



## TERMS OF PURCHASE

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### **ARTICLE I : TERMS OF PURCHASE APPLICATION**

The Terms of Purchase apply to all of the orders and/or delivery programmes.

Unless otherwise agreed, any order implies the supplier's acceptance of the Terms of Purchase of SGF and this notwithstanding any contrary stipulation mentioned in the supplier's terms of sale.

### **ARTICLE II : ORDER**

Any order, modification to the order or programme whether or not it was placed by remote transmission will not become final until written confirmation (fax or official order), has been received from the SGF Purchases Departments concerned and acceptance from the supplier by return of mail. Our orders are considered as accepted by the supplier in accordance with all of the special terms mentioned in them and these terms of purchase, if they have not been the object of written reserves ten days after their reception, these reserves having been formally accepted by us. The simple execution of the order implies the pure and simple acceptance of these terms of purchase and excludes any other conditions that might not have been specifically accepted in writing, and in particular excludes any ownership reserve clause. In the event of contradiction between the terms of the order, the specifications in reference and/or these terms of purchase, the provisions of the order prevail over those of the specifications, which themselves prevail over the corresponding provisions of the terms of purchase.

### **ARTICLE III : DELIVERY TIME**

Deadlines being an essential element of the SGF agreement, deliveries should be made at 100% in accordance with the quantities and deadline mentioned on the order or in the delivery schedule. The non-respect of agreed delivery deadlines, even for a fraction of the given order or programme, rightly places the supplier in a position to risk penalties for late delivery. The amount of these penalties, deducted from the payment, will be equal to the damage sustained by SGF due to the supplier's failure and shall not be less than 1% of the value of the delayed delivery, for each calendar week or fraction of calendar week. In the event of any delay exceeding 2 weeks (from the agreed delivery deadline), SGF reserves the right to cancel all or part of the supplier's order and, at the latter's expense, to assign the execution to somebody else, the original supplier authorising, if needs be, the use of the production means it uses, and in particular the use of its Industrial or intellectual property. So as to respect the delivery deadline, SGF can demand the supplier to hold stock available amounting to 10 working days of delivery. We should immediately be informed of any incident liable to affect keeping these deadlines should immediately be reported to us. In the absence of contractual terms about transport means with the supplier, this latter is held, in case of difficulty to respect deadlines with common transport means, to follow extra freight incidents, and give to SGF a monthly information on these incidents (according to ISO TS 16949).SGF will not accept extra cost for delay since the supplier has accepted to respect the order or the delivery schedule.

### **ARTICLE IV : TERMS OF DELIVERY**

Unless otherwise stipulated, the goods ordered should be delivered to our Plants, Establishments or Services, all costs paid to the place of delivery mentioned in the order. The transfer of the risks takes place on reception in our Plants or Services. The transfer of property is effective since SGF recognize that the goods are in accordance with the specification and at the latest during their utilization. Each parcel must bear the address and indication of the Plant,

Establishment or Service given in the order, as well as an order number for each parcel belonging to the same delivery. Quantities to be delivered are firm quantities specified on the order. When the quantities and / or delivery schedules are not stipulated in the order, the supplier must deliver the goods in accordance with the quantities and according to the deadlines specified by each site, from the delivery date. When delivered quantities don't match with 100% to the quantities on the order, and without acceptance from SGF concerning the modified quantities, the supplier will be submit to penalties till the missing quantity will be not deliver. The amount of these penalties, deducted from the payment, will be equal to the damage sustained by SGF due to the supplier's failure and shall not be less than 1% of the value of the delayed delivery, for each calendar week or fraction of calendar week. We reserve the right to return any product we have not ordered or sent without any order from us carriage due. In the event of acceptance of any surplus, their payment cannot be made under the conditions and in accordance with the terms and conditions provided for in the original order and should be the object of a new order that will be governed by these terms.

### **ARTICLE V : PRICE**

The price of the order is the price mentioned on the order form or resulting from the methods of calculating the price stipulated on the order form. It is firm, non-revisable and, unless otherwise stated (in particular in the event of certain ex-works purchases), it corresponds to a purchase, carriage and packaging free unloaded at the place of delivery indicated on the order form. The price includes all the taxes, customs duties, contributions, or handling costs resulting from the execution of the service. The price is exclusive of VAT. After acceptance of the order, alterations to the price can only result from a written rider to the order. Any remaining items from orders should be invoiced at the originally agreed prices.



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### ARTICLE VI : PAYMENT

Unless otherwise agreed and subject to the acceptance of the agreed deadlines and deliveries, payments are made by cheques or bank transfer following the French Economy Modernization Law at 45 days the end of the month from the date of the invoice except contrary stipulations in agreement with the law of other countries where take place SGF foreign plants. As to be taken into account for payment, the goods should have been delivered at the latest on the 24<sup>th</sup> of the given month, unless otherwise agreed by SGF. Except particulars agreements, no payments shall be made in advance, any payment corresponding with a counterpart.

### ARTICLE VII : DELIVERY NOTES, INVOICES

Should standardized rules be brought in and the parties decide to refer to them for remote transmission, sending of programme, shipping notes, delivery notes, product labels, packaging, invoicing, etc.... (e.g. Galia or Odette systems), these standards should be respected. Each invoice should correspond to a single order. It should mention the number, the address of the establishment and the department concerned and, for each delivery, indicate the invoiced item(s) (item number, supplier reference, description, quantity) and opposite the numbers and dates of the delivery notes it should also mention the make of the parcel, the method of shipping and the place of delivery. Invoices and credit notes should be sent in duplicate to the Suppliers Accounts Department at the address given on the order. They shall not be sent before the full order has been delivered and they should be made out to conform with the information on the order slip.

Any miscellaneous costs (transport, packaging...) not being the express object of the order will entail a new order and a separate invoice. The currency of the invoice and the units of quantity shall be those of the order.

### ARTICLE VIII : CONFORMITY CONTROL

The delivered Products should comply in all points with any specifications, plans, standards mentioned in the order or any other contractual documents. At SGF's request, they will be accompanied by specific reference documents such as the dimensional control report and/or a material analysis report. The absence of any one of these documents shall be considered as a non-compliance and may lead to the suspension of payment until it is obtained. The signature of the delivery slip only notes the apparent good condition of the goods and shall be no means be considered as offloading the supplier of his responsibility for the order. SGF reserves the right to inform the supplier of any losses, damage or non-conformities noted in the supplies on unpacking or during later inspections. The latter should remove the refused goods within a period of 7 days following notification of the refusal; beyond this time, non-complying or faulty goods will be returned to the supplier carriage forward and the supplier will consequently owe their amount. In the event of any non-compliance noted during the quality control procedures, SGF reserves the right to demand the supplier to replace the faulty Products within the time and in accordance with the terms agreed in the order or delivery programme. In the event of any scrap during the process of production, touching up or obligation to sort, SGF reserves the right to invoice the supplier a participation in the cost of additional operations that are necessary to repair the parts whatever the percentage of the defect may be. Should the supplier be unable to meet the order, SGF reserves the possibility, after two successive refusals of the goods for non-compliance, of cancelling the order by letter sent by recorded delivery and the supplier shall not be entitled to claim any indemnity.

### ARTICLE IX : QUALITY ASSURANCE

The objective of SGF, accepted by the supplier, is the achievement of a Product 100 % in compliance with the terms of the order. The supplier agrees to respect the Quality Assurance standards and procedures of SGF communicated to him, as well as the up-dates of the said procedures. The Products bought by SGF having an influence on the Quality of the Products sold by SGF to its customers are subject to the Quality Assurance rules described in the standards and procedures of SGF and should comply with the rules of the art of the supplier's profession. These standards, procedures and documents mainly concern the design, industrialization, manufacture, after-sales follow-up of the products supplied, their traceability and the recording of the compliance data and proof for 15 years, unless otherwise agreed and mentioned on the order. The supplier agrees to inform SGF, as soon as it has any knowledge of:

- Any change in the manufacturing process liable to have an influence on the Product sold, its implementation and/or its use.
- Any incident that has occurred or that is liable to occur on the sold Product, or linked with the implementation and/or use of this Product, and to inform SGF of its immediate and/or definitive corrective plan of action.

SGF reserve the right to check goods purchased to the supplier in accordance with quality control system previously agreed by the both parts. At SGF's request, the supplier promises to give, at all SGF's customer, his agreement for the checking of the purchased goods directly in the production plant. SGF should previously approve the procedure systems and quality control systems used by the supplier, as well as any possible alterations made to them.

### ARTICLE X : SAFETY/ENVIRONMENT

The supplier agrees to supply SGF with a product and/or a service realised in full compliance with the regulations concerning safety and the environment. Furthermore, the supplier ensures delivery of its product or service respecting the safety and environment rules applicable to the place of delivery. The supplier should inform SGF of everything its service or supply made



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specifically include concerning the environment and safety. The supplier should also make enquiries with SGF concerning any specificities (configuration, activities, transport, circulation...) of the place where its goods should be delivered or service executed. In this respect, the supplier should comply with the general SAFETY regulations in force in the enterprise, in particular inside concerning any labour service of any kind, delivery, starting up of equipment, repair, maintenance, cleaning. The supplier therefore fully assumes the consequences of the non-respect of the applicable rules regarding safety and the environment, regarding both SGF and third parties. The non-respect of this article constitutes a case of unilateral termination by SGF in accordance with XVII below.

### **ARTICLE XI : TOOLS**

The tools that are fully or partly financed by SGF shall only be used for manufacturing their Products and for the execution of their orders, unless otherwise agreed in writing beforehand. If not, we shall consider that it is an act of unfair competition and we reserve the right to claim repair from the supplier. The supplier agrees to place on the tools belonging SGF, a plate clearly indicating that SGF are the owners. The same obligation applies for the tools belonging to the customers of SGF. In as far as they belong to them, they should be returned at first request. Their maintenance and repair is incumbent on the supplier charged with the execution of the orders of parts. The supplier assumes the risks for the above mentioned tools and is responsible for keeping them. He is responsible for any damage they may cause or undergo, even by Act of God or theft. In particular, the supplier should insure the tools at his own expense, for their actual value, against the risk of fire, lightening, explosion, electrical damage, on behalf of their owner and the insurer waives any recourse against the latter. The supplier shall, at his own expense, renew the tools concerned and make sure of their efficiency. Should he fail to do so, the supplier expressly authorizes SGF to use the tools it has at its disposal to manufacture or have manufactured or bringing into compliance the Products that should have been delivered, and this for as long as the fault persists and irrespective of the supplier's rights on the tools or Products.

### **ARTICLE XII : INDUSTRIAL, INTELLECTUAL PROPERTY**

The company concerned belonging to Group SGF is the owner of the results of studies, prototypes, pre-series, models and tools, documents and data they have financed and that have been carried out on their behalf. The supplier shall not claim any new industrial or intellectual property rights, know how or manufacturing secret concerning these elements. Should SGF accept ownership from the supplier concerning one of these elements, a free operating licence would be granted to them for their own needs.

### **ARTICLE XIII : GUARANTEE, RESPONSABILITY**

The supplier guarantees that the delivered Products comply with the relevant legal and statutory prescriptions in the destination country. The supplier guarantees that these Products are free to be sold and that they do not breach the Industrial and Intellectual Property Rights of any third parties. At the request of SGF, the supplier should stand in for them in any action instituted in this matter and reimburse any sums paid out for this purpose (fees, damages, etc...). The supplier guarantees that the delivered Products are new, of excellent quality and perfectly suitable for the usage for which they are intended. The supplier guarantees the delivered Products against any defects in design, manufacture, assembly or working and against any defaults of the constitutive materials. This guarantee includes, in particular any problems that may arise with the change of millennium. The supplier is in particular bound by the guarantee in accordance with articles 1386 et al of the Code Civil and articles 1641 et al of the Code Civil. In this respect, are considered as recoverable damages under the guarantee, without limiting the right of recovery of SGF, any additional direct and indirect costs, losses, expenditure and charges that SGF may have to bear due to the defectiveness of the Product, including for bringing it into force, by the customers of SGF, legal and/or conventional guarantees granted and/or due by SGF to the said customers. The supplier agrees to remedy at his own expense, any default resulting from a default in the design, the material or the manufacture that implies the failure of the working of the Product. The repair will either be made at SGF, or at the suppliers, or at the customer of SGF, or final customer, in accordance to the solution that shall seem the most suitable to SGF. If necessary, SGF may offer to keep the goods, while obtaining from the supplier a reduction on the price of the Product, corresponding with the loss of efficiency or productivity linked with the poor working or failure of the Product. The supplier is responsible for any defaults in the Products in accordance with current law and his contractual obligations. The supplier shall therefore maintain SGF free from any third party claims following damage sustained by them and imputable to the supplier. The supplier agrees to take part, under conditions that are to be determined, in any campaign to recall all or part of the Products. The supplier shall immediately inform SGF of any defects he may have detected in his Products so as to limit the damageable consequences. The supplier agrees to correctly insure his liability and to inform SGF of the general terms of the coverage. The supplier shall prove to SGF that he has taken out insurance policies with reputedly solvent insurance companies covering his liability regarding direct or indirect material or immaterial damage that his product or service may cause to the property of SGF or third parties. In some cases, SGF may condition the placing of the order to the supplier's adhesion to one or several specific insurance policies. More especially, for any supply having a direct or indirect impact on the compliance and/or performance of the Products sold by SGF, a liability insurance (common law and contractual law) will be required at an agreed level of coverage.



**ARTICLE XIV : OWNERSHIP OF RAW MATERIALS, ASSEMBLIES AND SUB-ASSEMBLIES**

If for the execution of an order, SGF has handed over to the supplier any assemblies, sub-assemblies or materials, the supplier agrees to take care of them and to maintain them by every possible means. He shall also take all the necessary industrialization and preservation measures to avoid their confusion with other goods so that SGF may at any time exercise their right of claim if necessary in the event of collective procedures.

The supplier agrees not constitute any security such as a lien or pledge that might harm the rights and possibility of SGF to make a claim.

**ARTICLE XV : CONFIDENTIALITY**

The orders of SGF are confidential. They cannot be the object of any direct or indirect publicity by the supplier. Without the authorization of SGF, the supplier shall not use, even for reference or advertising, the corporate name, trade names, brand names, products and references of SGF nor any of the characteristics of the packaging or identification belong to or controlled by SGF. The supplier acknowledges the confidential character of the technical and commercial Information provided by SGF within the scope of their orders and he shall take all the necessary steps to protect them. The supplier also agrees not to use them except for the proper execution of the orders of SGF. The supplier acknowledges the ownership of SGF of the documents, know how, manufacturing secrets, plans, formulae, specifications, procedures, reference and identification systems, packaging entrusted to him. The supplier agrees not to use them for any other purpose than for the requirements of SGF and shall ensure their confidentiality as though they were the supplier's own property. The supplier shall inform SGF of any copy, counterfeit, imitation of his Products, processes, packaging, identification systems ... that he may meet on the market.

**ARTICLE XVI: TERMINATION**

SGF reserves the right to cancel the orders and programmes in hand in the event of any serious and/or repeated breach of any one of the supplier's contractual obligations after 30 (thirty) days' notice unless during this lapse of time the supplier has remedied the default concerned. SGF also reserves the right to end their procurement and order programmes after 30 (thirty) days' notice in the event of any change in the supplier's legal or financial structures that may hinder or harm the interests of SGF, resulting from operations bringing partial assets into a business, merger, transfer, new acquisition of shares in the capital. If the supply agreement is concluded « intuitu personae » with the supplier, SGF reserves the possibility of terminating it in the event of death or retirement of the natural person of the supplier or his replacement by a non-approved person.

**ARTICLE XVII: FORCE MAJEURE**

No grievance shall be held against SGF for not accepting deliveries at the fixed date in the event of force majeure or industrial conflict. SGF shall use their best possible efforts to inform the supplier of the occurrence of these events as quickly as possible. If the delay caused by these events exceeds 3 months, SGF reserves the right to cancel the order being processed, and no indemnity shall be owing.

**ARTICLE XVIII : AFTER SALES SERVICE AND SPARE PARTS**

The supplier agrees to sell to SGF the goods required to enable them to offer the after sales service and spare parts for the current model at the price fixed by this agreement. During the 15 years following the acquisition by SGF of the goods necessary for the current model, the supplier agrees to sell to SGF the goods required to enable them to offer the after-sales service. Subject to a contrary authorization from the buyer, the prices, during the first 3 three years of this period, should be those in force at the time of purchase of the present model. For the rest of the period, the parties decide the prices of the goods.

At the request of SGF and without any addition cost, the supplier provides the documentation for the after sales services and other documents in support of the after sales services offered by the buyer. This documentation shall be provided in the language of the country in which the Product is used.

**ARTICLE XIX : CONVEYANCE, TRANSFER, SUB-CONTRACTING**

The supplier shall not sub-contract, convey or transfer to any third party all or part of an order nor change manufacturers or sub-contractors without the prior written consent of SGF. Even in the event of authorization, the supplier shall remain sole responsible facing SGF for the proper execution of the order in accordance with the fixed conditions and deadline.

**ARTICLE XX: COMPLIANCE WITH THE LAW AND FORCED WORK**

The supplier, as well as any goods or services he supplies, shall respect the laws, rules, regulations, order, conventions or standards applicable in the countries of destination or linked with the manufacture, labelling, transport, importation, exportation, delivering of permits, approval or certification of goods or services, especially concerning the environment, salaries, working hours and employment conditions, the choice of sub-contractors, discrimination, health and safety at work and the safety of motor vehicles. Furthermore, the supplier declares that neither he nor his suppliers use any form of forced or involuntary work to supply the goods and services provided for in this agreement. At the purchaser's request, the supplier should certify in writing that the above provisions have been respected. The supplier shall free the buyer from any liability and



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indemnify said buyer for any claim regarding his responsibility, demand or expense (especially legal fees and other fees) linked with his non-compliance with these provisions. The supplier declares that all the obligations concerning labour laws and the struggle against undeclared work are respected.

The supplier promises to give to SGF, without any request from him, all documents or certificates stipulated by law, and particularly the documents specified by the decree N° 2005-1334 of the 27<sup>th</sup> of October relative to hidden work.

### **ARTICLE XXI : OBLIGATION TO INFORM**

The supplier agrees to inform SGF, within fifteen days, of any event liable to upset the execution of the orders or programmes for any amount of time and in particular discontinuance of business, bankruptcy, insolvency, the opening of proceedings for administration or receivership. Furthermore, the supplier agrees, on first request from SGF, to communicate all the financial, accounting and insurance information that will enable them to assess the situation. SGF reserves the possibility of requesting the cancellation of orders to preserve their activity, respecting the statutory and legislative provisions.

### **ARTICLE XXII: COMPENSATION**

Apart from the rights of compensation or recovery provided for by law, all the amounts owing to the supplier are net of any amount owing by the supplier and its affiliates/subsidiaries to the buyer and its affiliates/subsidiaries, and the buyer has the right to compensate or recover any amount owing to the supplier and its affiliates/subsidiaries by the buyer and its affiliates/subsidiaries.

### **ARTICLE XXIII : GOVERNING LAW, JURISDICTION**

For SGF French plants, in the event of any dispute regarding the construction, execution or termination of the purchase agreement, the Trade Court of Chambéry shall, by mutual consent, have sole jurisdiction, irrespective of the place of delivery or method of payment. This will also be the case in the event of calling on the guarantee, several defendants or claim made during the course of litigation. The governing law is the French law.