

## General Terms of Purchase

### **1. Scope**

Unless otherwise agreed upon with SARETCO's Purchasing Department (the "Purchasing Department"), these General Terms of Purchase shall apply to all purchases made by SARETCO whether they be for tools, machines or equipment, parts, raw materials, other materials, or services (the "Supply" or the "Supplies").

### **2. Orders**

#### **2.1. Purchase Order**

Supplies must always be the subject of a purchase order (the "Order"), valid either for an unlimited period of time (the "Open Order") or for a limited period of time (the "Closed Order"). Orders shall be made by mail, fax, or any electronic means that has been agreed upon.

#### **2.2. Acceptance of the General Terms of Purchase**

The General Terms of Purchase shall be deemed accepted upon receipt of the acknowledgment of receipt attached to the Order, which is to be returned to the Purchasing Department by the supplier (the "Supplier") by mail, fax, or any electronic means that has been agreed upon, at the latest within eight (8) business days from the Order date. These General Terms of Purchase shall prevail over the Supplier's terms of sale. In the absence of an acknowledgment of receipt, the beginning of the performance of the Order shall be deemed an express acceptance of these General Terms of Purchase and shall automatically entail the Supplier's waiver of its own terms and conditions.

Acceptance of these General Terms of Purchase shall automatically mean that the Supplier undertakes to comply with the SARETCO Production System and the SARETCO Quality System, as well as any other Quality control procedure(s) that may be implemented during the Order.

#### **2.3. Supplier's Specific Obligations**

2.3.1 The Supplier, a professional in its field, is perfectly aware of the demands and requirements of the Foundry Industry, in particular in terms of quality, cost, and deadlines. The Supplier shall deliver the Supplies in compliance with this Industry's standards and customary practices, as well as with laws, regulations and standards in force concerning health, safety, environmental protection, and labor laws, in particular in each of the countries where the Supplies are manufactured, and the vehicles on which they are used, sold. The Supplier shall hold harmless and defend SARETCO from and against any claims arising out of breach of these provisions and shall bear all the direct and indirect consequences thereof, in such a way that SARETCO shall never be troubled.

2.3.2 The Supplier shall deliver the Supplies in compliance with all other documents that govern the relations between SARETCO and the Supplier in connection with the Supply and that are complementary to these General Terms of Purchase, in particular the drawings, specifications, list of requirements, etc (the "Documents").

2.3.3 At SARETCO's first request, the Supplier undertakes to make any modification to the Supply, to provide any and all information about the Supplies or the Order, and to attest to the country of origin of the Supplies and the composition of what is used in the Supplies.

- 2.3.4 The Supplier shall not modify the Supply in any way, in particular by changing its components, materials, the process(es) used for it, or its place of manufacture without prior approval, within the meaning given in the SARETCO Quality Procedures and by customary rules and practices in the Foundry Industry.
- 2.3.5 In order to permanently maintain the competitiveness of both the Supply and the SARETCO products in which said Supply is used, the Supplier agrees to implement measures to increase productivity continuously. The minimum level of annual productivity for the Supply shall be established by mutual agreement.
- 2.3.6 Acceptance of the Order shall automatically bind the Supplier to strictly comply with the delivery deadline shown either on the Closed Order or on the delivery schedule sent by EDI, WebEDI, or by fax in the event of an Open Order. No early delivery shall be accepted without prior agreement and expenses therefor shall be borne by the Supplier.

The Supplier shall indemnify and compensate SARETCO for all direct and indirect costs resulting from failure to respect the delivery deadline, in particular those related to shutdowns of production or assembly lines at SARETCO's facilities or those of its customer(s). Furthermore, SARETCO shall have the option of canceling the Order in accordance with Article 13.2 herein. Any extra cost caused by being forced to order Supplies from a third party shall be borne by the Supplier.

### **3. Intellectual and Industrial Property Rights**

- 3.1 The Supplier shall be personally responsible for the validity of the intellectual and industrial property rights related to the Supplies, as well as the free use of the Supplies as regards the intellectual and industrial property rights of any third party. The Supplier shall hold SARETCO harmless from any complaint and/or claim made by a third party.

In the event a third party would initiate proceedings requesting that the use, marketing, or sale of the Supplies be forbidden, limited, or modified, the Supplier shall be solely liable for the consequences resulting from these proceedings that may give rise to payment of damages, including any negative effect they might have on SARETCO's corporate reputation. The Supplier shall indemnify and compensate SARETCO for all damage sustained as a result of the partial or total failure to perform any contract(s) binding SARETCO to its customer(s) in relation to the Supplies, including any damage payments that SARETCO might owe to its customer(s) for failing to fulfill its commitments and the extra cost caused by any modification needed for the Supplies and/or the tools involved.

Furthermore, SARETCO shall have the option of canceling the Order in accordance with Article 13.2 herein.

- 3.2 In the event the Order is cancelled for any reason whatsoever, the Supplier hereby authorizes SARETCO to complete or cause to be completed the tools and equipment in order to ensure or cause to be ensured their maintenance and/or to manufacture the parts for which they are intended, notwithstanding any intellectual and/or industrial property rights which the Supplier may claim and which the Supplier hereby waives using against SARETCO or any third party mandated by SARETCO in connection with this. Furthermore, the Supplier shall, at first request, provide all drawings, technical documents and know-how related to the tools, equipment, and/or parts.

#### **4. Prices, Invoicing, and Payment Terms**

##### **4.1. Prices**

Applicable prices shall be those shown on the Order. They shall be firm and may not be revised and shall be understood "Delivery Duty Paid", or "DDP", (as defined in Incoterms 2000 or any subsequent Incoterms that may be substituted for Incoterms 2000), place of delivery. They may not be modified in any way whatsoever without the express agreement of both parties. Neither of the two parties may suddenly stop performing the Order. The party whose price proposal was refused after negotiations in good faith may terminate the Order subject to the conditions set forth herein, but in the event of termination by the Supplier, SARETCO must be able to ensure the continuation of the performance of its obligations to its customer(s) until manufacture of the Supply that is the subject of the terminated Order begins once again at another supplier's facilities.

##### **4.2. Invoicing and Payment Terms**

All the details shown on the Order that allow the Supplies to be identified and checked shall be shown clearly on the invoice. The invoice must mandatorily be sent to the address shown on the face of the Order.

Unless stipulated otherwise, the Supplies shall be payable by bank-to-bank transfer sixty (60) days from date of invoice. SARETCO shall have the option of offsetting amounts owed to it by the Supplier for any reason whatsoever in connection with the Order.

#### **5. Packaging and Shipping Documents**

The Supplier shall deliver the Supplies in a packaging that is adapted to the type of Supplies involved, the way they are shipped, and the way they will be stocked, in order to deliver them in perfect condition.

Each packaging unit must legibly show on the outside the notices required by the applicable shipping regulations, as well as any instructions for special conditions required for stocking. These notices shall show the Order number, the batch number, the exact name of the Supplies, the sender and recipient's exact names and addresses, the quantity delivered, and the gross and net weight. Two (2) exact copies of the delivery slip shall accompany the delivery and shall enable the Supplies to be identified, checked as to their quantity, and if applicable, shall include any material safety data sheets

The Supplier shall be financially responsible for any damage (breakage, missing items, partial damage, etc.) to the Supply as a result of inappropriate or inadequate packaging.

#### **6. Delivery**

6.1 Supplies shall be delivered to the place of delivery shown on the Order.

6.2 SARETCO reserves the right to refuse the Supplies by ordinary letter, fax, or any other electronic means agreed upon in the event the delivery deadline is not respected or that delivery is incomplete or contains more Supplies than ordered or does not comply with the Order and/or the Documents.

6.3 Any Supply that is refused shall be returned to the Supplier at its own expense and risks within eight (8) days from the date of the notice of refusal of delivery.

The Supplier shall indemnify and compensate SARETCO for any extra cost related to its failure to perform its obligation to deliver Supplies that conform exactly to the Order (rejects, stocking, sorting, interim costs, re-work, breakage of tools, breakdowns, and/or line stoppage at

SARETCO or its customer's facilities, yard campaigns, penalties, ordering Supplies or tools from a third party, etc.).

SARETCO shall have the option of canceling the Order in accordance with Article 13.2 herein.

## **7. Warranties**

- 7.1. The Supplier, an expert in its field, is bound by an absolute and determinate result as regards the Supplies [*“obligation de résultat”*] and in connection with this, assumes full responsibility and liability for the Supplies, their design, the manufacturing processes used to produce them, the technical choices to be implemented for their production, and their fitness for the particular purpose for which they are intended. The Supplier warrants that it is perfectly aware of this, no matter what assistance SARETCO may have provided during the development stage of the Supplies.

The Supplier warrants the Supplies against any non-conformity to the Order and/or the Documents from the time of delivery, whether the defect is the result of an error in design, materials, or manufacturing, as more generally, against any hidden or obvious defects.

- 7.2 Should SARETCO, its customer(s), or competent authorities decide to recall a Supply or a product in which any Supplies have been used, the Supplier shall indemnify SARETCO for all damage sustained.
- 7.3 The Supplier shall hold SARETCO harmless from any loss, personal injury, material, consequential and incidental damages, including any damage to SARETCO's reputation, and shall indemnify SARETCO against any direct and indirect costs arising out of breach of Supplier's obligation to deliver Supply free from defect, and if applicable, out of related breach of SARETCO's obligations to its customer(s) (reimbursement or free replacement of the defective Supply, labor expenses, sorting, interim costs, exceptional shipping, line stoppage at SARETCO or at the facilities of its customer(s), yard campaigns, recalls, penalties, cost of ordering Supplies from a third part, including tools, etc.). Any provision that might limit or decrease this liability is null and void.

## **8. Insurance**

The Supplier shall take out an insurance policy with a reputedly solvent insurance company, in compliance with SARETCO conditions and shall provide proof thereof at first request. This insurance shall in no event constitute a limitation of the Supplier's liability.

## **9. Non-transferrability [*“Intuitu Personae Contract”*] - Subcontracting**

- 9.1 The Supplier may not sell or transfer all or any part of the Order, even free of charge, without SARETCO's prior, express authorization.
- 9.2 In the event direct or indirect control of the Supplier is changed or its business is sold or transferred, SARETCO shall have the option of canceling the Orders in progress in accordance with Article 13.2 herein.
- 9.3 The Order may not be subcontracted by the Supplier, whether in full or in part, directly or indirectly, without SARETCO's prior, express authorization.

Should the Supplier be authorized to subcontract all or any part of the Order to a third party, the Supplier shall remain solely and fully responsible and liable to SARETCO for performance of the Order and these General Terms of Purchase. The Supplier shall compensate and hold SARETCO harmless from any claim from the subcontractors.

## **10. Confidentiality**

- 10.1 All information provided to the Supplier by SARETCO or one of its affiliates or representatives, including, but not limited to, technical, industrial, commercial, or financial information, no matter how said information may have been provided (orally, in writing, or other), including but not limited to the designs, drawings, descriptions, specifications, reports, microfilms, computer disks, software and documentation related thereto, samples, prototypes, etc. shall be confidential (the "Information").

The Information shall also include information of which the Supplier's employees or agents, suppliers, subcontractors, representatives, and/or permanent or temporary collaborators may become aware during the Order.

- 10.2 The Information may only be used in connection with the Order. The Supplier shall take all measures to ensure that no Information is disclosed or revealed to a third party.

Any failure to comply with this obligation of confidentiality shall result in the application of Article 13.2 herein.

- 10.3 This obligation of confidentiality shall remain in effect for a term of five (5) years after termination of the Order for any reason whatsoever. Once the Order is finished, the Supplier shall, at first request, return to SARETCO all documents related to the Order, whether confidential or not, without keeping any copy unless SARETCO has granted its prior, express authorization to do so.

## **11. Transfer of Ownership/Risks**

- 11.1 Upon identification in the purchase order of supplies for production of the Supplies (raw materials or semi- finished products) and at the latest when the Supplies are completed, the Supplies shall become the exclusive property of SARETCO. Any stipulation reserving ownership rights shall be null and void. The Supplier hereby agrees to use all means to individualize said supplies.

- 11.2 During the Order and prior to delivery, SARETCO reserve the right to audit all manufacturing processes for the Supplies and the Supplies themselves on the Supplier's premises or those of its subcontractors, if applicable. The Supplier hereby agrees to grant SARETCO free access to its premises at any time and to ensure that SARETCO has free access to its subcontractors' premises and to give SARETCO the possibility of testing the Supplies without said testing limiting in any way the Supplier's liability or warranties.

- 11.3 Risks of loss of the Supplies shall be transferred when delivery of the Supplies is accepted, no matter what delivery conditions may be shown on the Order.

## **12. Molds, Tools, and Other Specific Equipment**

- 12.1 All molds, tools, and other specific equipment provided by SARETCO for the needs of the Supplies (the "Equipment") shall remain SARETCO's exclusive property. The same shall be true for Equipment created at SARETCO's request and on its behalf, as it is created, including the related industrial or intellectual property rights.

In all cases, the Equipment shall be deemed to have been left on deposit at the Supplier's premises for the purpose of the Order, even in the absence of any specific loan agreement or deposit slip. The Equipment may only be used for the needs of the Order and may not be lent, made available to a third party, reproduced, or copied. At the Supplier's expense, the Equipment shall be marked by an easily visible non removable identity plate that shall state "Property of SARETCO – may

not be sold, transferred, or pledged" [*"Propriété SARETCO - incessible et insaisissable"*] and it may not be pledged and/or granted as security. The Equipment may be taken back by SARETCO at any time.

- 12.2. As bailee of the Equipment, the Supplier shall warrant its perfect servicing, well-keeping, verification, and maintenance so as to prevent in particular any deviations in the manufacturing process or breakdown in supply, and shall provide a precise and detailed inventory of it at SARETCO's first request and as often as necessary. Likewise, the Supplier shall be responsible for replacing the Equipment in the event of loss, theft, destruction, or premature wear and tear. In connection with this, the Supplier shall take out all necessary insurance policies covering risks and damage that the Equipment may cause to third parties and shall provide proof of said insurance at SARETCO's first request.

Upon termination of the Order for any reason whatsoever, the Equipment shall be returned to SARETCO in full ownership at SARETCO's first request.

### **13. Termination - Cancellation**

#### **13.1. Termination**

- 13.1.1 The Open Order is placed for an unlimited period of time and the quantities for which SARETCO commits itself shall be those shown on the delivery schedules. SARETCO may terminate the Open Order at any time by certified letter with return receipt subject to prior notice of three (3) months, pursuant to Article 1134 of the French Civil Code with knowledge of the provisions of Article L. 442.6.I.5° of the French Commercial Code. The notice period may be reduced by express agreement of the parties in the event of an emergency. During the notice period, the Order must be performed in accordance with the contractual terms and conditions that are in effect at the time of notice of termination is sent, in particular regarding price. Termination of the Order shall not give rise to any indemnity or compensation being owed to the Supplier for any reason whatsoever.

- 13.1.2 The Closed Order is placed for a limited period of time and may not be renewed.

#### **13.2. Cancellation**

The Order shall be terminated without any formality upon SARETCO's notice in writing by way of certified letter with return receipt to the Supplier if the Supplier fails to perform or observe any of its contractual obligations, provided that the Supplier fails to remedy in part or in total such breach within eight (8) days of receipt of such notification requiring it to do so. SARETCO shall have the right to pursue any and all remedies for such breach as are permitted by applicable law.

### **14. Miscellaneous**

- 14.1 If any of the provisions of these General Terms of Purchase shall be held invalid or unenforceable, the remaining provisions shall remain in full force and effect.
- 14.2 Failure by SARETCO at any time to exercise any of its rights under these General Terms of Purchase, the Order and/or the Documents shall not be deemed a waiver thereof, nor shall such failure in any way prevent SARETCO from subsequently asserting or exercising such rights.
- 14.3 The Supplier shall make no reference to its commercial relations with SARETCO without SARETCO's prior, express authorization.
- 14.4 In the event of a dispute, French law shall be the governing law and exclusive jurisdiction shall be granted to the Paris Commercial Court. The Vienna Convention of 1980 on the International Sale of Goods shall not apply.

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