In the event of bringing into conformity, this shall be performed in accordance with the procedures decided and/or approved by the Customer. The Supplier shall pay the cost if he takes charge of performing this or shall give his prior approval if the Customer decides to perform the work for a price of which the Supplier has been informed. The replacement or bringing into conformity of parts, by agreement between the Supplier and the Customer, may not have the effect of altering the conditions of the guarantee. Parts for which the Customer has obtained a credit note, replacement or bringing into conformity by the Supplier shall, unless otherwise agreed, be returned to him freight forward, with the Supplier reserving the right to choose the carrier. **12.3.** For the entitlement to guarantee defined above to be valid, the Customer is required to report non-conformities as soon as they are discovered and explicitly request the replacement or bringing into conformity of the parts in question within a maximum period, following delivery, of: 1. 10 days for visible non-conformities; 2. 6 months for other non-conformities, this period being reduced to 1 month for mass production. Upon expiry of these deadlines, no claim shall be

admissible. Any bringing of parts into conformity performed by the Customer without the agreement of the Supplier concerning its principle and its cost shall entail loss of entitlement to the guarantee.

12.4. The guarantee shall in no case cover: 1. Damage caused by a defective part, during its use, if the designer Customer has committed the fault of putting it into operation without performing or having performed all the checks and tests required by its design, its use and the industrial result sought. 2. The costs of operations that the part may possibly undergo before being put into operation. 3. The cost of assembly, disassembly or retirement of these parts by the Customer. 4. And, in general, no other damage.

12.5. In all cases, the Parties shall agree on an amount of insurance above which the Customer and his Insurer will waive all recourse against the Supplier.

13 LIABILITY: 13.1. Unless explicitly agreed otherwise, when the Supplier is not the designer of the parts produced by him, his role is that of an industrial subcontractor.

Since design has as its result the complete specification of a product, it may nevertheless be handled fully or partly by industrial subcontracting, provided that the Customer in the last resort take full responsibility for it in relation to the industrial result sought. This is especially so in the case of computer-designed parts prepared by the Supplier at the request of the Customer and based on purchase requirements provided by the Customer. **13.2.** If the Supplier were the full designer and manufacturer of parts intended for the Customer, the Supplier's liability that might be involved within the framework of contractual relations with the Customer shall be strictly limited to compensation for the direct damage sustained by the latter, excluding any other damage such as commercial or administrative disorder, or damage sustained due to a liability case brought by a third party against the Customer.

14 RESERVATION OF OWNERSHIP RIGHT:14.1. Sales of parts are performed with reservation of ownership, in other words the Customer will only be the owner of the manufactured goods after their full payment. As of their delivery, however, he shall ensure their satisfactory protection against all risks and he may neither transform them nor resell them without the Supplier's agreement. In all cases, the Customer is required to ensure for the Supplier the benefit of all the rights guaranteeing sales in the Customer's country. **14.2** When the contract is a job contract, the Supplier intends to avail himself of the Act of 31/12/75 and his Customer shall therefore have him approved by the Owner and, in the case of a government contract, obtain direct payment for him. **14.3** The above provisions may in no case result in a derogation from the clause assigning jurisdiction adopted in Article 21.

15 INDUSTRIAL PROPERTY: 15.1 Where the Supplier is not the designer of the parts, the Customer shall guarantee the Supplier against all the consequences of legal action that could be brought against him due to the execution of an order for parts covered by industrial or intellectual property rights such as patents, marks or registered designs, or by any exclusive right whatsoever. **15.2.** Where the Supplier is not the designer of the parts, transfer of the parts shall not entail transfer to the Customer of the intellectual or industrial property rights of the Supplier to his manufacturing design engineering. The same applies to research proposed by the Supplier to improve the quality or cost price of the parts, through an original change in the purchase requirements. If he accepts said research, the Customer shall agree with the Supplier on the conditions of its use within the framework of the order. In no case may the Customer own the Supplier's research for himself, nor disclose it without having explicitly acquired the relevant intellectual property rights. Unless prohibited in writing, the Customer authorizes the Supplier to exhibit at any event such as a fair, show or exhibition, and on his advertising and commercial documents, some of the parts produced by him. **15.3.** Where the Supplier is the full designer and manufacturer of parts intended for the Customer, the Supplier shall be deemed to be the owner of all the intellectual property rights concerning the documents (research, drawings, etc.), tools and equipment (prototype, model, etc.) ordered by the Customer. The latter may not claim any ownership of these items outside the framework of a specific agreement signed with the Supplier.

16 CONFIDENTIALITY: 16.1. The Parties agree to keep confidential all the technical, administrative, organizational, industrial, commercial and financial information communicated within the framework of their contractual relations, irrespective of the form of this information (written, verbal, products and equipment, etc.). The Parties agree to ensure compliance with the present clause by their employees. This obligation shall survive the contract at the end of the contractual relations, for a period of five years. **16.2.** In addition to contract termination, any breach of this obligation may lead to its perpetrator being convicted to damages if any damage has arisen from this.

17 FORCE MAJEURE: 17.1. The contract or the order shall be suspended if an event constituting force majeure makes its execution temporarily impossible. This suspension shall last only for the time during which execution is prevented. Execution shall resume by right at the end of this temporary impediment. **17.2.** If this event were to be prolonged over time to the point of making the resumption of execution of the contract or order impossible, or if this impossibility were to exist from the outset, the contract or order shall be terminated *de jure*, upon sending of a registered letter with acknowledgement of receipt by one of the parties referring to the event constituting force majeure and the wording of the present article.

18 SUPPLIER'S WAIVER OF HIS RIGHTS: 18.1. Failure to reply or inaction by the Supplier in the event of non-application of any of the clauses of the present conditions does not entail a waiver of his right to avail himself of them. The Supplier can only waive his rights by explicit expression of this in writing.

19 TERMINATION: 19.1. Without prejudice to application of the legal provisions stipulated by the law governing the contract or any particular stipulation appearing in a contractual document, either of the Parties may terminate the contract or the order in the event of a breach by the other Party of any of their essential obligations if that breach is not put right within 15 days following receipt of the registered letter informing it of said breach. **19.2.** Shall be essential obligations, in particular, within the meaning of Article 19.1.: the obligation of payment of the price by the purchaser and the obligation of confidentiality defined in Article 16.

20 LANGUAGE: The present GCS are written in French, which is the authoritative language for the application and interpretation of these general conditions and the contracts signed with the Supplier. Any translation is made for information purposes only, and may not be binding on the Supplier.

21 JURISDICTION: The contracts including the present GCS are governed by French law.

The Parties shall endeavour to settle out of court any disagreements relating to the interpretation and execution of the present general conditions of sale and contracts. If they were unable to reach a settlement, and unless otherwise agreed, the court of Besançon shall alone be competent for all disputes concerning contracts for supply, irrespective of the agreed conditions of said contracts and the method of payment, even in the case of an interpleader or plurality of defendants. In the event that the preceding paragraphs of Article 21 were to be declared inapplicable, the competent court shall be that in whose jurisdiction the Vendor is domiciled. However, if he is plaintiff, the Supplier reserves the right to refer the case to the court at the location of the Customer's head office, and in this case possibly to waive the application of his own legislation.