

1 - General provisions

These general supply conditions codify the sector's commercial standards for Suppliers of forged parts and products and ancillary, related and associated products. They comply with the rules of the law of contracts and competition law and are lodged with the Bureau of Practices at the Clerk's Office at the Commercial Court of Paris. They are supplementary to the joint determination of the parties to resolve any issues when this has not been clearly stated.

They constitute the legal basis for contracts unless specific provision is made to the contrary. Presenting any order implies unreserved adherence to these general conditions.

These general conditions apply to contractual relations between "the Supplier" and the client company, referred to hereinafter as "the Client".

They are governed by French works contract law and, where applicable, by the French rules of the subcontracting contract, in instances when they apply to the manufacture of a product based on specifications or to a provision of service.

Nevertheless, these general conditions are governed by sales law when they apply to the supply of "standard" or "catalogue" products.

Any exemption to these general conditions must be subject to the Supplier's written approval, referring expressly to it.

Unless expressly agreed otherwise, any exemption to these general conditions shall only be valid for the contract for which it was requested and accepted.

For the purpose of these general conditions, "written" is understood to be any document that is faxed, in electronic form, or drawn up on paper.

These general conditions apply to all contracts, orders and "open orders" as well as to calls for deliveries arising therefrom.

2 - The scope of the contract

The following form an integral part of the contract:

- These general conditions,
- The Supplier's documents supplementing these general conditions,
- Studies, quotations and technical documents accepted by the parties,
- Special conditions accepted by both parties,
- The order, accepted by any written means, particularly by acknowledgement of receipt or an order confirmation,
- The delivery slip
- The invoice.

Documents, catalogues, advertising and prices not expressly mentioned in the special conditions do not form part of the contract.

3 - Placing of orders

The contract shall only be binding provided the Supplier has expressly accepted the order.

Acceptance of the order shall be carried out using any written means.

Any order expressly accepted by the Supplier, whether closed or open, shall be deemed to entail acceptance by the Client of the Supplier's offer.

3.1 - Closed orders

A closed order specifies the subject, quantities, price and timeframe on a firm basis.

3.2 - Open orders

Without prejudice to the provisions of article 1174 of the French Civil Code, an open order must fulfil the conditions set out hereinbelow:

- Unless otherwise agreed, it shall be deemed to have been approved for an indeterminate period and may be cancelled by the Supplier by providing six months' notice.
- It defines the product's characteristics and price.
- The conditions for the open order, particularly regarding the price and timeframe, shall be agreed to in line with the Supplier's offer, based on production rate projections.
- If the corrections made by the Client to the projected estimates in the schedule for the overall open order or delivery orders vary more than 20 % above or below the amount in the aforementioned estimates, the Supplier shall assess the consequences of these variations. In this event, the parties will have to confer to find a solution to the consequences of this deviation, which is likely to shift the contract's balance to the Supplier's detriment.
- In the event of an upward variation, the Supplier shall do what it can to meet the Client's demand in terms of quantities and deadlines compatible with its capacities (production, transport, subcontracting, human resource, financial and other such capacities).

3.3 - Cancellation of an order

The order expresses the Client's irrevocable consent and therefore it may not cancel it unless expressly agreed to beforehand by the Supplier. In this event, the Client shall reimburse the Supplier for all the expenses incurred (particularly for special equipment, study costs, labour and procurement costs, inventory and work in progress, and tooling) as well as for any direct and indirect consequences stemming therefrom. In addition, the Supplier shall retain the instalment already paid.

3.4 - Amendment to the contract

Any amendment to the contract requested by the Client shall be subject to the Supplier's express acceptance. In this event, the Client shall compensate the Supplier for all expenses incurred, and for all the direct and indirect consequences stemming therefrom.

Any amendment, non-fulfilment or suspension of the contract which prevents the flow of inventory under the conditions set out in the contract shall lead to renegotiation of the initial financial terms enabling the Supplier to be compensated.

4 - Preparatory work and work that is ancillary to the order

4.1 - Plans, studies, and specifications

All plans, studies, specifications, technical documents or quotations presented to the other party shall be forwarded for use as items on loan, the purpose of which is to allow assessment and discussion of the Supplier's sales offer. They shall not be used by the other party for other purposes, nor shall they be passed on to a third party without the Supplier's prior approval. The Supplier retains all material and intellectual property rights over the documents loaned. These documents must be returned to the Supplier upon its first demand.

4.2 - Providing samples

The samples or prototypes forwarded to the Client are strictly confidential. They may not be passed on to a third party without the Supplier's express approval.

4.3 - Tooling

The expenses incurred by the Supplier for the study and design of tooling and manufacturing development shall be subject to a financial contribution by the Client, for which it is invoiced separately.

As the tooling is designed by the Supplier and adapted to its methods and equipment, it shall remain its property and shall remain in its workshops.

The Client's contribution to tooling costs gives it no other right than the one of use of this tooling in the Supplier's workshops. It does not entail any transfer of material or intellectual property rights or of know-how.

The Supplier is entitled to destroy the tooling should more than three years elapse without it having received a major new order sufficient for it to justify implementation.

Before destroying the tooling, the Supplier shall warn the Client via registered mail with acknowledgement of receipt.

In the absence of a response from the Client, and an agreement by the parties regarding the conditions for extending the timeframe, the Supplier shall destroy the tooling three months after the Client has received the registered letter with acknowledgement of receipt which is deemed to constitute notification.

5 - Characteristics and status of the products ordered

5.1 - The purpose of the products

The Client is responsible for the implementation of the product under the normal conditions foreseeable for its use and in accordance with the safety and environmental legislation in force at the place where it is used, as well as in accordance with its sector's professional standards.

In particular, it is the Client's responsibility to choose a product that matches its technical needs and, if necessary, to check with the Supplier to ensure that the product is suitable for the application envisaged.

5.2 - Product packaging

Unreturned packaging will not be collected by the Supplier. The Client undertakes to dispose of packaging at its own expense in accordance with local environmental legislation.

6 - Intellectual property and confidentiality

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

All intellectual property rights, as well as the know-how incorporated in the documents forwarded, the products delivered or the services provided shall remain the Supplier's exclusive property.

Any transfer of intellectual property rights or know-how must form the subject of a contract with the Supplier.

In all cases, the Supplier reserves the right to have its know-how and the results of its own research and development work at its unrestricted disposal.

6.2 - Confidentiality clause

The parties hereby make a reciprocal commitment to a general confidentiality obligation regarding all oral or written confidential information, whatever it may be and whatever support it may be on (discussion reports, plans, exchanges of computerised data, activities, installations, projects, know-how, products etc.), which is exchanged under the framework of preparing and executing the contract, except for information which is generally known to the public or information which will become public information other than due to an act or error by the Client.

Consequently, the parties make a commitment to:

- Keep all confidential information strictly secret, and in particular to never divulge or pass on either all or part of the confidential information in any way, shape or form, whether directly or indirectly, to any third party whatsoever without the other party's prior written approval;
- Refrain from using either all or part of the confidential information for purposes or an activity other than the execution of the contract;
- Refrain from copying or imitating all or part of the confidential information.

The Client undertakes to take every step necessary to ensure that this confidentiality obligation is observed throughout the term of the contract, and even after it has elapsed, and shall ensure that this obligation is observed by all of its employees. This obligation is assessed on the basis of results.

6.3 - Guarantee clause in the event of pirating

The Client guarantees that at the time when the contract was concluded the content of the plans and specifications and their implementation conditions did not use intellectual property rights or know-how held by a third party. It guarantees it can have them at its unrestricted disposal without infringing any contractual or legal obligations.

The Client guarantees the Supplier against the direct or indirect consequences of any liability action, particularly as the result of pirating or unfair competition.

7 - Delivery, transport, checking and acceptance of products

7.1 - Delivery times

Delivery times run from the latest of the following dates:

- The date of acknowledgement of receipt of the order
 - The date of receipt of all the materials, hardware, equipment, tooling, and execution details to be provided by the Client
 - The execution date for preliminary legal or contractual obligations.
- The delivery times stipulated are only of an indicative nature and may be called into question should circumstances beyond the Supplier's control arise.

7.2 - Delivery terms

Delivery is deemed to have been carried out at the Supplier's factories or warehouses. Consequently, risks are transferred to the Client upon delivery without prejudice to the Supplier's right to invoke the benefit of the title retention clause or to avail itself of its right of retention.

Delivery is completed

- By providing notification of the products' availability
- Or, if the contract makes provision for doing so, by presenting the products to a third party or a carrier designated by the Client
- Or, if the contract makes provision for doing so, by delivery to the Client's factories or warehouses.

Should the Client have hired transport and bears the costs for this, the Client shall bear all the financial consequences of direct action taken by the carrier against the Supplier.

7.3 - Transport, customs and insurance

Unless otherwise agreed, all the operations of transport, insurance, customs, handling and bringing the products to the base of the works are the responsibility and at the expense of the Client which shall verify shipments upon arrival and exercise, if any, its recourse against the carriers, even if the shipment was "free".

In the event of shipment by the Supplier, this shall be done on a carriage-due basis at the lowest rates, unless the Client expressly requests otherwise, in which case the additional transport costs shall be passed on to the Client.

7.4 - Products acceptance and checking

At its own expense and under its responsibility, the Client must either check products' compliance with the terms of the contract or have them checked. Acceptance is deemed to constitute recognition that there are no apparent defects.

8. - Hardship and force majeure

8.1 - Hardship clause

Should an event occur which is beyond the control of the parties and which compromises the contract's balance to the extent of making execution of its obligations prejudicial to one of the parties, the parties agree to negotiate in good faith a contract amendment. In particular, this refers to the following events: variations in the prices of raw materials, changes to customs duties, changes in foreign exchange rates, and legislative changes.

8.2 - Force majeure

None of the parties to the contract may be held liable for its lateness or failure to execute one of its obligations under the contract if this delay or failure constitutes the direct or indirect effect of a case of force majeure in a sense of the word broader than French jurisprudence allows for, such as:

- The advent of a natural disaster
- Earthquakes, storms, fires, floods etc.
- Armed conflict, war, conflict, attacks
- Labour disputes, full or partial strikes at the Supplier or Client
- Labour disputes, full or partial strikes at the suppliers, service providers, carriers, postal services, public services, etc.
- Mandatory injunction imposed by public authorities (ban on importing or embargo)
- Operating accidents, breakage of machinery or explosion
- Deficiency of the Supplier.

Each party shall immediately inform the other party of the advent of a case of force majeure when it becomes aware of it and when, in its view, it is of such a nature that it would affect execution of the contract.

9. - Determining prices

The prices are determined excluding taxes, on an "ex works" basis. They are invoiced in accordance with the contract's conditions.

The price is exclusively for the products and services to be provided, as specified in the offer. Under no circumstances shall the supply of forged products be subject to a fixed price contract.

Payments shall be made in Euros, unless there are special provisions otherwise in the contract.

10. - Payment

10.1 - Terms of payment

Payment shall be made on the 30th day of the month following the delivery date, unless there is special express agreement otherwise.

Any clause or request aimed at setting or obtaining a term of payment that is longer than this thirty-day period, which reflects trade practices in the mechanical engineering industries, or than the agreed time period, may be considered obviously unfair, as defined in Article L 442-6-1, 7° of the French Commercial Code, as resulting from French Law No. 2008-776 of 4 August 2008 called "LME" and is particularly liable to a civil penalty up to two million euros.

The payment dates agreed to by contract may not be called into question unilaterally by the Client under any pretext whatsoever, including in the event of a dispute.

Advance payments shall be made without a discount unless there is a special agreement.

10.2 - Late payment

Any lateness in paying shall give rise to the application of late payment interest ten points higher than the European Central Bank's most recent refinancing rate. The applicable rate for the first semester of the year concerned shall be the rate in force on 1 January of that year and, for the second semester of the year concerned, the applicable rate shall be the rate in force on 1 July of that year. For any amount remaining unpaid after the due date, the Client is also as of right debtor to the Supplier of a fixed sum of 40 euros as compensation for its recovery costs.

At the discretion of the Supplier, any lateness in paying an instalment shall lead to the acceleration of the contract's term, with all sums owed becoming payable immediately.

Should the Supplier avail itself of one and/or the other of these provisions, this shall not deprive it of being entitled to apply the title retention clause stipulated in Article 10.6.

10.3 - Change in the Client's situation

Should the Client's situation deteriorate, as ascertained by a financial institution and evidenced by a significant delay of payment, or in instances where the financial situation differs substantially from the data made available, delivery shall only be made in exchange for immediate payment.

In the event of late payment, the Supplier shall benefit from a right of retention over the products manufactured and related deliverables.

In the case where the Client sales, transfers, pledges or brings in a company its business, a significant part of its assets or its hardware, as well as in the case where a letter of exchange is not returned with acceptance within seven days of being sent, the Supplier reserves the right to, without providing notice:

- Declare the acceleration of the contract's term, and consequently sums still owed, no matter in what regard, to be payable immediately
- Suspend all shipments

- Note termination of contracts in progress on the one hand, and retain the instalments received on the other hand, as well as tooling and products held, until the possible compensation amount is set.

10.4 - Compensation for payments

The Client shall refrain from any illicit practice of debiting or invoicing the Supplier automatically for any sum which is not expressly recognised by the latter as being its responsibility.

Any automatic debit shall constitute an outstanding payment and shall give rise to the application of the provisions in Article 10.2 regarding late payments.

The parties do however reserve the right to invoke the legal or contractual offset of their debts.

10.5 - Legal guarantee of payment in the event of a subcontracting contract

When the contract is part of a chain of works contract within the meaning of French Law No 75-1334 of 31 December 1975, the Client has a legal obligation to have the Supplier accepted by the end customer. It also has an obligation to have the terms of payment of the supplier accepted by the end customer.

If the Client is not the end customer, the Client undertakes to demand compliance with the formalities of the 1975 Law by the end customer.

According to Article 3 of the 1975 Law, the lack of presentation or of approval makes it impossible for the Client to invoke the subcontract with regard to the Supplier. This impossibility is particularly relating to claims concerning potential non-compliance with the specifications. However, under that section, the Client remains obligated to the Supplier to perform its contractual obligations.

Under these general conditions, the 1975 Law is considered to be an overriding mandatory law applicable through the Client to the foreign end customers.

10.6 - Retention of title

The Supplier retains full title over the goods forming the subject of the contract until payment of the full price in principal and accessories is actually made. Failure to pay any one of the instalments whatsoever could lead to these goods being claimed. Nevertheless, from delivery onwards, the Client assumes responsibility for damage that these goods may have undergone or caused.

11 - Liability

11.1 - Definition of the Supplier's liability

The Supplier's liability is strictly limited to fulfilling the Client's specifications, as stipulated in the technical specifications.

Indeed, acting as the instructing party, through its professional skills in its speciality, and depending on the means of production it has at its disposal, the Client is able to accurately define the work in line with its own industrial data or its Clients' data.

The Supplier must execute the work requested by the Client whilst observing the rules of art of its sector.

The Supplier shall not be responsible for:

- Non-compliance due to materials supplied by the Client
- Non-compliance due to a design produced by the Client, or due to the technical choices imposed
- Non-compliance which are the result, either partly or in whole, of normal wear and tear of the product, deterioration or accidents attributable to the Client or a third party
- In the case of abnormal or atypical use, or a use which does not match the product's purpose, rules of art, or the Supplier's recommendations.

11.2 - Limits of the Supplier's liability

The Supplier's liability will be limited to direct property damage the Client experiences as a result of faults attributable to the Supplier in the execution of the contract.

The Supplier is not obliged to set right the harmful consequences of the faults committed by the Client or third parties in relation to the execution of the contract.

Under no circumstances shall the Supplier be required to provide compensation for intangible and consequential damage such as operating losses, loss of profits, loss of chance, commercial losses or a shortfall in earnings.

In the event the penalties and compensation foreseen have been jointly agreed to, they shall constitute lump-sum compensation providing full discharge and shall be exclusive of any other sanction or compensation.

The Supplier's civil liability for all reasons, with the exception of physical injuries or gross negligence, shall be limited to a sum with a ceiling set at the amount invoiced and collected for the faulty deliverable.

The Client shall guarantee renunciation of proceedings by its insurers or third parties that have contractual relations with it against the Supplier or its insurers, above and beyond the limits and exclusions stipulated above.

12 - Amicable settlement of disputes

The parties hereby make a commitment to try to settle their disputes amicably before referring them to the competent Court.

13 - Assignment of jurisdiction and applicable law

Should an amicable agreement not be reached, it is expressly agreed that any dispute relating to the contract shall fall exclusively under the authority of the court in the jurisdiction where the Supplier has its domicile, even in the event of guarantee call or several defendants.

Only the French law shall govern the contract.