

## PROFESSIONAL CONDITIONS APPLICABLE TO WORK CONTRACTS "MECHANICAL POWER TRANSMISSIONS"

### I - GENERAL PROVISIONS

These conditions applicable to work contracts are a set of rules of customary practice designed to complete the common intention of the parties as regards all issues where this common intention has not been clearly expressed and in particular in relation to gear, mechanical transmission parts and device manufacturers, hereinafter referred to as the Manufacturer. These conditions are largely drawn from those of the French *Fédération des Industries Mécaniques* (Mechanical Industries Federation), as well as those of the "*Guide Contractuel des Relations de Sous-traitance*" (Handbook of Contractual Relations for subcontracting) of the French CENAST (*Centre National de la Sous-traitance* - National Center for Subcontracting Relations) and AFNOR document X 500-300 (French Standards Organization).

The Manufacturer's quotes must always be regarded as a summary of the Manufacturer's possibilities at the time the quotes are drawn up. However, these possibilities may change between the time of the quote and the order. It follows that work contracts shall only be valid once the Manufacturer has sent an acknowledgement of receipt of the order. The Manufacturer is not bound by commitments that may be made by its representatives or employees unless the Manufacturer himself gives confirmation thereof. Studies and documents of any type drawn up by the Manufacturer are the property of the Manufacturer and may only be used for the purpose of placing an order with the Manufacturer.

These professional conditions constitute the legal basis of work contracts as regards all provisions which are not covered under a special written agreement.

These professional conditions prevail over any clause to the contrary expressed by the Customer in any way whatsoever if the Manufacturer has not accepted such clause in writing. However, in the event a Customer or a group of Customers should want to engage in more serious partnership relations with their subcontractors, these conditions shall serve as a basis, together with the general conditions applicable to these Customers, for the drafting of specific trade conditions concretizing the agreement they have reached.

### II - DESIGN OF PARTS

II.1 Unless expressly agreed otherwise, the Manufacturer is not the designer of the parts it manufactures. The Manufacturer's role is that of an industrial subcontractor, i.e., the Customer has decided to call on a specialized contractor because the Customer deems that such contractor has the infrastructure and the skills adapted to the Customer's requirements.

The Customer shall be personally responsible for all industrial property issues related to the parts it subcontracts for manufacturing and must guarantee the supplier against all consequences in the event of legal action taken for copyright infringement.

The Customer is solely liable for the parts, plans and models it submits.

The result of a design is the complete definition of a product and, as such, the design may be fully or partially included in industrial subcontracting. In this case, the Customer shall bear full liability in the last instance for the industrial result sought. This is the case, in particular, for parts defined via computer by the Manufacturer at the Customer's request and based on specifications or an operating plan supplied by the Customer.

II.2 In the event the Manufacturer ensures 100% of the design and manufacturing of the parts for clientele, this must be covered under a special agreement, as this work falls outside of the scope of these professional conditions.

### **III - OFFER AND ORDER**

III.1 Customers' calls for tender must include detailed specifications.

III.2 The Manufacturer's offer may not be deemed firm unless a validity period is specified. If such period is not specified, the normal validity period of an offer is thirty days, except for special option periods specified in that offer. The same is true whenever the Customer makes changes to the specifications or to sample parts submitted by the Manufacturer when applicable.

III.3 The Manufacturer is bound only by the conditions under which it has expressly accepted the Customer's order by way of letter or any other means of communication giving rise to a written document.

An open order giving rise to calls for periodic or cyclical deliveries may only be entered into for a limited duration to be agreed between the Manufacturer and the Customer. If such duration is not specified, it shall be limited to two years.

III.4 In the event of a request concerning repairs or maintenance intervention, if the related quote is not followed by an order, the party requesting such quote shall be invoiced for disassembly and, when applicable, reassembly, return shipment and the drawing up of the quote itself on the basis of time spent.

### **IV – STUDIES**

The sale of parts does not entail transfer to the Customer of the Manufacturer's property rights to its manufacturing studies.

The same is true for studies the Manufacturer offers in connection with an original change to the specifications. If the Customer accepts such studies, the Customer must agree with the Manufacturer on the conditions of their use in connection with the order.

In no event, may the Customer dispose of the Manufacturer's studies for his own account or disclose them without having expressly acquired ownership thereof.

The transfer of intellectual property rights between the Manufacturer and the Customer must obligatorily be covered in a written agreement.

### **V – TOOLING**

V.1 When tooling is supplied by the Customer, it must obligatorily include visible assembly or use marks and gauges and must be supplied free of charge on the site specified by the Manufacturer. The Customer bears all liability for the perfect match of such tooling with the drawings and specifications. However, at the Customer's request, the Manufacturer shall verify the match and reserves the right to invoice the costs such work may entail.

If the Manufacturer deems it necessary to make changes for the parts to be manufactured properly, the related costs shall be at the Customer's expense after receiving prior written notice thereof on the part of the Manufacturer.

For the purpose of validating the capacity of production tooling to manufacture series, the Customer must request that sample parts be manufactured, which parts the Manufacturer will then submit to the Customer for acceptance after all useful verification and trials have been performed. The Customer shall be deemed to have accepted the parts if no written observations are made within a period of fifteen days as of the date on which the Customer received them. Validation of the capacity of production tooling does not entail an obligation on the part of the Manufacturer to achieve an unconditional result (*obligation de résultat inconditionnelle*) under French law.

Moreover, in the event the tooling is supplied by the Customer with drawings and specifications that render impossible complete verification of the parts manufactured, such parts shall be deemed good based only on those features which are measurable. The burden of liability for the result of these data shall then fall exclusively on the Customer after being informed in writing by the Manufacturer thereof.

In any event, if the tooling received by the Manufacturer does not conform to the use the Manufacturer could reasonably expect, the price for the parts initially agreed to will be subject to a request for revision by the Manufacturer and an agreement will be reached with the Manufacturer before initiating the manufacturing of such parts.

V.2 When the Manufacturer is entrusted by the Customer with the production of the tooling, the Manufacturer shall produce the tooling in agreement with the Customer, according to the requirements of the Manufacturer's own production techniques. The Manufacturer shall be paid for producing the tooling as well as repairing such tooling when worn, such payment being separate from the supply of parts as such.

The Manufacturer cannot be held liable for the payment of replacement tooling beyond the supply of quantities that have been provided for contractually or that which result from normal wear and tear.

Except if a prior agreement has been reached with the Manufacturer relating to a price increase designed to cover this risk, the Customer is under the obligation to either supply new tooling, replacement tooling or to bear the costs that ensue from production or refurbishment by the Manufacturer.

V.3 The price of the production tooling designed by the Manufacturer, whether or not produced by the Manufacturer, does not include the Manufacturer's intellectual property rights to such tooling, i.e., the contribution of its know-how or its patents for related studies or calibration. The same is true for any potential adaptations the Manufacturer makes to the tooling supplied by the Customer in order to ensure proper production of the parts or increased productivity.

Tooling shall remain in the custody of the Manufacturer after the order has been executed and the Customer cannot take possession thereof until a written agreement on the conditions for exploitation of the Manufacturer's intellectual property rights has been reached and payment of all invoices due to the Manufacturer on any account whatsoever has been made.

The Manufacturer shall maintain the tooling in good technical working order. The consequences of the wear, repair or replacement of the tooling shall be borne by the Customer. Unless otherwise agreed between the parties, 50% of the price of the tooling shall be paid at order and the balance once the tooling is produced or, if applicable, on the date the sample parts are presented for acceptance.

V.4 The transfer of the tooling to another supplier at the Customer's request can only be carried out after payment of amounts owed for the designer's intellectual property rights.

V.5 The Manufacturer agrees at all times not to use the tooling referred to under Paragraphs V.1, V.2 and V.3 above on behalf of a third party, regardless of whether or not the Manufacturer is the owner thereof, without prior written authorization of the Customer.

## **VI - PRESERVATION OF TOOLING**

When the Customer owns the tooling, it is up to the Customer, who maintains full liability for the tooling referred to in the provisions contained under Article "V - TOOLING", to personally take out an insurance covering damage or destruction to the tooling for whatever reason it occurred and the Customer must waive all right to make any claims against the Manufacturer.

The various sets of tooling shall be returned to the Customer at his request or when the Manufacturer so expresses the wish in the state they are in at that time, on the condition that full payment for the tooling and the parts manufactured has been made. If tooling remains in the custody of the Manufacturer, it shall be stored free of charge for a period of three years as of the date of the last delivery.

When such period comes to an end, if the Customer has not requested the return of the tooling or if the Customer has not agreed with the Manufacturer on the principle of and the conditions applicable to extending the period of custody, the Manufacturer shall have the right to proceed with the destruction of the tooling after sending prior notice via registered letter that has remained ineffective for a three-month period.

## **VII - DELIVERY DATES AND PERIODS**

VII.1 Delivery periods start running as of the date of acceptance of the order by the manufacture. However, they shall start running at the earliest as of the date on which all of the documents, materials and execution details have been supplied by the Customer. In addition, the Customer must have fulfilled all other preliminary conditions that bear upon him.

VII.2 The delivery period agreed upon is a material aspect that must be specified in the contract, together with the type of delivery period (delivery date for availability of order, delivery date for presentation for control or acceptance, effective delivery date, etc.). However, the delivery dates stipulated are only indicative and may be changed in the event of circumstances outside of the Manufacturer's control.

VII.3 In the event of a discrepancy between the delay in availability and the delivery date stipulated at the time of order:

- if special agreements provide for penalties, such penalties may in no event exceed 5% of 90% of the value of the contractual price of the equipment not yet delivered,
- if no special agreement has been reached, a penalty of 0.5% may be applied for each full week of delay as of the end of the third week of delay, with a maximum aggregate amount of 5% of the value of the contractual price,
- penalties only apply when the delay is attributable to the seller and if it causes a real prejudice witnessed by both parties.

No late delivery penalties may be applied for a period of sixty days after the equipment has been made available on the grounds of late delivery (shipment or forwarding or lack of various certificates allowing shipment to take place).

## **VIII - PACKAGING AND PROTECTION**

VIII.1 Except if otherwise agreed between the Manufacturer and the Customer, packaging of the supplies procured shall be invoiced to the Customer for immediate payment and shall become the Customer's property once payment is made.

VIII.2 Framework containers, palettes and all other permanent materials that are the property of the Manufacturer must be returned by the Customer in good condition, free on board at the latest within thirty days of receipt, failing which they will be invoiced by the Manufacturer.

If these materials are the property of the Customer, the Customer must have them delivered in good condition at the latest on the date agreed to with the Manufacturer, on the site specified by the Manufacturer, free on board.

VIII.3 At the Customer's request, parts may be provided with special protection. As it is up to the Customer to determine the protection required, the cost thereof shall be invoiced to the Customer by the Manufacturer.

## **IX - DELIVERY AND TRANSFER OF RISKS**

IX.1 Delivery of the parts shall always be deemed to take place at the Manufacturer's company, regardless of contractual stipulations relative to payment of shipping costs. Delivery shall be performed either by way of direct remittance of supplies procured either to the Customer or the carrier designated by the Customer in the contract or, failing which, chosen by the seller. Unless otherwise stipulated, shipments are performed under the Customer's responsibility.

In the event no instructions on the destination are given or if it is impossible to ship the supplies for reasons outside of the Manufacturer's control, delivery shall be deemed to have been performed by way of ordinary notice providing that the order is available. In this case, the parts shall be stored and storage shall be charged to the Customer and performed at the Customer's risk. Unless otherwise stipulated by contract, partial shipments are authorized at the option of the Manufacturer.

IX.2 Transfer of risks to the Customer shall take place at the time of delivery as provided for above, notwithstanding application of the seller's lien.

## **X – TRANSPORT**

X.1 In all cases, the Manufacturer shall perform shipment and operations related to transport in the capacity of the Customer's agent only. In the event of shipment on a carriage-paid basis, the Customer shall reimburse the shipping expenses advanced by the Manufacturer as soon as the Customer receives the related invoice. Consequently, it is the Customer's responsibility, who bears all risks related to these operations, to verify upon arrival of the shipment, the physical condition, the quantity and the compliance of supplies with the information stated on the dispatch note.

X.2 The Customer must immediately inform the Manufacturer of any claims when relevant, without prejudice to the legal action the Customer has the responsibility itself to take against the carrier.

X.3 The Customer shall bear the cost and the risks of shipment and of return of the materials recovered under Article "V - TOOLING", as well as those for sample parts designed to be used as a reference.

## **XI - PRICES**

XI.1 Unless otherwise agreed, contractual prices for supplies are given as unit prices, not including VAT, ex-works and parts shall be delivered in the condition specified by contract.

Prices must be established in Euros (EUR) or in the legal currency in use at the time of invoicing, not including VAT, ex-works. The Customer agrees to comply with legal and tax obligations relating to the application of intra-community VAT (identification number, appointment of a tax representative), failing which, French VAT will be applied to the Euro-based (EUR) price on due date.

XI.2 Prices are, as explicitly agreed upon by contract:

- either firm for an agreed time period, which cannot exceed six months if no special agreement has been reached,
- or revisable according to appropriate formulas, taking into account changes in the price of materials, the cost of power sources, salary rates and ancillary expenses related to the order that arise between the date of the contract and the contractual date of delivery unless other dates apply as specified by contract.

## **XII – CONDITIONS OF PAYMENT**

**Payment periods:** In accordance with the Law on the modernisation of the economy (LME) No. 2008-776 dated the 4<sup>th</sup> August 2008 (article L441-6 of the French Commercial Code) the period agreed by the parties for the settlement of the sums owed cannot exceed forty-five days end of month or sixty days from the date on which the invoice is issued. These provisions apply to all contracts concluded as of the 1<sup>st</sup> January 2009 – i.e. any firm order accepted as of this date.

Under these general terms, the payment period is either 45 days end of month or 60 days net. Derogation from this provision may be included in the specific terms, by agreeing on either a shorter "end of month" period or a net period of less than 60 days. The application of this law does not require shorter payment periods previously agreed to be modified.

**Down-payment:** It is recalled that a down-payment is by definition paid in cash, without conditions of payment.

**Compulsory application in France and for export:** This law is a law of public order, from which there can be no derogation. It is a “public order act” and applies whenever the delivery destination, Customer’s registered head-office or other element of the contract is located in a country other than France, provided there is a connection to France, such as the Supplier’s registered head-office,

Legal sanctions: **In accordance with the Law on the modernisation of the economy (LME) No. 2008-776 dated the 4<sup>th</sup> August 2008 (article L442-6 of the French Commercial Code) the following are notably punishable by a civil fine of up to two million euros:**

- **subjecting a partner to conditions of payment which do not respect the legal limit,**
- **requesting that the supplier postpone the date on which the invoice is issued without a valid reason.**

**Contractual sanctions:**

- The non-payment of an invoice or a down-payment shall entail the following:
  - a) In accordance with the version of article L441-6 of the French Commercial Code introduced by the Law on the modernisation of the economy (LME) No. 2008-776 dated the 4<sup>th</sup> August 2008, any delay in payment shall result in the application of late-payment interest equal to the European Central Bank’s latest refinancing rate, plus a further ten points.
  - b) At the seller’s discretion, the buyer shall be required to pay premiums amounting to three times the legal rate of interest.
  - c) At the seller’s discretion, the balance of the price and invoices on account shall become immediately payable, regardless of the supplies to which they correspond.

Payment is only taken into account following actual receipt of funds.

Payments are made to the seller’s registered head-office and, failing agreement to the contrary, are made net and without discount.

Except in case of provisions agreed by the parties, any repair or maintenance work, as well as additional supplies or supplies delivered during assembly, are invoiced on a monthly basis and are payable in cash, net and without discount.

Any delays or disputes between the parties or failure to return bills of exchange within the fifteen days prior to the date of payment shall result in:

- ✧ the cancellation of the contract,
- ✧ the immediate payability of the sums owed for any reason whatsoever,
- ✧ the right to refuse any further orders.

Should the buyer choose to sell, transfer, use as collateral security or contribute its business assets or equipment or should a payment not be made or a bill of exchange not be accepted by the scheduled date, the sums owed become immediately payable as of right, without serving formal notice, regardless of the conditions previously agreed.

The seller reserves the right to transfer its debt-claim to a third party.

### **XIII - CONTROL AND ACCEPTANCE**

XIII.1 The Customer shall bear full liability for the design of the parts based on the industrial result it seeks and that it alone is specifically familiar with.

Consequently, the Customer shall decide on the technical specifications that set the specifications designed to define all aspects of the parts to be manufactured, as well as the type and conditions of inspections, controls and trials required for acceptance thereof.

The acceptance by the Customer of proposals aimed at any improvement whatsoever of the technical specifications or at a change to the design of the parts may in no way lead to a transfer of liability. The Customer shall continue to bear exclusively liability in all cases for the design.

XIII.2 In all cases, the type and scope of the required controls and trials, the standards and the relevant quality categories, as well as any allowances whatsoever, must be specified in the drawings and specifications mandatorily attached by the Customer to its call for tender and confirmed in the contract agreed to between the Manufacturer and the Customer.

XIII.3 If specifications on the controls and trials to be performed on the parts are not given, the Manufacturer will perform a simple visual and dimensional control of the main measurements.

XIII.4 Controls and trials deemed necessary by the Customer shall be performed at its request by the Manufacturer either directly or by an outside laboratory or agency. This must be specified before the contract is entered into, as well as the type and scope of these controls and trials.

The scope and conditions applicable to acceptance must be established at the latest on the date the contract is entered into. Acceptance shall take place at the production site at the Customer's expense at the latest during the week following notice of availability for acceptance sent by the Manufacturer to the Customer or to the agency in charge of such acceptance. Acceptance is valid for acknowledgment of no apparent or detectable defects.

If the Customer or the control agency does not perform the acceptance procedure, the parts shall be stored by the Manufacturer at the Customer's risk for a maximum duration of fifteen days. Upon expiration of this period, the equipment shall be deemed accepted and the Manufacturer shall have the right to ship and invoice for it.

The principle of and the terms and conditions for non-destructive controls can only be defined based on the design of the parts. As such, the Customer must specify in all cases in its call for tender and its order the controls that need be implemented, the components of the parts subject to such controls, together with the relevant categories for the purposes, *inter alia*, of implementing the conditions of the warranty defined under Article " XIV – LIABILITY AND WARRANTY".

In all cases, these controls and acceptance procedures shall be performed with regard to the appropriate standards and according to the conditions defined in the drawings and technical specifications as set forth by the Customer and agreed upon by the Manufacturer.

XIII.5 Control and trial prices are generally separate from the price of parts, but may be aggregated by way of an agreement between the Manufacturer and the Customer. This price takes into account the cost of special works required to achieve the conditions that are necessary for the proper implementation of these controls, in particular in the case of non-destructive controls.

XIII.6 Manufacturing performed within the framework of a Quality Assurance system requires that this condition be specified by the Customer in his call for tender and his order. The Manufacturer must confirm this condition in his offer and his acceptance of the order, without prejudice to the provisions of the articles set forth above.

#### **XIV - LIABILITY AND WARRANTY**

XIV.1 The Manufacturer is under the obligation to supply parts in compliance with the drawings and provisions of the contractual specifications, with no concern for any special use the Customer has designed them for.

For series orders, the Customer must request that sample parts be manufactured, which parts the Manufacturer shall subsequently submit to the Customer for acceptance after all the required controls and trials have been performed. Such acceptance must be sent by the Customer to the Manufacturer via letter or any other means of communication giving rise to a written document within thirty clear days as of the date on which the Customer received these sample parts.

In the event the Customer has a complaint regarding the parts delivered, the Manufacturer reserves the right to examine such parts on site.

XIV.2 When materials are supplied by the Manufacturer and in the event that parts do not meet the contractual requirements or are defective, the Manufacturer is only required to replace them free of charge and no damages or interest may be claimed from him therefrom.

Once agreed with the Customer, the warranty consists in:

- either crediting the Customer's account for the value of the parts that are acknowledged as not in compliance with the contractual drawings and technical specifications or with the sample parts accepted by the Customer,
- or to replace the scrapped parts that will give rise to a credit note, the replacement parts being invoiced at the same price as the parts replaced,
- or to backfit them for compliance or have them backfitted.

XIV.3 When materials are supplied by the Customer, in the event the production does not meet the contractual requirements and providing that is not the result of an inherent defect of the materials, the Manufacturer shall be required, at the Customer's option:

- either to issue a corresponding credit note for the price of shaping the scrapped parts,
- or to redo the work using the required materials or parts made available by the Customer.

In this case, backfitting shall be performed according to terms and conditions decided by way of common agreement. If the Manufacturer bears the cost, either the Manufacturer shall perform backfitting itself or shall give his prior agreement if the Customer decides to have backfitting performed at a price he has previously informed the Manufacturer of.

The replacement or backfitting of parts pursuant to the agreement made between the Manufacturer and the Customer shall in no way have the effect of changing the warranty system applicable.

The parts which have been replaced or backfitted for the Customer by the Manufacturer shall be returned to the Customer freight collect and the Manufacturer reserves the right to select the carrier.

Unless expressly provided for by contract, the shape finisher shall not be liable for the loss or damage of materials or parts entrusted to it.

XIV.4 The Customer shall lose the right to the warranty if it performs any backfitting of parts without the Manufacturer's agreement to the principle and the cost thereof.

XIV.5 The warranty does not cover under any circumstances:

- damages caused by a defective part when being used if the Customer has committed an error when putting it into service without performing or having performed all controls and trials that the part's design, use and industrial result sought should have required, especially those defined under Article "XIII.4 – CONTROL AND ACCEPTANCE",
- the cost of work done to the parts at the Customer's initiative prior to being put in service, in particular, treatments, machining controls,
- damages caused to the parts due to inadequate treatment (surface treatment, thermal or other treatments) requested by the Customer,
- damages that are attributable to a sub-contractor imposed by the Customer,
- costs related to assembly, disassembly and removal of these parts from circulation by the Customer.

## **XV – FORCE MAJEURE**

The Manufacturer shall be released from liability in the event of an unforeseeable or force majeure event. In any case, the Manufacturer's liability cannot be triggered, in particular for failure to comply with delivery dates, in the following cases: failure to comply with payment conditions, failure by the Customer to supply all information necessary within the time required to execute the order, in case of force majeure or an event such as: total or partial strike, lockout, interruption or disturbance of transport services, fire, natural disasters, scrapping of materials, supply problems and more generally, any cause outside of the Manufacturer's control.

## **XVI – SELLER'S LIEN**

**XVI.1 Procurement of parts shall be performed subject to the Manufacturer's right to a seller's lien if this right is recognized under the legislation of the relevant country and if all the conditions required to implement this right have been met. If the transaction takes place in France, this "seller's lien" clause shall apply to the extent authorized by law.**

XVI.2 Although the Customer shall only assume ownership of the parts ordered once they have been fully paid for, the Customer is responsible for proper preservation thereof once they have been delivered. Conditions applicable to long-term preservation shall be covered under a special agreement.

XVI.3 The same is true for transactions performed abroad to the extent the seller's lien is recognized pursuant to the laws in force in the country where the merchandise is located at the time of the claim. If this is not the case, the Customer is required to ensure that the Manufacturer benefits from all rights guaranteeing commercial transactions in its own country.

XVI.4 The above provisions may in no event entail a derogation from the clause applicable to jurisdiction set forth under Article "XVIII - DISPUTES".

## **XVII - INDUSTRIAL PROPERTY**

In all cases which fall under the provisions contained in Article "II – DESIGN OF PARTS", the Customer shall guarantee and hold harmless the Manufacturer against the consequences of legal action that may be taken against the Manufacturer for executing an order for parts covered by industrial or intellectual property rights, such as registered patents, trademarks or models or by any other personal rights in France or abroad.

## **XVIII – CONFIDENTIALITY AGREEMENT**

The parties commit themselves on a reciprocal basis to a general obligation of confidentiality bearing on all verbal or written information of any kind and on any media whatsoever (reports on discussions, plans, exchange of computerized data, business activities, facilities, projects, know-how, products, etc.) exchanged in connection with the preparation and the performance of the agreement, except for that information generally known to the public or that becomes known to the public through other means than due to the fault or action of the Customer.

Consequently, the parties hereby agree to:

- keep totally secret all confidential information and in particular, never to disclose or communicate in any way whatsoever, directly or indirectly, all or part of such information to any person whatsoever, without the prior written consent of the other party;
- not to use all or part of the confidential information for purposes or for business other than the performance of the agreement;
- not to copy or imitate all or part of the confidential information.

The Customer agrees to take all measures that are required in order to ensure that this confidentiality obligation is wholly fulfilled for the entire duration of this agreement and subsequent to its expiration and moreover take all necessary steps to ensure that all his employees shall comply with this obligation. This obligation constitutes the obligation to achieve a result under French law (*obligation de résultat*).

## **XIX – TERMINATION**

In the event performance is suspended due to a force majeure or a similar event as defined under Article "XV - FORCE MAJEURE" and should performance be suspended for a period exceeding three months, the party that did not invoke the force majeure or similar event shall have the right to terminate the contract by giving written notice to the other party.

Likewise, if for reasons attributable to the Customer or due to a force majeure or similar event as defined under Article "XV – FORCE MAJEURE", the performance of the contract is rendered impossible or excessively costly and if the Customer refuses to bear the cost overruns, the Manufacturer shall have the right to terminate the contract by giving written notice to the Customer.

If termination is the result of default by the Customer, the Customer shall compensate the Manufacturer under the conditions set forth in the paragraph below.

In the event the Customer cancels all or part of its order or defers the delivery date thereof, the Customer is required to compensate the Manufacturer for all costs incurred and all direct and indirect consequences occurring as a result thereof.

## **XX – DISPUTES**

In the event a dispute arises over supplies procured, the Court having jurisdiction at the Manufacturer's domicile shall have sole competence, even in the event of action taken to implement guarantees or multiple defendants.

However, it is hereby recalled that in the case of a petition for an order to pay, action must be taken before the court having jurisdiction at the debtor's domicile, in accordance with Article 1406 of the French Civil Code.

The rules laid down in the above paragraphs are a matter of public policy. Any clause to the contrary shall be deemed not to exist. A judge petitioned to hear the case must decline jurisdiction of his own motion.

This document is a translation of the **Conditions Professionnelles des Contrats d'Entreprises** (Professional Conditions Applicable to Work Contracts) issued by the Syndicat des Industriels de la Mécatronique, edition of 2008. It is meant for information only, and only the French document shall be deemed authentic.