



45, rue Louis Blanc  
92400 COURBEVOIE

Phone : 01 47 17 64 35  
Fax : 01 47 17 61 05

## GENERAL TERMS of the Union des Industries des Technologies de Surfaces

A MEMBER OF FEDERATION DES INDUSTRIES MECANIQUES

**These general terms, hereinafter referred to as CG contain the customs of the area of material surface processing and coating. As a result, they have been filed with the Customs Office of the Business Court of Paris.**

They apply to all contractual relationships between the Manufacturer, hereinafter referred to as « F » and the customer company, the Instructing Party, hereinafter referred to as « DO », regarding any contract, any order, and the orders placed in the framework of an « open order ». They are written in compliance with legal and regulatory provisions including those of the Business Code. In accordance with article L441-6 of the business code, they are the single basis of the business negotiation.

Any departure from these general terms shall be subject to the formal and written acceptance of the F.

They prevail over any clause to the contrary expressed in any way by the DO and that have not been formally agreed to by the F.

Written in the meaning of these general terms, shall be understood as any document prepared on paper or sent by fax or subject to the prior agreement of both of the parties, by electronic means.

Contracts and orders placed between the F and the DO consist in custom work services (or processing) made and/or processed on the DO's request and as a result, whatever their form, meet by nature the legal qualification of job contract.

### 1. – CONTENTS AND EXECUTION OF THE CONTRACT

#### 1.1 – Contents of the contract

The following are part of the contract and shall solely have the status of contractual documents :

- these general terms,
- the specific terms accepted by the two parties, including the specifications, provided it has been formally accepted
- the order accepted by any means, including by means of confirmation of receipt or order confirmation,
- the documents of the F complementing these general terms,
- studies, estimates and technical documents provided before the execution of the main contract and accepted by the parties.
- the delivery form
- the invoice.

#### 1.2 – Specifications, call for bids and bid

Any call for bids, any order, should include technical specifications including necessary specifications and particularly the nature of the material used and the treatments that may have already been applied to the latter.

The offer is considered as firm only when it includes a validity period. In the same way, any change in the specifications or model parts submitted as test as needed, may result in the revision of the bid accordingly.

#### 1.3 - Order

The contract is completed only when the order is formally accepted by the F. The acceptance of the order is done by all written means.

Any order formally accepted by the F, whether open or closed, shall be deemed to imply the DO's acceptance of the Supplier's offer.

#### 1.3.1- Closed order

A closed order indicates in a firm manner the amounts, prices, delivery and logistic terms.

#### 1.3.2 – Open order

Without prejudice to the terms specified by article 1174 of the civil code, an open order should meet the terms mentioned below.

- It is limited in time by the agreed delivery time.
- It sets the features and the price of the products- At the time of the execution of an open order, maximum, minimum amounts and delivery times are specified.
- The scheduling of the delivery orders defines the specific amounts and delivery times that are within the range of the open order. If the adjustments made by the DO to the forecast amount estimations of the schedule of the overall open order or of the delivery orders differ by more than 15 % from the amount of the said estimations, the F assesses the consequences of such variations

In the event of any upwards or downwards variation the parties shall confer to find a solution to the consequences of the difference, likely to affect the balance of the contract to the detriment of the F.

In the event of any upwards variation the terms, including the delivery times, shall be revised and the F shall make its best efforts to meet the request of the DO in the amounts and delivery terms compatible with his capacities (production, transport, sub-contracting, personnel, financial, etc...)

#### 1.3.3 - Order change and cancellation

Any change to the contract requested by the DO is subject to the written and prior acceptance of the F.

The order expresses the consent of the DO in an irrevocable manner ; therefore it cannot cancel it, unless otherwise previously agreed to in writing by the F. In that event, the DO shall compensate the F for any costs incurred (including specific equipment, study costs, labour and procurement expenses, tooling) and for any direct and indirect consequences arising therefrom. In addition the instalment already paid shall remain gained by the F.

### 2- PRICE

2.1 - Failing an agreement by the two parties on a price, before the performance of the work, the price shall be charged by the F based on its proposal. Failing a

quantified proposal, the F shall assess the price of the processing based on its own data and criteria, and the DO shall pay the price on that basis. The prices are given before taxes and « ex-works ».

The prix corresponds exclusively to the products and processing specified in the offer.

Payments are made in euros unless otherwise specifically agreed in the contract.

A handling price, in the form of a minimum billing amount, will be charged by the F.

2.2 - The prices apply only to the processing operations, excluding any related costs such as : carriage, delivery costs, packaging, special tests, certificates of compliance, specific insurance, taxes, etc...

2.3 - If there is a contractual price revision formula, an additional invoice to the one prepared at the time of the delivery shall be prepared based on the index publishing date.

2.4 - In the event of repetitive orders any variation in the nature, in the quality or in the presentation of the base material or parts shall result in a price renegotiation.

### 3 – DELIVERY TIME

3.1 - Delivery times accrue as from the latest of the following dates :

- final DO order acceptance date,
- date of arrival at the sub-contractors of the parts to be processed as well as of all technical documents or material items needed for the completion of the processing,
- date of acceptance of the prototype parts,
- date of settlement of the instalment possibly agreed upon.

Unless otherwise agreed the delivery time or performance time is deemed given for informational purposes.

3.2 - Contractual delivery times are extended for any reason that made it impossible for the F or the DO to perform its duties : force majeure event or case of similar events such as bad weather, procurement difficulties, accidental production stoppage, etc.

The failing party should inform the other one of that impossibility upon occurrence and both parties should then confer immediately to agree on provisions to be made.

3.3 - When the parts are not collected by the DO within a period of one month after the notification of the provision, the F shall charge warehousing costs and they shall be kept at the risk of the DO.

Failing collection within two months as from the agreed time, the F may alienate the parts or destroy them, subject to notifying the DO.

3.4 - Any penalty clause requires the consent of the F.

Delivery delay or processing performance delay penalties may not be applied by the DO unless they have received the F's specific and written approval.

### 4 - TRANSPORT

4.1 - As a rule the terms of the F shall apply to parts deposited at, and collected from, its shops or workshops by the DO.

The goods travel at the costs and risks of the DO whatever the origin of the packaging or the transport method. This provision applies to the various transports, i.e. to incoming or outgoing parts, whatever the place of shipment or destination.

4.2 - In the event of the sending of the parts by the DO to the F, such shipping should be done carriage free, unless otherwise agreed. The weight or amount of the parts mentioned in the shipping lists are deemed valid only after receipt by the F.

4.3 - Packaging : unless otherwise agreed, the DO shall deliver its parts property packaged to prevent any deterioration during transport. Such packaging shall be reusable for the return trip.

In the event of packaging deteriorated or insufficient, the F may replace and charge them, subject to first advising the DO.

4.4 - Upon the return of the processed parts, it is the DO's responsibility to carry out, on receipt, any weight and amount test and possibly to express any reserves to the carrier, without this justifying any delay in the settlement of the invoices of the F.

4.5 - If the F is responsible for carrying out or having carried out the shipping, it then acts only as agent of the DO, including in terms of payment. It is then justified in charging all its expenses and its own costs.

4.6 - When the DO calls on the services of the carrier or forwarding agent or had designated it, it shall be responsible for the solvency of that carrier or forwarding agent and hold the F harmless against the consequences of its failure.

4.7 - In the event the DO has called on a forwarding agent or carrier for the collection of goods intended for a third party :

- That third party shall have the status of addressee in the meaning of article L 132-8 of the Business Code
- The DO shall have the capacity of sender in the meaning of that article and agrees to sign the bill of lading.

### 5 – TERMS OF PERFORMANCE, RECEIVING AND GUARANTEE

#### 5.1 – Terms of performance

5.1.1 – The F agrees to complete its processing in accordance with the contract and in compliance with professional rules, according to the terms of work and guarantee specified in 5.4 below.

5.1.2 – In order to complete the operations and in agreement with the DO, the F reserves the right to carry out the destruction of the parts for setting or testing purposes during or after the manufacturing.

5.1.3 – While the parts are held by the F including during the performance of the work the responsibility of the F is governed by articles 1789 et seq. of the Civil Code.

Unless otherwise agreed the responsibility of the F is limited to the loss of its work on parts lost or deteriorated unless serious breach of rules of prudence, competence and diligence normally required for such work is proven.

5.1.4 – In pursuance of article 1790 of the Civil Code, should the material entrusted with the F have latent defects and disappeared or was deteriorated as a result of its poor quality, the value of the treatment or processing or of the coating completed by the F shall be borne by the DO.

More generally should the rough parts provided by the DO or defined by it show configuration or material defects, the F shall not be held responsible for any deteriorations sustained by those parts and may charge the DO all resulting costs.

#### 5.2 – Acceptance terms

5.2.1 – If an acceptance has been agreed upon, the terms thereof should be specified by common agreement upon the order. Failing, they shall be completed according to the following provisions.

##### 5.2.1.1 – At the workshops of the F

The acceptance shall take place at the workshops of the + F on the date agreed by the respective parties.

If the DO does not attend or is not represented at the acceptance test, the acceptance is nonetheless deemed to have been carried out jointly.

##### 5.2.1.2 – At the DO or the user

The acceptance may however on the DO's request, be completed on its premises or at the end user subject to the F's agreement.

#### 5.2.1.3 – On machined parts, after coating or processing

No acceptance test may take place after machining, assembling or installation, the parts being then considered as received and accepted by the DO.

However a written departure from that rule may be accepted in the event the defect can be found practically only through machining or assembling.

If, during those operations, no defect has been identified, no claim will be admitted. 5.2.2 – **After acceptance**, the responsibility of the F is cleared for any apparent defect or that the test means used during the inspection of the parts ought to have normally identify.

#### 5.3 - Post-delivery inspection

5.3.1- Failing acceptance to be conducted jointly, the acceptance is deemed joint and accepted after 48 hours after the delivery and at any rate prior to their use or assembling in a unit or sub-unit.

5.3.2 – After that time, the responsibility of the F is cleared for any apparent defect or for any defect that inspection means normally used in that area or the special means used by the DO, would have allowed to find.

#### 5.4 - Terms of the F's work

The responsibility of the F is strictly limited to compliance with the specifications of the DO set in the specifications book or any other contractual document.

Indeed the DO is in a position, due to its professional skills in its speciality and depending on the industrial production means it has, to define precisely the work based on its own industrial data or that of its clients and based on the type of material to be processed, on the use it intends for the part and the industrial result.

The F shall perform the work requested by the DO, in compliance with the professional rules of its trade.

#### 6 - CLAIMS

6.1 - Any claim should be made in writing immediately upon finding the defect. All facilities should be granted to the F to acknowledge and reduce the consequences of the defect.

6.2 - A claim does not allow the DO to carry out itself or have carried out by a third party the repair of the disputed parts, unless authorised in writing by the F.

#### 7 - RESPONSIBILITY OF THE IN THE EVENT OF LOSS , DETERIORATIONS AND SCRAPPING OF PARTS

7.1 - In the event of any loss or deterioration of parts during the work or scrapping due to defects acknowledged by the F, the latter shall, at the DO's option, either prepare a credit note corresponding to the work supplied, or redo the work using, whenever possible, original parts, or new parts supplied by the DO.

If it is proven that a part is beyond repair, the sub-contractor may have to take part in its replacement in an amount at most equal to its value before taxes expressed in cost price and that in no event shall exceed twice the price of the coating or processing.

In order to be able to claim further compensation, the DO shall make its request upon the execution of the contract and as a result declare in writing the value of the property entrusted so as to allow the assessment of the additional price pertaining to that extra guarantee it should bear.

7.2 - Parts that the DO has obtained reprocessing for are returned for repair to the workshops of the F.

In that event, costs such as disassembling, reassembling and withdrawal are borne by the DO.

7.3 - Unless formally agreed by the F, its responsibility shall be strictly limited to the thus defined duties and it shall not be responsible for any further compensation for any reason.

#### 8 – LIABILITY EXCLUSION CASE

8.1 - The responsibility of the F is excluded in the following cases :

- if it is found that the material provided or required by the DO is defective, not compliant with the one announced, not defined or not adapted to the requested processing ;

- in the event the F did not control or was not informed of the processing carried out previously to the delivery of the parts ;

- in the event of a defect resulting either from the shape of the parts or from designing or a deposit or processing required by the DO, or from use or storage or handing unsuitable for the processed parts.

8.2 - In no event shall the F be held responsible for any costs incurred by non-compliant equipment, shipped to worksite without having been checked and accepted before shipping.

8.3 - The F makes no commitment regarding prototype or test parts, for which the DO takes full responsibility.

8.4 - In the request of the DO, the F may make proposals for processing or coating. The DO should confirm that such recommendations are compatibles with proper operation in use that the F does not control.

#### 9 - SETTLEMENT

##### 9.1 – Payment terms

In accordance with legal provisions, the time agreed between the parties to settle amounts owed should not exceed sixty days net as from the invoice issuing date.

Payments take place, unless otherwise agreed, on the 30<sup>th</sup> day following the invoice issuing date.

Payment dates agreed upon contractually cannot be disputed unilaterally by the DO under any pretext, including in the event of a dispute. Early payments are made without any discount, unless otherwise agreed.

##### 9.2 - Late payment

Any late payment shall make payable by right, upon the first day after the payment date shown in the invoice :

##### 9.2.1 Late payment penalties.

The penalty rate is determined by the application of the refinancing rate of the European Central Bank increased by 10 points, and shall be no less than three times the French legal interest rate.

##### 9.2.2 Fixed compensation for collection costs, in an amount of 40 euros.

When the collection costs incurred exceed the amount of that fixed compensation, the supplier is also entitled to seek extra compensation subject to documentation.

In the event of any late payment the Supplier may exercise its right of withdrawal on all parts and tooling in its possession (products entrusted or made or in the process of being made and related supplies, tooling, etc.) and suspend deliveries.

The fact for F to claim and/or the other of these provisions shall not deprive it from the right to exercise the title reservation clause specified in article 9.4.

#### 9.3 – Payment offsetting

The DO may not debit automatically or charge automatically the F for amounts that have not been formally acknowledged by it as owed under its responsibility.

Any automatic debit is an unpaid amount and results in the application of the provisions applicable to late payments.

Only the offsetting carried out according to legal provisions are possible.

#### 9.4 – Change in the situation of the DO

In the event of any deterioration in the situation of the DO found in financial information and attested by a later payment or when the financial situation differs significantly from the data provided, the delivery shall take place only in exchange for immediate payment.

In the event of sale, transfer, pledging for security or contribution to a company of its business or of a significant fraction of its assets or its equipment by the DO, as well as in the event of any failure to meet payment times or in the event a draft did not come back with acceptance within seven days after being sent, the Supplier reserves the right, without any injunction :

- to pronounce an event of default and consequently the immediate payability of amounts still owed for any reason

- to suspend any delivery or processing

- to acknowledge firstly the termination of all current contracts and apply secondly the withholding of instalments collected, of the tooling and parts held until the setting of the possible compensation.

#### 9.5 - Reservation of title

9.5.1 Should the F supply the material in addition to its work it is provided that the transfer of title shall take place only after the full settlement of all amounts owed

9.5.2 The risks shall be transferred upon delivery of the products. As a result the DO shall become responsible for their proper conservation and shall bear all risks for any damages caused to the products or by the products.

#### 10 - APPLICATION OF THE SUB-CONTRACTING LAW

When the contract entered into is part of a chain of job contracts in the meaning of Act n° 75-1334 dated 31 December 1975, the DO is legally required to have the F accepted by its own DO. It should also have the payment terms of the F accepted by it.

If the DO is not itself the end client it agrees to require from the latter compliance with the formalities required by the 1975 Act.

In accordance with article 3 of the law, the lack of introduction or approval results in the DO's inability to claim the contract against the F. Such impossibility is aimed particularly at involvements relating to possible specifications compliance defects. However, in accordance with the said article, the DO shall be bound towards the F, its sub-contractor, to perform its contractual duties.

In addition the DO should, if it becomes aware of the existence of a sub-contractor, order the contractor to comply with the duties derived from the law. Failing, it incurs its responsibility under article 14-1 of the 1975 Act.

Under these general terms, the 1975 Act is considered as an international police Act applicable through the DO to end clients whatever the country they are located in.

#### 11 - INTELLECTUAL PROPERTY, CONFIDENTIALITY

The F shall retain all of the intellectual property and know how related to the tooling, sequences or processes that it implements.

The full or partial participation of the DO in the cost of the tooling results in neither a transfer of title to the tooling nor a transfer of the intellectual property and know how pertaining thereto.

All documents sent to the DO including technical documents are confidential and the DO agrees to keep strictly confidential any information they contain.

#### 12 - JURISDICTIONAL CLAUSE

In the event of any dispute, the parties shall seek conciliation, possibly through their respective professional organisations.

In the event such conciliation is impossible, **the dispute shall be brought to the court in the jurisdiction of which the headquarters of the F are located.**

These terms are filed with the "Professional Customs Office" of the Business Court of Paris in the name of the UNION DES INDUSTRIES DES TECHNOLOGIES DE SURFACES –

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