

General Conditions of Purchase

1. Scope

These General Terms of Purchase shall constitute the only agreement applicable to SCHAFFNER's purchases and expressly exclude the application of the supplier's general terms of sale as well as any document issued by it in relation to SCHAFFNER's order. They are applicable to all SCHAFFNER's purchases, whether it be tooling, machines, parts, raw material or other various goods including services (hereafter individually or collectively called the "Supply").

These General Terms of Purchase may only be modified by a written provision signed by the Purchasing Department of SCHAFFNER.

2. Order

1. Purchase order

All purchases made by SCHAFFNER must be made through a purchase order issued by the Purchasing Department.

In the event of an emergency, the Supply can be delivered against a collection note issued by the Purchasing Department or against a purchase order number given by the same.

2. Order acknowledgment of receipt

The supplier shall acknowledge receipt of the order within two (2) working days as of the date of the order by mail or fax, by returning a duly signed copy to the issuing Purchasing Department.

Where no such acknowledgment of receipt is issued, the commencement of the completion of the order shall be considered by the fact itself as an implicit acceptance of the terms of the order.

3. Compliance

1. Compliance with drawings and specifications

Without prejudice to the provisions of article 3.2, the Supply shall be in compliance with drawings and specifications, and for characteristics not detailed, to samples or typical parts that have been accepted by SCHAFFNER.

No technical modification, even minor, shall be made without the prior consent of SCHAFFNER, which shall take the form of a numbered addendum issued by the Purchasing Department.

2. Compliance with laws and regulations

The Supply delivered shall satisfy the requirements of the laws, regulations and standards in force in the member states of the European, Asian and American Economic Areas, in particular with regard to hygiene, safety and protection of the environment.

The supplier shall guarantee SCHAFFNER against any and all actions resulting from the non-observance of these provisions, and agrees to bear any and all financial and other consequences thereof.

3. Origin of the Supply

Upon SCHAFFNER's request, the supplier will provide the appropriate certificate stating the country of manufacture of the Supply.

4. Quality assurance

Upon acceptance of a purchase order, the supplier shall adhere to the SCHAFFNER Quality System plan, which shall have been notified to it by SCHAFFNER, and agrees to abide strictly by it.

5. Series deliveries

In case of series deliveries, the supplier shall adhere to the SCHAFFNER Production System, which shall have been notified to it by SCHAFFNER, and undertakes to harmonize its administrative and production systems to the corresponding SCHAFFNER systems.

4. Industrial an intellectual property rights

The supplier shall be responsible for confirming the validity of its industrial and/or intellectual property rights related to the manufacture and the sale of the Supply.

In the event that legal proceedings are brought by a third party in order to prevent, limit or modify the marketing or the sale of the said Supply, the supplier shall be solely liable for any and all prejudice arising from such proceedings. The supplier shall also be responsible for all prejudice resulting from SCHAFFNER's total or partial failure to fulfill its obligations with regards to its customers, including any damages which SCHAFFNER would have to pay to its customers due to such failure.

In the case of proceedings brought against SCHAFFNER, SCHAFFNER reserves the right to automatically terminate all transactions in progress by sending a registered letter, return receipt requested, without prejudice to all the rights and any proceedings SCHAFFNER may have or take against the supplier.

In the case of an order for the design and manufacture of tooling or equipment utilizing the supplier's industrial and/or intellectual property rights and in the event of the supplier's failure to perform any of its obligations, the supplier specifically authorizes, without further action, SCHAFFNER to complete or cause to complete the tooling and/or produce or cause to produce the parts the production of which the tooling or the equipment was destined to. The supplier shall communicate to SCHAFFNER all necessary drawings for the manufacture of the tooling or equipment.

5. Delivery term

Time is of the essence of the order. The delivery term shall be either indicated on the purchase order or specified by the Logistics Department of the plant where the delivery is to be made.

The supplier shall be responsible for taking the necessary measures to meet the delivery date, not only as regards to the Supply as such, but also as regards to the technical, administrative and shipping documents.

The supplier shall not be entitled to deliver the Supply before the due date without the issuing Purchasing Department's specific authorization in writing, and will bear all costs related to any advanced delivery.

In the event of advanced or late delivery, SCHAFFNER may apply penalties in accordance with the specific conditions negotiated with the supplier at the time of the order.

In the event of late delivery, SCHAFFNER shall be entitled to the enforcement of article 13 herein, and thus shall have the right to purchase the Supply from another supplier. Any extra cost arising from this new order shall be borne by the defaulting supplier.

As an exception to the previous paragraph, SCHAFFNER shall be entitled to proceed forthwith, without notice, to the purchase of the Supply from another supplier, in case of late delivery of the Supply provided for in the framework of "series deliveries".

6. Price, invoicing and conditions of payment

1. Except if otherwise stipulated on the order, prices are firm and non-revisable and shall be set Delivery Duty Paid in SCHAFFNER's warehouse - DDP SCHAFFNER's warehouse (as defined in Incoterms 2010), the supplier bearing all transport and unloading costs, customs duties, taxes as well as insurance costs and all risks, until final receipt of the Supply according to the terms of article 9 herein.
2. The invoice shall bear all the information appearing on the order and necessary for the identification and the control of the Supply. The invoice shall be sent to the invoicing address written on the face of the order.
3. Except if otherwise stipulated on the order, all SCHAFFNER purchases are payable within 60 days.
4. SCHAFFNER expressly reserves the right to automatically deduct from the payments made to the supplier, any and all sums which it may owe SCHAFFNER for whatever reason.
5. The supplier agrees to notify beforehand SCHAFFNER of any transfer of debt on SCHAFFNER by delivery note.

Except if specifically approved by SCHAFFNER, the supplier shall not transfer any debt on SCHAFFNER by any other means.

7. Packaging and delivery documents

1. Nature
Any Supply shall be packed in accordance with SCHAFFNER's purchase specifications or purchase order, and in the absence of any other indications, according to the norms and standards in force in the member states of the European, Asian and American Economic Areas.

Any damage to the Supply delivered, due to inappropriate packaging, shall be borne by the supplier.
2. Markings
Each unit of packaging shall bear on the outside and in a clearly legible manner, the markings required by the regulations in force in the member states of the European, Asian and American Economic Area, as well as the instructions related to any special conditions for storage.

Each unit of packaging shall, in addition, bear SCHAFFNER's purchase order number, series number, designation of the Supply, quantity delivered or the gross or net weight.
3. Delivery documents
The supplier shall attach to the shipment a detailed delivery order bearing the order number, the part number, the nature of the packaging and number of packages together with the information appearing on the purchase order and necessary for the identification of the Supply and its quantitative control.

8. Receipt - Warranty

1. Except if otherwise stipulated on the purchase order, receipt shall always be carried out in the premises of SCHAFFNER, on working days during business hours. No delivery will be accepted outside these hours.

SCHAFFNER reserves the right to carry out any and all inspections of the Supply at the supplier's premises before the delivery, as well as at SCHAFFNER's premises after its delivery. These inspections shall not however reduce in any manner whatsoever the warranties attached to the Supply.
2. In particular, SCHAFFNER reserves the right to refuse the Supply by issuing a simple letter, e-mail or facsimile in the following cases:
 - non conformity of the Supply with respect to the quantity or quality specifications of the purchase order
 - non compliance with the dates and delivery hours
 - excess or shortfall in the delivery
3. All non-conforming Supply may be returned to the supplier at its own risks and expense.

The supplier shall recover the rejected Supply at its expense within eight (8) days as from notification of the refusal of the delivery.

The supplier shall be liable for all costs (scrap, storage, sorting out, alterations, tool breaks, breakdowns, production stoppage, recall campaigns, indemnities, etc.) incurred by SCHAFFNER as a result of the non-conformity of the Supply.

In addition, in the event of non conforming delivery, SCHAFFNER shall be entitled to terminate the order in accordance with article 13 of the present General Terms of Purchase and purchase the Supply from another supplier. Any extra cost arising from this new order shall be borne by the defaulting supplier.

As an exception to the previous paragraph, SCHAFFNER shall be entitled to proceed forthwith, without notice, to the purchase of the Supply from another supplier in case of non-conforming delivery of a Supply provided for in the framework of "series deliveries".

4. The supplier shall be fully responsible for the design and/or the manufacture of the Supply according to the task assignment made in the purchase order or defined at the start of the development of the product in consideration namely of the supplier's field of expertise. The supplier shall be responsible for the technical choices with respect to its Supply, regardless of any assistance provided by SCHAFFNER throughout the development, and even if the product has been approved by SCHAFFNER during the initial samples review.
5. The supplier warrants that its Supply shall be free from any defects or operating defects, apparent or hidden in design, material or workmanship, and that it will indemnify SCHAFFNER against all direct and indirect damages arising from any such defects, in proportion to its liability and up to and for the duration of SCHAFFNER's obligations towards the purchaser of its products in which the Supply is integrated.

The conditions of enforcement of this warranty may be detailed in a separate document remitted by the Purchasing Department of SCHAFFNER.

6. At the end of the contractual warranty period, the supplier shall remain liable for all consequences, either direct or indirect, arising from hidden defects which may affect the Supply. All clauses that tend to reduce the legal warranty are deemed void.

If SCHAFFNER or its customer decides to recall the Supply or a product incorporating the Supply, the supplier shall be liable to SCHAFFNER, in proportion to its liability, for all damages suffered by SCHAFFNER.

7. The supplier shall have contracted an insurance policy covering its civil liability and undertakes to evidence its insurance and the payment of the premiums upon first request by SCHAFFNER.

9. **Risks**

Regardless of the terms and conditions of transportation, the transfer of risks with respect to the Supply delivered, shall be delayed until the final receipt of the Supply at the address indicated on the purchase order.

10. **Subcontract**

1. The purchase orders shall not be subcontracted in whole or in part without SCHAFFNER's prior written approval.
2. In the event that SCHAFFNER agrees upon the delegation to a subcontractor of the whole or a part of the order, the Supplier shall remain solely liable towards SCHAFFNER for the performance of the subcontractor and undertakes to obtain subcontractor's agreement on the present General Terms of Purchase.

11. **Confidentiality**

The supplier shall be bound by trade secrecy. All information given by SCHAFFNER is confidential and the Supplier shall take all necessary measures to ensure that neither the Supplier, nor any of its employees, agents, interveners whether permanent or occasional, suppliers or subcontractors, shall communicate or divulge to any third party any information, in particular specifications, formulae, designs, drawings, with respect to SCHAFFNER's orders.

This requirement of confidentiality shall be maintained for the whole duration of the performance of the order and for a five (5) year period thereafter.

Immediately upon completion of the order and upon SCHAFFNER's request, the supplier undertakes to return to SCHAFFNER, all documents, confidential or otherwise, related thereto.

12. **Transfer of ownership**

1. SCHAFFNER shall become the owner of the Supply ordered immediately upon its individualization in the premises of the supplier which undertakes to recognize and defend in all circumstances the property right of SCHAFFNER.
2. All liens and encumbrances, clauses of reservation of title or other rights having, directly or indirectly, the effect of subordinating in any manner whatsoever the transfer of title of the Supply to the full payment of the price are expressly rejected and the supplier waives any such rights which it might otherwise have.
3. In the event of partial financing of the raw materials or semi-finished products to be purchased by the supplier, such raw materials or semi-finished products will become as of right and without further formality, the property of SCHAFFNER immediately upon payment of the corresponding portion of the price. The supplier, in its capacity as trustee, agrees to implement all means to individualize the said raw materials or semi-finished products, in particular by marking or tagging them in the name of SCHAFFNER.
4. Moulds, tooling or machines made by the supplier on SCHAFFNER's behalf, together with the industrial and/or intellectual property rights related thereto, will become the property of SCHAFFNER as they are made and can neither be withheld by the supplier nor seized by a creditor of the supplier. The supplier, in its capacity as trustee, agrees to implement all means to individualize the said moulds, tooling or machines, in particular by placing a metal label or a stamp bearing the marking "Non distrainable, Property of SCHAFFNER".
5. If the supplier holds the moulds, tooling or machines in trust for SCHAFFNER in the framework of subcontracting:
 - the moulds, tooling or machines are and shall remain the exclusive property of SCHAFFNER which can recover them at any time
 - the moulds, tooling or machines shall be exclusively used for the performance of SCHAFFNER's orders
 - the supplier shall be responsible for maintenance, preventive and curative adjustments, necessary for the correct operation of the moulds, tooling or machines
 - except if otherwise agreed upon, the supplier shall be liable for all the risks incurred by the moulds, tooling or machines as well as all the risks arising from their use. The supplier shall insure such moulds, tooling or machines against all damages which could occur (including theft) for a sum at least equal to their replacement value and against all damages which they could cause to third parties

13. **Termination**

In the event of failure by the supplier to perform any of its contractual obligations whatsoever, the sale shall automatically be canceled as of right and without any further formality at the discretion of SCHAFFNER, after eight (8) days notice given by registered letter, return receipt requested, remaining in whole or in part without effect during this period and without prejudice to the right of SCHAFFNER to claim damages.

14. **Applicable law and jurisdiction**

The Commercial Court of each location of the purchasing Schaffner subsidiary shall have exclusive jurisdiction.