

Constructions Mécaniques de Normandie's (CMN) GENERAL TERMS AND CONDITIONS OF PURCHASE (G.T.C.P.)

Review from 2017/04/12

1. Preamble

These General Terms and Conditions of Purchase (GTCP) shall apply to all purchases between by Constructions Mécaniques de Normandie, RCS Paris, B 562 110 965, hereinafter: «The CLIENT» and the Order holder, hereinafter «The SUPPLIER».

2. conclusion and content of contract

2.1 The GTCP apply except when specific conditions are expressly provided otherwise in the order. Acceptance of the order shall be deemed an express acceptance of these GTCP by the SUPPLIER. The SUPPLIER therefore waives the application of any other disposition. Except otherwise provided, the order shall enter into force on its issuance date

2.2 The order is formalized by a written commitment on a "purchase order" signed by an authorized person. The prices are fixed, non-revisable and established according to the rules of Incoterms "DAP" (Incoterm 2010 ICC Paris), insurance included. The CLIENT reserves the right to modify or cancel the order by a corrective purchase order depending of the contractual operation progress.

2.3 The beginning of the order: the acceptance, the design, the production, the invoicing or delivery in whole or part of the order, involves the full acceptance of these GTCP by the SUPPLIER

2.4 Unless specifically requested by the CLIENT, the SUPPLIER shall only send an acknowledgment receipt of order in case of disagreement within eight (8) days from the reception of the order. This acknowledgment receipt of order shall only mention the relevant matters. In case of absence of written contestation by the SUPPLIER on the terms of the order, the order shall be deemed accepted eight (8) calendar days after its issuance date.

3. Subcontracting

The SUPPLIER shall not subcontract any or part of the order without the CLIENT's prior written consent.

4. Delivery, Title and Risks

4.1 The product is deemed delivered when put at the CLIENT's disposal on our facilities in Cherbourg, or any other place specifically stated on the purchase order according to the rules of Incoterm DAP (Incoterms 2010 ICC Paris), insurance included.

4.2 Title and risks relating to the products and supplies are transferred to the CLIENT on delivery, provided that the products and supplies meet the requirements defined in the specifications.

4.3 SUPPLIER's reservation of title clauses shall only be valid if expressly agreed by the CLIENT. The SUPPLIER warrants that no reservation of title clause is stipulated by its own suppliers or subcontractors.

5. Delivery Date – End of Work

5.1 Delivery date and end of work/ services date are stated on the order. If trials are expected on the order, the CLIENT's acceptance shall only occur upon satisfaction given by the trials to the CLIENT.

5.2 Except in case of force majeure stated in provision 19, late penalties of 1% of total order price per each day of delay with a maximum of 10% of total value of purchase order shall be applied. The CLIENT shall have the right to deduct them from the final amount invoiced by the SUPPLIER. The SUPPLIER must minimize at most the consequences of its delay.

5.3 Advance deliveries shall be made with the CLIENT's prior consent. The CLIENT reserves the right to refuse whole or part of an order which is delivered before the delivery date "at the earliest", which would be "non compliant", or in case of important delay and to reship the order at the SUPPLIERS's costs.

6. Packaging - Transport

6.1 Packaging and transport must present an efficient protection until final destination for the purpose of handling or storage. Damages caused by an improper packaging, insufficient or inadequate shall

be fully borne by the SUPPLIER. Consigned packaging and returned to SUPPLIER are reshipped freight collect under its liability.

6.2 Every package has a shipping order with the order number and for each item the material description and the line number. There shall only be one shipping order per purchase order.

7. Compliance – Quality

7.1 Products and services shall comply with contractual requirements and shall be fit to purpose. They must comply with the usual quality standards as well as the applicable legislation and standards. Products shall be delivered on full completion with all necessary instructions for correct use. Products that fail meeting these requirements shall be deemed noncompliant and compliant products shall be subjected to an acceptance proceeding/reception and a delivery receipt signed by the CLIENT. The CLIENT reserves the right to refuse any or all noncompliant products and/or to demand the replacement or the repair of products, have a third party execute the order or to keep the products or services with a reduction of the reparation price. In any case, totality of costs and risks shall be borne by the SUPPLIER.

7.2 The CLIENT reserves the right to control in person or by a representative the progress and performance of the order in the SUPPLIER's facilities or its subcontractors. Any comments made by the CLIENT or its representatives shall not minimize the SUPPLIER's sole liability which remains entire, in particular the obligation to deliver goods compliant to the order. In order to respect the rules set up at the CLIENT's facilities, the SUPPLIER agrees to be controlled and to transmit the CLIENT a compliance certificate before each shipment.

8. Modifications

The SUPPLIER shall accept and execute without delay any legitimate modifications requested by the CLIENT regarding the scope of the contract, specifications, amount and delivery. These modifications shall be subjected to an adjustment price and deadlines of the order, provided these adjustments were firstly and duly justified by the SUPPLIER and accepted by the CLIENT. The adjustment price order shall be calculated on the shipping order price basis, or failing such, to the agreed terms between the parties. The SUPPLIER shall not perform any major modification without the CLIENT's first approval

9. Provision of Equipment

9.1 The ownership of tooling produced or acquired by the SUPPLIER for the order shall be transferred to the CLIENT on such production or acquisition. The SUPPLIER shall restate this tooling to the CLIENT on its request and shall not use this tooling for another purpose than the order without its prior approval.

9.2 When the CLIENT freely delivers goods to the SUPPLIER for the order, those goods remains the CLIENT's property but the SUPPLIER shall keep them in good working condition until the execution and restitution of the order.

10. Invoicing – Payment

10.1 Invoices shall be sent after delivery in 2 originals at the address mentioned on the purchase order. The SUPPLIER shall send one invoice per order bearing a number. Payments shall be made by bank transfer at forty-five (45) days end of month, from the issuance date of invoice. Any invoice shall refer to only one order and mention the purchase order number and the line number of each item. The CLIENT declines the invoicing of delivered and unordered goods.

10.2 Any late payment from the CLIENT shall give rise to the payment of interest calculated with a rate equal to three times the legal rate in accordance with the applicable legislation plus a fixed compensation for recovery fees of 40 Euros. Interest for late payment shall be due from the day following the settlement date on the invoice, without necessity of a reminder.

11. Guarantee

11.1 The guarantee mainly consists in the adjustment and/or free replacement of goods or defective parts. The guarantee is necessarily extended to workforce and

travel fees, transport and packaging incurred for this occasion. The SUPPLIER warrants that the goods were delivered in accordance with the order and are not subject to any industrial or artistic property claim (patents, trademarks, drawings and design...). A guarantee certificate and/ or compliance certificate shall be sent with the goods when mentioned in the order by the CLIENT. The SUPPLIER shall be held fully liable for any damages towards the CLIENT for defective goods without limitation, except where such defect is attributable to the CLIENT for improper use of goods, non compliance with the SUPPLIER's instructions or lack of maintenance. The SUPPLIER commits to indemnify the CLIENT for any damage incurred by the SUPPLIER, in particular for delivery decline or counterfeiting established or alleged by a third party for any patent or trademark, without limitation of liability for the SUPPLIER.

11.2 This Guarantee is granted for thirteen (13) months from the acceptance of equipments, works or services and shall be renewed for the same duration after each modification or replacement made during its period.

12. Intellectual property

The CLIENT shall remain the only owner of any information, drawings, design, and other technical information which may have been disclosed by the CLIENT to the SUPPLIER for the order or the offer, and generally of the know-how or intellectual property arising from the execution of the order or disclosed to the SUPPLIER in all ways. This information shall be kept confidential by the SUPPLIER until the CLIENT decides otherwise. The SUPPLIER commits to only use these information for the order process and to restate them on simple request.

13. Liability – Insurance

The SUPPLIER commits to take all necessary insurance and to indemnify the CLIENT during the execution of the order for any loss of, damage to third parties and death or corporal damages arising from the SUPPLIER's act or omission or its subcontractors, servants or agents. At the CLIENT's request, the SUPPLIER shall have to justify a valid certificate of liability insurance.

14. Claim

Any claim arising from the CLIENT shall be made by registered letter with an acknowledgment of receipt within a reasonable delay after the signature of the delivery note. Therefore, the payment of goods or services shall therefore be suspended.

Any claim from the Client shall be submitted through a registered letter sent within a reasonable delay after the date of receipt without any reservation of the goods or the services.

15. Environmental Requirements

The supplied goods shall respect the specification prescribed by the applicable regulation, in particular regarding the environmental and health protection.

16. Security

16.1 The SUPPLIER at its own costs shall have to take any necessary administrative authorizations for the activity of its own personnel working on the CLIENT's site. The personnel of the SUPPLIER shall accept any identity checks and other verifications that can be performed by the SELLER's security agents its representatives or by the State agents. The SUPPLIER's personnel shall be subjected to internal regulations on site.

16.2 The agents remain under control and authority of the SUPPLIER, including when they work on the CLIENT's site.

13.6 The SUPPLIER working on site shall first provide the CLIENT with the social declarations certificate less than six (6) months old according to the French decree n°2011-1601 from November 21st, 2011.

17. Confidentiality

The SUPPLIER commits to provide the necessary documents for the service organization, to respect the given instructions and not to disclose any information to any third parties without the written authorization of the CLIENT.

18. Suspension - Termination

18.1 The CLIENT reserves the right to cancel or suspend the order at any time of the execution. In such case, the parties shall find an agreement on the indemnity due to the SUPPLIER, provided that this indemnity shall be limited to the additional expenses directly incurred by this suspension limited to 5% of the order price.

18.2 In case of force majeure or facts arising from the CLIENT's customers and compelling the CLIENT to terminate the contract, the indemnity shall be equal to the amounts specifically committed by the SUPPLIER for this order and after deduction of any amount already paid.

18.3 The CLIENT reserves the right to terminate or automatically rescind the contract without legal formalities in case of serious or repeated contractual default by the SUPPLIER, especially when the penalties stipulated on the order are exceeded.

19. Force Majeure

Force Majeure means an event beyond the control of the affected party, which couldn't be reasonably foreseen at the time of conclusion of the order and for which the consequences can't be avoided by appropriate measures, thus preventing the affected party from performing its obligations. If the order is delayed due to Force Majeure, occurring during the contractual deadlines, the execution delay shall be modified as a consequence, provided that the affected party immediately informs the other in writing of the force majeure event upon knowledge and commits to take any reasonable measures to minimize the delay. The SUPPLIER shall provide the CLIENT with proofs of the event fifteen (15) days from the occurrence of the force majeure event. If the force majeure event continues over one (1) month, CLIENT shall be entitled to terminate the order according to the provisions of article 18.2.

20. Litigation with third parties

If a third party brings an action against the CLIENT due to the execution of the order by the SUPPLIER or to the goods or services produced, the SUPPLIER shall at its own costs and on CLIENT request join the CLIENT on defending the pending claim.

21. Dispute Settlement

The present order shall be governed by French law. The Vienna Convention on international sales of goods signed in 1980 is expressly excluded. Any dispute which may not be amicably settled shall be submitted to the jurisdiction of Paris.

22. Miscellaneous:

22.1 Should a stipulation in these terms and conditions be or become ineffective, the effectiveness of all other stipulations remain valid and applicable and the parties will make their best efforts to replace the ineffective stipulation by a valid one with the same economic impact.

22.2 No failure or delay by a party in exercising any right of action shall constitute a waiver.