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Introduction

These General Terms and Conditions for Purchase (GTCs) aim to define the general terms and conditions for all purchasing operations: tools, machines, parts, raw materials, other supplies and/or services (“**Supplies**”), applicable between Sirail and the supplier (“**Supplier**”). Sirail and the Supplier are hereinafter individually referred to as a “Party” and jointly as “Parties”. These GTCs apply to all entities of Sirail Group and Supplier’s group of companies, for any type of products and/or services sold by the Supplier. The last applicable version is available on the website www.sirailgroup.com.

These GTCs may be completed, as may be necessary, with Specific Requirements for Purchase, specific to the Order concerned.

These clauses may be amended upon the Supplier’s request, after negotiations with the Sirail “Purchasing Department”. In this case, the Parties shall draft a Clause-by-Clause (Special Terms and Conditions) stating the agreements concluded, which shall form an integral part of the Purchase Agreement. The Clause-by-Clause shall imperatively be drafted in French or English.

1 Definitions

Buyer (or Sirail): the company of Sirail Group issuing the Order

Affiliate(s): any entity that now or in the future, directly or indirectly, controls, is controlled by or is under common control with the Party hereto (where "control" means the exercise of more than 50% of the voting shares (or in case of an unincorporated entity, the right to vote in the election of the governing bodies)).

Backlog: Sets of order lines in the portfolio.

GTCs: these General Terms and Conditions for Purchase

Clause-by-Clause (or Special Terms and Conditions): Document including all the amendments to the GTCs approved by both Parties. The Clause-by-Clause completes and prevails over the GTCs.


Customer: The Buyer’s customer that acquires a product and/or service integrating the Supply.

End Customer: Customer’s customer, user of the final product / service integrating the Supply.

Order (or Purchase Order): Document issued by the Buyer and sent to the Supplier, relating to the purchase of a Supply, which includes the designation of the Supply ordered, the delivery schedule, the price and a reference to these GTCs.

Purchase Agreement: The contractual documents, as defined in Article 2 hereof, which encompass all obligations agreed upon between Buyer and Supplier.

Main Contract: A contract or agreement (in any form) between Sirail and the Customer.

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Declaration of Compliance: Document handed over by the Supplier, under its own responsibility, declaring the compliance of the Supply with the applicable standards and any other applicable rules.

Defect (or Non-Conformity): means (i) a failure or condition of the Supply that interferes with the use or safety of a good or service; or (ii) a characteristic of the Supply attributable to a defect in design, material and/or workmanship; or (ii) a failure of the Supply to comply with applicable regulations and/or contractual requirements.

Endemic Defect: Defect detected on a product, which due to its nature, is likely to affect all the products of the same type already delivered.

Epidemic Defect: means a Non-Conformity with the same root cause affecting at least (i) five percent (5%) of a type of Goods except for electronic subassemblies, or (ii) three percent (3%) of electronic subassemblies, as computed during 12 (twelve) rolling consecutive months within a period starting on the first effective Delivery Date of the Supplies and ending 4 (four) years after the last effective Delivery Date of the Supplies (the “**Epidemic Defect Period**”). Calculation shall take into account Non-Conformities with the same root cause not yet remedied as well as those already remedied pursuant to the provisions of Article 7 (Warranty), over the Epidemic Defect Period.

Documentation: shall mean any and all plans, calculations, specifications, information, data sheets, drawings, layouts, reports, analyses, graphs and charts, software and programs, operating manuals, maintenance manuals and engineering, manufacture, testing, commissioning, start-up, operation and maintenance documentation referring to the Supplies in:

- electronic files, including but not limited to versions of printed documents viewing on a computer;
- printed documents written in English and in any other language agreed by the Parties.

FAI: First Article Inspection

Non-Conformity Form (NCF): notice issued by the Buyer notifying a Non-Conformity in the Supply

Supply(-ies): Products (including software and Industrial Equipment) and/or services (including works) subject matter of the Order

Sirail Group: means the company named Groupe SIRAIL S.A.S. and its Affiliates


Business Day: means days of the calendar week, from Monday to Friday (inclusive), except for public holidays in the country of the entity of Sirail Group issuing the Purchase Order.

MOQ: Minimum Order Quantity

OTA: On-Time-Acknowledgment: Ability of the Supplier to acknowledge receipt of the Orders on the date requested by Sirail, provided the latter complies with the standard time frame communicated by the supplier.

OTD: On-Time-Delivery, or service performance rate.

Party (Parties): The Buyer and/or Supplier.

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CSR: Corporate Social Responsibility.

Specifications: Any document issued and communicated by the Buyer to the Supplier defining the requirements specific to the Buyer with which the Supplier's Supply must comply, the Buyer's requirements and the conditions within which the Supply must be performed, such as (but not limited to) the specifications document, technical specifications, the standards and the applicable quality requirements.

2 Purchase Agreement

2.1 Form and content of the Purchase Agreement

The Purchase Agreement comprises several elements (these are listed in decreasing order of precedence):

- The Purchase Order
- Any tripartite agreement signed between the Customer, Sirail and the Supplier
- The Clause-by-Clause (if any)
- These General Terms and Conditions for Purchase
- The Specific Requirements for Purchase
- The requirements, special specifications or standards mentioned
- The Quality Specifications
- The technical requirements such as technical specifications, plans, 3D files along with the technical specifications published by the Supplier (Web, catalogue, email, etc.)
- The logistics requirements
- The schedule associated with the Order
- The Supplier's price offer or price list

All the above-mentioned Specifications form integral part of the Purchase Agreement.


The Supplier shall guarantee the conformity of the Supplies to the applicable regulations and standards, even if these are not formally mentioned in the documents communicated by Sirail.

2.2 Acceptance of the Purchase Agreement

Upon the negotiations between the Parties, the Buyer shall issue a Purchase Order and send it to the Supplier.

The Purchase Order shall be accepted by the Supplier in one of the following ways :

- (i) The Supplier must acknowledge receipt of the Order either by dating, signing and stamping a copy of the Order, which it must then return to the Buyer, or by using its own order acknowledgment document, within 5 (five) Business Days following the date on which it received the Order. The acknowledgment of receipt shall be emailed to the address set out on the Purchase Order.
- (ii) Without any Supplier's response within the abovementioned period, the Order shall be deemed fully and irrevocably accepted by the Supplier.
- (iii) The commencement of performance of the Order, including the design, manufacture, delivery, performance, supply or invoicing of the Supplies, shall constitute full acceptance of the terms and conditions of all the documents referred to in article 2.1.

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The acceptance of the Purchase Order by the Supplier, through one of the ways mentioned in (i) to (iii) above, shall constitute its full acceptance of all the documents forming the Purchase Agreement and clauses mentioned on the Purchase Order.

Upon acceptance of the Order, the latter shall be governed by these GTCPs. The Parties expressly waive the application of any other respective terms and conditions.

Supplier acknowledges that it has (i) read and understood all of the terms and conditions of the Purchase Agreement, (ii) informed Buyer of any errors, inconsistencies or anomalies in the Purchase Agreement and (iii) freely discussed the terms and conditions of the Purchase Agreement with Buyer (including through the Clause-to-Clause to these GTCPs).

Any reservation whatsoever must be expressed by the Supplier on its acknowledgment of receipt of the Order within the above 5-days period, and must be subject to the express written approval by Sirail.

More generally, any modification, remark, reservation or deviation, even minor, to the Order, the GTCPs or any other contractual document, formulated by Supplier, shall be subject to the Buyer's prior written agreement. Buyer reserves the right to cancel any Order to which reservations have been made without notice or compensation to Supplier.

2.3 Compliance with the standard delivery timeframe

The Supplier commits to provide its standard delivery timeframe with each price offer. Except under exceptional circumstances, the Buyer undertakes to issue an order within a timeframe compatible with the Supplier's standard delivery times. When the Order is issued in accordance with Supplier's standard delivery timeframe, Supplier agrees to acknowledge and perform the Order in accordance with such lead times. Any modification by the Supplier of the standard delivery timeframe must be the subject of prior written information given to Sirail (in particular by means of a reservation stated in the acknowledgement of receipt) and of a formal acceptance by the latter.


In certain cases, Supplier may be required to provide a performance schedule. This document shall be presented in a table form and shall indicate the engineering services, supply of materials, as well as the manufacturing and delivery dates, such as defined in the Purchase Order, along with any other additional element. A progress report must be drawn up in compliance with the schedule and shall be issued at regular intervals upon the Buyer's request.

2.4 Effective Date – Term

The Purchase Agreement shall enter into effect:

- (i) upon Supplier's acceptance of the Purchase Order, or
- (ii) in case of Supplier's reservation(s) in the acknowledgement of receipt, upon Sirail's formal acceptance of the reservations or other written agreement of the Parties on such reservations.

The Purchase Agreement shall expire upon full performance of all respective obligations of the Parties.

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3 Performance of the Purchase Agreement

3.1 Supplier's commitments

3.1.1 The Supplier commits to perform the Order in compliance with the contractual documents, and best industry practices, as well as the applicable regulations and standards. The Supplier is bound by an obligation of performance (obligation to achieve the result) as regards the delivery of the Supply as per the contractual documents, within the delivery schedule and according to any terms provided therein.

3.1.2 The Supplier shall be responsible for defining the means necessary to perform the Order and declares that it has such means. In this respect, the Supplier acknowledges that it has received all documents and information necessary to assess the scope of the commitments it has made under the Purchase Order, whether it has received them spontaneously from the Buyer or has requested them itself in performance of its obligation as a professional. The documents or information that the Supplier shall have received from the Buyer shall in no way release it from its obligation to examine such documents and information, to verify them independently, to promptly notify the Buyer of any conflict in connection with the data or instructions provided by the Buyer and/or to obtain any additional information and data from the Buyer, in order to ensure compliance of the Supplies with the contractual requirements (in particular, in terms of time and quality). The Supplier shall not be entitled to claim any omission, inaccuracy or error contained in the contractual documents or elements transmitted by the Buyer to withdraw from its obligations.


3.1.3 The Supplier is bound by an obligation to inform and advise the Buyer, in the framework of the Order.

The Supplier shall inform immediately the Buyer of any difficulties or anomalies observed or that may occur during the performance of the Order, along with an action plan to reduce the impacts that may result and ensure compliance of the Supplies, it being understood that such notification shall not release the Supplier from its responsibilities under the Purchase Order.

More specifically, the Supplier shall inform the Buyer immediately in writing of any situation relating to it that may compromise the proper performance of the Order, in particular in the event of collective proceedings affecting its company (suspension of payments, receivership or compulsory liquidation), or any equivalent situation such as dissolution, a total or partial transfer of business, or any other modification that may occur within its organisation having an impact on the proper performance of the Order.

3.1.4 Should any authorisations be required (administrative or other) in order to perform the Order, the Supplier shall, before performing the Order, ensure all the authorisations have been obtained and are not subject to any further recourse, in order to ensure the Buyer will be held harmless.

3.1.5 For Orders with successive execution, the Supplier commits to regularly inform the Buyer of the progress of performance of the Order. The terms of such information may be specified in the relating Order.

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3.2 Change Control

3.2.1 Major Changes

The Supplier commits to inform the Buyer as soon as it becomes aware of any major change in its manufacturing process (design, materials, locations, manufacturing method, logistics, etc.) or in its supply chain. This shall be accompanied by a detailed plan of the actions implemented to control such change. This provision shall apply even if the Supplier has otherwise received approval from Sirail's Customer(s).

Sirail reserves the right to refuse the modification, request additional guarantees on the change control or request a new validation of the process with the organisation of a new First Article Inspection (FAI) process at the Supplier's expense. The Supplier guarantees and shall be held liable for any modifications to parts delivered to Sirail, whatever their nature or origin.

Should the Supplier fail to notify Sirail accordingly, the Supplies delivered by the Supplier shall be deemed non-compliant. The Supplier shall bear all expenses resulting from non-declared changes, such as (but not limited to):

- Intervention on the Customer's premises or on the End Customer site
- Dismantling and re-installation fees,
- Transport fees
- Supply chain interruption/disruption costs (example: assembly of the component on a different site than that initially planned)
- Damages caused by the component defect on other components and/or systems
- Any expenses charged by the End Customer, excluding penalties
- The penalties applied by Sirail such as defined under article 4.2 hereof.

3.2.2 Early Notice


The Supplier must immediately notify Sirail of any abnormal deviation in the characteristics of its process, product and main components (critical parameters, cost-effectiveness, tests, sample tests and measurements).

This notification must detail the nature of the deviation and identify the deliveries potentially affected. A workaround and corrective action plan shall be presented to Sirail as soon as possible, and in any case within 14 (fourteen) calendar days of the abovementioned notification.

3.3 Testing Tools and Equipment

Unless otherwise agreed between the Parties, all tools, equipment, software and machines used for tests as part of the design and production of Supplies shall remain the property of the Supplier and cannot be charged to Sirail. Their maintenance is performed by the Supplier.

For the production of very specific parts, Parties may agree to a partial or full participation in the development expenses for specific tools or those dedicated to a given project. In this case, a specific purchase order shall be issued by the Buyer. The Parties shall then agree on the ownership of the concerned goods and/or deliverables as well as their scope of use.

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3.4 Compliance with the Schedule and Quantities Delivered

3.4.1 Supplier's acceptance of the Order constitutes acceptance of the delivery date set forth in the Purchase Order. Any delivery date is binding and is an essential and determining condition in the execution of the Purchase Agreement.

3.4.2 Sirail may need to request the Supplier to postpone or move forward certain delivery dates. If the new required dates remain achievable by the Supplier, they must be acknowledged in the same way as the initial delivery dates. The response may be emailed via the Supplier Backlog file instead of sending an acknowledgment of receipt. The Supplier shall accept any earlier delivery date whenever the new request complies with the contractual delivery timeframe. The Supplier shall accept requests for postponed delivery dates whenever they are issued more than **4 (four)** weeks before the initially scheduled delivery date. For postponements exceeding 120 (one hundred twenty) Business Days, the Supplier shall be entitled to claim compensation for its reasonable duly justified storage costs.


3.4.3 In the event of a foreseeable delay in delivery, the Supplier shall inform the Buyer as soon as it becomes aware of it, and at least eight (8) Business Days before the scheduled delivery date. Additionally, it shall submit to Sirail, as soon as possible, the details of measures it intends to implement at its own costs, to prevent and, as the case may be, to remedy this delay and comply with the delivery date.

Should the Supplier fail to meet the contractual delivery dates, the Buyer reserves the right to:

- apply penalties for delay, as defined under article 4.2, unless otherwise agreed upon in a document signed by the Parties;
- and/or
- terminate the Order in accordance with the terms and conditions of the article 15 "Termination" hereinafter, without any compensation being due to the Supplier.

3.4.4 Advance deliveries - Unless requested, the deliveries may not be made prior to the date agreed upon in the Purchase Order: any early delivery not requested by the Buyer may be refused on receipt, and result, at Supplier's costs and risks, in (i) the return of the Supply or (ii) the invoicing of storage costs incurred by the Buyer. In any case, the payment for the Supplies shall be made in accordance with the delivery dates set out in the Order.

3.4.5 Partial deliveries - For each Order, only the planned quantity shall be delivered. This provision also applies to staggered deliveries. At the Buyer option, the quantities in excess shall be returned to the Supplier at its expense and risks or collected by the Supplier within 48 hours upon the Sirail first request. Partial deliveries may only be accepted temporarily or if requested by Sirail, and the value thereof shall only be credited to the Supplier once the missing parts and materials have been received to complete the Order or Supplies ordered. If Supplier delivers without Buyer's consent, Supplier will reimburse Buyer for storage costs incurred pending complete delivery of the Supplies on the agreed upon delivery date.

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3.5 Packaging of the Goods

A Packaging Unit (PU) must only contain a single article reference and must be explicitly identified. Several PUs may be grouped within a single Handling Unit (HU), if this grouping corresponds to the content of a Delivery Note (DN).

Any shipment of parts not complying with these specifications may be considered as a Non-Conformity and be refused from the carrier, which shall then return the product to the Supplier.

The Supplier shall ensure that the packaging of the Supplies respects the integrity of the products, is compatible with its logistics choice, and can be handled using standard lifting equipment: simple fork lift trucks, manual or electric pallet trucks. Any damaged parts due to unsuitable protection or packaging may, at receipt thereof (i) be refused from the carrier, which shall then return the product and (ii) entitle the Buyer to issue a Non-Conformity Form.

Except if otherwise provided and subject to the prior written approval of Sirail, packaging consignment shall be refused.

3.6 Transport - Deliveries

Unless otherwise specified in the Order, the Supply shall be delivered DDP “to the Buyer’s address” (Incoterms 2020 of the International Chamber of Commerce). Consequently, the Supply is transported at the Supplier’s own risks, and it shall be responsible for strapping down, wedging and protecting the shipped goods, and must take out any insurance policy required to cover any risks those goods may be exposed to.


Products shall be delivered to the address indicated on the Purchase Order. The delivery times are defined for each site on the Purchase Order. Any delivery outside of the reception times set out above may be refused.

Any delivery of a Supply must include a delivery note inside the package, bearing the following information:

- ID number of the delivery note;
- Order number and item number in the Order;
- Sirail reference of the article supplied.
- Designation of the article as set out in the Order;
- Declaration of Compliance, if applicable;
- Quantity delivered, and where applicable, serial number and individual product/part numbers;
- Purchase unit;
- Any derogation numbers, if applicable;
- If relevant, a customs document and a transport document compliant with the applicable regulation, as well as any other documents required for import customs clearance operations.

The delivery notes shall be drafted in the language of the country of Group Sirail entity issuing the Purchase Order. The use of English is tolerated by Sirail.

The delivery or provision of the documentation along with the documents required by the applicable regulations and standards form integral parts of the Supply. Where applicable, the delivery note must include a declaration of compliance along with an inspection report.

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3.7 Identification of the products, Traceability and Archiving

The Supplier must ensure the Supplies are identified as per the identifications defined under the contractual documents, and ensure the traceability of the Supplies (it must be possible to determine the origin, history, use or location of a product through a recorded identification system). The Supplier shall set up and maintain reliable identification, traceability and archiving procedures as regarding the production, testing, marking and shipping of each delivery.

3.7.1 Identification

Unless specific identification requirements exist, any Supply delivered to Sirail shall be identified at least on the packaging unit with:

- The manufacturer's reference and/or the corresponding plan number
- The revision index, if applicable
- The production batch number and/or production date

3.7.2 Marking and Traceability

Unless any specific requirements exist, the delivered Supplies shall be marked with the manufacturer's reference and batch number or date-code which makes it possible to identify it. The marking is applied either directly to the product, via an ID tag, or where applicable, on the packaging unit package.

Unless any specific traceability requirements exist, the below listed data must be available and provided on simple request of Sirail based on the delivery date of the Supply and/or Order number:

- Batch number
- Production and test date and site
- Quality recordings

3.7.3 Archiving

The Supplier commits to archive all the manufacturing and test data for the Supplies delivered, for a duration of fifteen (15) years starting from the date on which the Supplies have been delivered to Sirail, and to provide it to Sirail at it's first request.

3.8 Transfer of risks – Transfer of ownership

3.8.1 The transfer of risks shall occur upon the delivery of Supplies to the SIRAIL premises (as per DDP Incoterm) or in accordance to any other Incoterm set out in the Order, as the case may be.

Upon receipt of the Supplies, Buyer shall verify the conformity of the Supplies (quantities and visible external damages) and shall notify the carrier of any reservations.


If the Purchase Agreement provides for testing, the Supplies shall not be considered accepted until such testing has been completed to the satisfaction of Buyer.

If the Purchase Agreement provides for an acceptance process, the Parties shall sign, at the end of such procedure, the acceptance report (in duplicate) if the Supplies comply in all respects with the contractual requirements.

Sirail's acceptance of the Supplies does not affect in any way the recourse it may have against the Supplier, in particular as per article 4 (Management of deviations), article 7 (Product warranty) and/or the legal warranty for hidden defects.

3.8.2 The transfer of ownership to the Buyer's benefit shall occur free of any liens, claims and rights:

- upon the delivery to the Buyer's site with respect to the products and parts subject matter of the Order,

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- or upon the signature of the acceptance report, whenever an acceptance process is set out in the contractual documents,
- as and when performed for services and/or works.

No retention of title clause may be invoked against the Buyer by the Supplier, who shall ensure that the chain of his suppliers agree to the same extent.

4 Management of deviations

4.1 Management of Non-Conformities

Should the Supplies delivered to Sirail not comply with the Purchase Agreement, Sirail shall issue a Non-Conformity Form (NCF). Upon receipt of the NCF, the Supplier shall:

- Respond within 24 (twenty-four) business hours to acknowledge receipt of the NCF and provide details on the curative actions it intends to implement to secure the ongoing productions and replace and/or repair the non-conforming Supplies (to be collected from the SIRAIL site concerned);
- Provide within 5 (five) Business Days the analysis and corrective actions implemented to ensure the delivery of compliant Supplies and the non-recurrence of the Non-Conformity.

Moreover, without prejudice to the provisions of article 4.2, Sirail reserves the right to request:

- ✓ either to bring into conformity the Supplies, at the Supplier's expense, within 48 hours;
- ✓ or, to replace the Supplies, at the Supplier's expense, within a period not exceeding 3 (three) Business Days,
- ✓ or, to cancel the Order or the remainder of the Order. The Supplier shall provide a credit note and accept early delivery of subsequent deliveries.


In the event of a Defect, even hidden, Sirail's NCF shall be taken into account under the conditions set out in these GTCs, and will be processed, once these Defects have been identified, regardless of the time frame following the effective receipt of the Supplies.

Moreover, the Supplier shall be liable towards Sirail for any damageable consequences resulting from any Non-Conformity of the Supplies, both in terms of quality and quantity. Thus, it commits to fully indemnify the Buyer for all damages, losses, costs and liabilities that may result therefrom.

Sirail reserves the right to apply a delegated control procedure. However, should Sirail not inspect the Supply on delivery, this shall not release the Supplier from its liability to deliver compliant Supplies, as well as from the consequences of any Non-Conformity.

Sirail or its delegates shall have access, during working days, to the Supplier's premises or those of its subcontractors, where the Supplies, subject matter of the Order, are performed, or where the equipment and tools are stored, in order to conduct the technical inspection thereof.

Sirail reserves the right to withhold the payment of invoices up to the amount of the Order line concerned by the not remedied Non-Conformity(ies) or the delivery without the required documentation. The payment shall only be released once the documents required have been received and/or the Non-Conformity remedied and closed.

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4.2 Penalties

4.2.1 Penalties for delay


In the event non-compliance with the agreed-upon delivery dates for Supplies, Buyer reserves the right to apply penalties for late deliveries, per commenced week of delay, as follows:

| Number of weeks' delay | Fixed portion (related to administrative fees) | Percentage of the value of the undelivered Supplies, excluding taxes |
|------------------------|--|--|
| 1 | € 75 | 1% |
| 2 | € 75 | 2% |
| 3 | € 75 | 5% |
| 4 | € 75 | 10% |
| 5 | € 75 | 15% |
| 6 and beyond | € 75 | 20% |

In addition to the above-mentioned penalties, Buyer reserves the right to apply penalties under the following conditions:

- delay in the delivery of Documentation: general penalty of €150 per week of delay per document;
- delay in correcting a Defect: €500 per calendar day of delay per affected Supply.

The total amount of the penalties for delay may not exceed 20% (twenty percent) of the total amount for the concerned Order or 5% (five percent) of the consolidated turnover (all sites of Group Sirail) generated with the Supplier during the 3 (three) previous months, if this amount is greater.

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4.2.2 Non-Conformity


In the event a Non-Conformity is identified, Sirail will issue an NCF and reserves the right to charge to the Supplier the costs incurred as a result of these Non-Conformities and/or any other contractual breach, as per the table below:

| Type of fees | Detected by | | Comments |
|--|--|--|--|
| | SIRAIL | Customer | |
| Fixed-rate administrative fees | €150 /NCF | Fixed-rate sum rebilled by the Customer (within the limit of €500 /NCF), increased by €150 | If several parts are affected by the NCF, the Customer may consider them as several non-conformities, each including the fixed-rate administrative fees |
| Intervention time on the customer's site or that of the end customer for securing (sorting, verification of stocks) or correction purposes | € 0 | Time spent, Hourly rate: €70 /H Surcharge of €250 /day if travel to the end customer's site | Not rebilled if < 1h. Justified through the time sheet signed by the Customer |
| Additional fees charged to SIRAIL by the customer (production disruption, expert assessments, damage caused to other components, etc.) | € 0 | Additional fees billed by the customer | Justified through the customer invoice sent to SIRAIL |
| Intervention time on SIRAIL's site for securing (sorting, verification of stocks) or correction purposes | Time spent, €55/H on FR/DE/IT sites* €30 /H on any other site | Time spent, €55/H on FR/DE/IT sites* €30 /H on any other site | Not-rebilled if < 1h, justified by SIRAIL clocking in/out |
| Destruction costs | 10% of the value of the parts, if the value of the parts to be destroyed exceeds €100 | | Provision of a SIRAIL destruction certificate. |
| If the parts are not to be discarded, collection of the non-compliant products for replacement | Organisation and payment by the Supplier, or rebilled by Sirail at the real price increased by €75/transport surcharge | | To be organised within 48 business hours following the issuance of NCF (depending on part availability). Non-compliant parts shall systematically be destroyed beyond 10 business days after the NCF issuance. |

* FR/DE/IT means France, Germany, Italy

All the amounts above are set out under 2023 conditions and shall be automatically increased by 2.5% per year.

A rebilling of above-mentioned costs and expenses shall be made quarterly, and shall include the Non-Conformity reference numbers concerned. In the event Supplier duly establishes that the Non-Conformities notified are not under its responsibility, and such analysis is confirmed by Sirail, the Non-Conformity and rebilling of the associated fees shall be cancelled.

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4.2.3 Payment of penalties

Buyer reserves the right to apply the penalties under article 4.2 hereof, subject to a prior written 15 (fifteen) calendar days' notice remained without effect and provided such notified delay has not been duly contested by the Supplier, in writing within the above-mentioned 15 (fifteen) days period. In the event of a dispute by the Supplier, the Parties shall meet to discuss the causes, responsibilities and applicable penalties, if any, as regarding the disputed delay.

The penalties set forth in article 4.2 shall not be in full discharge of the Supplier's obligations and shall not be considered as a sole and exclusive remedy for the loss suffered by the Buyer. Their application does not (i) release the Supplier from its obligation to perform its obligations in accordance with the contractual requirements, (ii) prevent the Buyer's from its right to claim full compensation for any loss suffered and/or to terminate the Purchase Agreement.

Any penalties may be paid, at the Supplier's option with Sirail's prior approval, either (i) by payment of said sums, or (ii) in the form of a credit note, or (iii) by offsetting against any sums still owed by Sirail to the Supplier - it being understood that in the event the amount of sums owed to the Supplier is lower than the amount of the penalties due, the difference shall be paid by the Supplier.

The payment of the penalties by the Supplier must be made within the same timeframe as that agreed between the Parties for the payment of the invoices, this period starting from the notification of the amount of the penalties by the Buyer.

5 Performance Measurement

5.1 Performance Indicators

In accepting the Purchase Agreement, the Supplier accepts to be assessed monthly and quarterly on the performance indicators defined by Sirail. The main evaluation criteria are the following:


- OTD, On-Time-Delivery
- OTA, On-Time-Acknowledgment
- Non-compliance rate.

Sirail reserves the right to remove, modify and/or add performance indicators.

The calculation methods and targets to be reached shall be communicated by Sirail upon each change thereof. The Supplier commits to implement every effort to reach the targets set by Sirail. In the event that it is impossible to achieve one or more objectives, the Supplier shall inform Sirail within fifteen (15) days from their communication by Sirail and shall provide a detailed explanation of the reasons for the said impossibility to comply therewith.

5.2 Communicating the performance outcomes

During the term of the Purchase Agreement, Sirail may communicate to the Supplier its performance outcomes on a quarterly basis. Upon receipt of the performance outcomes, the Supplier shall have 10 (ten) Business Days to contest them and shall immediately contact the Buyer to hold a data harmonisation meeting by providing substantiated and proven arguments. Beyond this timeframe, the performance outcomes shall be deemed accepted by the Supplier and conclusive. They may then be communicated to Sirail's and/or Supplier's Top Management. They may also be communicated to

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Sirail's customers.

Should the results be below the set targets, the Supplier undertakes to provide Sirail within 7 (seven) calendar days with a detailed, concrete and realistic action plan to reach all the target as soon as possible. This action plan shall include the name of the persons acting, as well as the deadlines for the completion of each action. A review of this action plan shall be conducted by the Supplier with the Buyer on a regular basis.

If the performance objectives are not achieved over 2 (two) consecutive months, Sirail reserves the right to terminate the Purchase Agreement, for Supplier's fault, upon prior written notice remained without effect.

6 Prices and commercial conditions

6.1 Prevention of the risk of financial failure

Generally, Sirail reserves the right to assess the financial strength of the Supplier by collecting data from financial institutions. On request, the Supplier shall provide Sirail with its accounting documents (Balance Sheets, Profit and Loss Statement, etc.) to enable it to assess the Supplier's financial health and/or that of its consolidating entity.


6.2 Forecast Volumes

In the context of long-term contracts and recurring orders, Sirail is able to provide forecasts calculated by its ERP, taking into account the customer schedules known at the time the forecasts are established. These forecasts enable the Supplier to optimise its component procurement, manufacturing orders as well as its logistics, and to secure its purchasing prices. In return, the Supplier must enable Sirail to benefit from all or part of the cost, lead time and MOQ optimisations, or the price fixity resulting therefrom. The Supplier shall also agree to an increase in its OTD targets. The implementation terms and conditions (firmness of the commitment on the forecasts, modification terms, compensation, etc.) shall be specified in a separate agreement.

6.3 Prices

The prices set out in the Order are firm, non-revisable, and correspond to the applicable price lists and offers. Unless otherwise provided, price lists are established excluding VAT, valid for DDP delivery (Incoterm 2020) on any Sirail site within the European Union (as well as the United Kingdom, Switzerland and Norway), and are valid for one year minimum. Any specific agreement concerning the prices must be mentioned in the price list or be subject to a separate written agreement. Sirail may request the price list to be converted into a currency other than Euro (e.g.: GBP, CHF, Dirham, etc.), depending on the project requirements. In this case, the Supplier must offer an exchange rate coverage mechanism.

The prices include all the costs and expenses necessary for the full performance of the Order. Any additional supplies, services, and more generally, any elements not mentioned in the Order that are inherent thereto and necessary for the proper, safe and reliable operation, construction or maintenance of the goods, as well as to perform the Supplier's guarantees, must be provided and/or performed by the latter at its own expense.

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Any price change must be communicated to Sirail at least 2 (two) months before its effective date. In the context of prices negotiated by Sirail's customers, these may only apply after obtaining their written agreement. The new prices shall apply to any new order issued as of their effective date, while orders already issued shall remain at the former price. The new prices must be communicated to Sirail both in PDF and Excel formats, and mention the Sirail article codes. It shall contain at least 3 MOQ values per article (to be agreed upon with the Buyer), and the Supplier shall provide transparency on the transport costs (may be defined as a percentage of the Ex-Works price). In the absence of these elements, the scheduled effective date for the new prices shall be postponed until all required elements are effectively communicated, and the Supplier shall accept the Order at the former price. Any deviation from the terms and conditions set out above must be subject to Sirail's written approval.

Any discounts, rebates and other payment deductions practiced and communicated by the Supplier, both quantitative and qualitative, shall fully apply to Sirail.

6.4 Special project launch conditions

Project launches require special terms and conditions in order to guarantee customers the expected flexibility in these critical phases. Sirail shall establish a list of new articles to which the special terms and conditions apply. The articles included in this list shall be articles not ordered by Sirail over the past 3 months. For these articles, Supplier shall grant to Sirail special conditions, namely:


- Entitlement to place up to 3 orders with reduced MOQ at series quantity purchasing prices
- Entitlement to postpone delivery dates by a maximum period of 2 (two) months, at any time and at the latest one week before the confirmed delivery date. The Supplier shall keep the parts manufactured in its stock. In any case, Sirail shall receive the ordered parts, at the latest 2 (two) months after the initially confirmed date.
- Entitlement to request earlier delivery dates or an early partial delivery without any extra-cost.
- Entitlement to modify the quantities ordered, within the limit of +/- 20%, at the latest 1 month before the delivery date.

In return, Sirail may commit to place to the Supplier all of its series orders for the given project, for the term of validity of its prices.

6.5 Dead Stock

The Parties acknowledge that the definition of the products provided by SIRAIL to the Customer may evolve, both during the start-up phases and during the project. Consequently, Sirail reserves the right to cancel all or part of the ongoing Order(s) at the latest 1 (one) month before the scheduled delivery date (firm period) without any surcharge. In the event of an order cancellation requested during the firm period, Sirail may compensate the Supplier to the extent of 30% of the cancelled Order line amount.

Moreover, Sirail shall regularly (at the most twice a year) issue a list of non-active parts (dead stock), i.e. that have not been used on any Group Sirail site for more than 3 (three) months. This list shall be communicated to the Supplier for analysis. The Supplier shall study the possibility to buy back all or part of these parts if they are used by other customers of the Supplier. The buyback price shall correspond to the retail price to which shall be applied a 20% (twenty percent) discount maximum. The parts concerned must be new, in good condition and stored in normal conditions.

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6.6 Price competitiveness

The Supplier commits to be competitive on the market. Indeed, Sirail is regularly challenged by its customers and must offer them competitive prices. To this end, Sirail reserves the right to conduct market studies to assess the Supplier's competitiveness and may consult all the data it deems necessary for that purpose. The results of these market studies shall be presented to the Supplier. Should it result therefrom that the prices offered by the Supplier are above the market prices, the Supplier shall have a 3 (three) months period to present an action plan in order to align with the market prices. After this period, Sirail reserves the right to communicate the results of its market studies to its customers and terminate the Purchasing Agreement without prior notice nor compensation being due to the Supplier.

6.7 Payment Terms

The Supplier shall issue an invoice compliant with the applicable laws and regulations and shall send it to Sirail by email, at the address set out in the Purchase Order. The subject of the email must state the name of the Supplier and the invoice number. The invoice must state all the indications set out in the Order as necessary to identify and check the Supplies, namely:


- Order number
- Item number
- Delivery Note number
- Sirail item code
- Unit price
- Quantity
- Total amount before taxes
- Total amount including taxes

Payment terms shall be agreed between Sirail and the Supplier before the first order. Unless otherwise agreed between Sirail and the Supplier, invoices shall be paid by bank transfer within 60 (sixty) days net from the date of issuance of invoice, which cannot be before the date on which Supplier has fully performed all of its obligations under the applicable Incoterm, or the delivery date set out in the Purchase Order issued by Sirail. Any non-conformity of the invoice may lead to payment delays.

Unless specifically agreed, no down payment or advance shall be paid by the Buyer under the Order. However, should the Buyer grant to the Supplier down payments or advances on the Order amount, the payment thereof must be covered by a first demand guarantee, established according to the model provided by Sirail or any other guarantee agreed upon between the Parties. The invoices may not be transferred to any credit institution (factor) without prior written approval of Sirail.

Any sum due under an Order may be offset with the amount the Supplier owes to Sirail for any reason whatsoever.

In case of discrepancy between a Supplier's invoice and an Order resulting in an unfavourable difference on the price or quantity, the Buyer shall inform the Supplier accordingly and obtain its agreement in principle on the disputed amount to be paid through the issuance of a credit note within fifteen (15) days. Pending the issuance of the credit note, a debit note (DN) may be issued directly by the Buyer to the attention of the Supplier in order to enable it to pay the undisputed amount of the

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invoice on the due date. In the event of disagreement, the Supplier shall notify the Buyer thereof within forty-five (45) days from the date of issuance of the DN.

In the event of a payment delay, late payment penalties shall be payable from the date following the payment date set out in the invoice, subject to a prior written 15 (fifteen) days' notice remained without effect. In this case, the applicable interest rate for the calculation of late payment penalties shall equal three (3) times the legal interest rate applicable in France. Moreover, for contracts executed with a French entity of the Supplier, and in accordance with law, in the event of a late payment, the Buyer must automatically pay a €40 (forty Euros) flat-rate compensation for recovery fees.

6.8 Discounts for early payments

In the event of an early payment, the Supplier shall apply the following cash discount according to the following rates :

- 3% for a payment made within 14 days from the invoice date
- 2% for a payment made within 30 days from the invoice date
- 1 % for a payment made within 45 days from the invoice date

Discount shall be automatically deducted from the payment by Sirail's accountability in case of early payment.

7 Product Warranty

Supplier warrants that the Supplies will be:

- (a) free from any Non-Conformity,
- (b) fit for the purpose reasonably inferred from the Specifications and capable of achieving and maintaining the performance set forth in the Specifications; and
- (c) free from all liens, rights and claims.


7.1 General Rules

Unless otherwise specified in the Purchase Agreement, the delivered Supplies shall be guaranteed for a period of 4 (four) years starting from their delivery date. This time frame is in line with the throughput time at Sirail and the Customer, in order to keep a sufficient warranty period after the commissioning of the equipment in which the Supplies are integrated.

During this period, the Supplier commits to repair and/or replace any defective Supply, within 5 (five) Business Days from the notification sent by Sirail. This timeframe may be brought down to 2 (two) Business Days in cases of extreme urgency, as duly notified and argued by Sirail.

The Supplier shall bear all the costs of the intervention related to the remedy of the product, such as (non-exhaustive list):

- Intervention on the Customer's premises or on the End Customer site
- Dismantling and re-installation fees,
- Transport fees
- Supply chain interruption/disruption costs (example: assembly of the component on a different site than that initially planned)
- Damages caused by the component defect to other components and/or systems

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- Any expenses charged by the end customer, excluding penalties
- The penalties defined under article 4.2

The payment of all or part of the expenses described above shall not release the Supplier from its liability and obligations under the Purchase Agreement.

Moreover, the Supplier undertakes to communicate within 10 (ten) Business Days of the above-mentioned notification, a complete and substantiated response on the nature of the defect, the batches impacted and the action plan implemented to eliminate it. This timeframe may be brought down to 3 (three) Business Days in cases of extreme urgency, as duly notified by Sirail.

It is agreed between the Parties that there is a "repair first discuss after" principle, whereby Supplier agrees to repair any Defect within the contractual timeframe, and then in the event of a dispute of its liability therefor, the Parties shall meet to discuss the root causes and responsibilities for such Defect.

7.2 Special Case of Endemic and/or Epidemic Defects

In the event of Epidemic and/or Endemic Defects, the specific provisions set out below apply in addition to the general warranty provided under article 7.1:

- The warranty period for the products concerned shall be extended by 3 (three) additional years as of the last delivery date of the Supplies
- The Supplier shall present a plan to secure the concerned Supplies including the resources and means to be implemented and a schedule of interventions in order to secure the Supplies as quickly as possible. This plan must be validated by SIRAIL and/or the Customer.

The Supplier commits to provision the financial costs potentially incurred by these types of defects and confirms having implemented the necessary insurance policies in order to cover the financial consequences thereof.

7.3 Extension of warranty

Generally, the warranty shall take effect upon the delivery of Supply to Sirail. Should the Supply be considered as non-compliant at the delivery, the warranty period shall start as of the date on which the Supply's non-compliance has been remedied by the Supplier.


In addition, in the event of repair or replacement of Supplies affected by a Non-Conformity during the initial warranty period, the warranty period of the Supplies concerned shall be extended by 24 (twenty-four) months from the date of delivery of the repaired/replaced Supplies.

7.4 Failure to remedy under the warranty

In the event of Supplier's failure to remedy a Defect in accordance with articles 7.1 and 7.2 above, and without prejudice to any other rights under the Purchase Agreement or at law, Buyer shall give Supplier formal notice to perform its obligations.

If Supplier fails to perform its obligations within a reasonable time after receipt of the formal notice, Buyer may, at its option:

- remedy the Non-Conformity itself or cause it to be remedied, at Supplier's expense and risk;
- terminate the Purchase Agreement, for Supplier's fault.

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8 Quality Assurance

8.1 Quality Assurance Reference Frame

Suppliers warrants that it is certified by an external body approved according to, at least, the ISO9001 standard. The Supplier shall also communicate any other certifications it may have (IRIS, ISO 14001, EN9100, etc.).

Any specific certification requirement for an Order may be specified in the Specifications.

The Supplier shall ensure that all the requirements applicable to it are flowed down (on a back-to-back basis) to and complied with by its own suppliers and subcontractors.

8.2 Audits

Supplier accepts that Sirail may conduct audits on its quality system, products and processes, on the Supplier's premises or those of its suppliers/subcontractors (whatever the level in the supply chain), where are performed the supplies or works subject matter of the Order and may therefore be accompanied by its Customers and/or the competent authorities. Upon the audit, Sirail shall issue an audit report setting out the corrective actions required, if any. The Supplier shall respond by establishing a written action plan, within a timeframe agreed upon among the Parties during the audit. Audits shall not release the Supplier from its liability to deliver the Supplies with the expected level of quality, as per the applicable requirements, standards and regulations.

In the context of the first orders, or a production restart, the Supplier also accepts the organisation of First Article Inspections (or FAI), whenever Sirail requests it beforehand.

Supplier shall provide all the means and resources necessary for the proper conduct of the audit. The scope of the audit shall be subject to the Supplier's approval in order to preserve any manufacturing secrets – it is being understood that any refusal or request to limit the scope of the audit shall be duly justified. It is expressly stated that the conduct of an audit shall not affect the delivery times set among the Parties. The Supplier shall agree with Sirail's auditors on a suitable date enabling it to comply with said delivery dates.


8.3 Conformity of Supplies

The Supplies shall comply in all respects with the specifications referred to in the Order or the provided documents (drawings, specifications, standards, special conditions, etc.).

The Supplies dedicated to the railway equipment shall comply with the EN 45545 standard related to Fire & Smoke certification.

The Supplier shall be liable for the quality of the Supplies and their compliance with the Order. The Supplier must provide all the documents certifying this within 48 hours from Sirail's request. These documents must clearly establish the compliance of the batch of Supplies delivered with the Order, as well as the traceability of said Supplies.

Any request for a derogation must be presented in writing to Sirail's Purchasing Department. Depending on the subject and its impact on the end product, it may only be accepted once it has been approved by the Customer, and in some cases, by the End Customer.

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The controls carried out by Sirail, either on receipt or on the end products, shall not release the Supplier from its liability to provide a compliant Supply, without Defects and non-conformities.

In no event shall the Supplier modify the Supply and/or its components without the prior written approval of Sirail.

8.4 Forbidden substances

8.4.1 REACH

All Supplies purchased by Sirail must comply with the REACH regulation (EC) No 1907/2006.

The Supplier undertakes to send Sirail a certificate of compliance with REACH requirements. This certificate must be renewed each time the regulation is updated and each time the composition of the Supplies is modified. Any non-compliance with REACH regulations must be immediately notified to Buyer (and will be considered a Defect in the meaning of the present GTCPs), in order to jointly define the actions to be undertaken. In the absence of such notification, the Supplies shall be deemed to comply with the requirements of this article 8.4.1.

8.4.2 Minerals from Conflict Areas

The Supplier warrants that the Supplies do not contain any “minerals from conflict areas” (as defined by the OECD’s “Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas” and applicable regulations, such as the Regulation 2017/821 of the European Parliament and of the Council of May 17th, in force as from January 1st, 2021, and Section 1502 of the United States Dodd-Frank Financial Reform Bill Act (US Law 111-203. Title XV).


At Buyer’s first request, Supplier shall provide a certificate that includes (i) a statement that Supplier has taken responsible steps to ensure that the Goods being provided do not contain Conflict Minerals and (ii) the name of the country of origin and the name of the smelter from which the minerals were mined and (iii) a statement that the materials contained in the Goods are in conformance with the applicable law or regulations.

In case of any non-compliance with the provisions of this article, the Supplier shall indemnify Sirail for any damages, losses, costs and expenses incurred as a result of such non-compliance, Supplier being fully aware that Sirail’s Customers expressly refuse the use of prohibited minerals.

8.5 Prevention of counterfeiting

The Supplier commits to suitably plan, implement and control its procurement processes in order to prevent the use of counterfeit or suspected counterfeit parts. The Supplier must take into account:

- Training the relevant people in detecting counterfeit parts;
- Apply an obsolescence monitoring programme;
- Control its external procurement sources, from original manufacturers, authorised distributors, or other approved sources;
- The requirements making it possible to track the parts and components down to the original or authorised manufacturer;
- Inspection and testing methodologies making it possible to detect counterfeit parts;
- Monitor information reports from external sources pertaining to counterfeit parts;
- Quarantine and declare counterfeit or suspected counterfeits parts.

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8.6 Declaration of Origin

Should the Supplies purchased by the Buyer be exported to other sites of Group Sirail, which are not all located within the EU, the Supplier shall provide the Buyer with an annual long-term declaration of origin for its products (according to the rules on origin of the EU/Tunisia and EU/Morocco agreement), stating the following information:

- 1 Production country
- 2 SH4 tariff heading or customs tariff
- 3 Details on the nature of the components used to manufacture them:
 - 100% components originating from the European Union
 - Over 60% components originating from the European Union.
 - Over 60% of the product transformed within the European Union.

The product origins must be set out per article purchased, if they have different origins.

For the specific re-export needs as set out in the Order, the Supplier shall provide, free of charge, any additional information required to re-export the Supplies to the countries set out in the Order. The Supplier shall certify the origin of the Supplies within 5 (five) Business Days from Sirail's request.

9 Obsolescence and continuous improvement

9.1 Obsolescence

The Supplies delivered by the Supplier must remain available for purchase over a 20 (twenty) years period from the date of the last delivery. In the event of obsolescence, the Supplier shall inform Sirail immediately, with at least 12 (twelve) months' notice prior to the date of last possible order. The Supplier commits to:


- Provide a detailed obsolescence plan including a schedule, along with the tested and proven replacement solution ensuring complete compatibility and meeting the same functional requirements as the affected Supplies;
- Produce and deliver all the Supplies' quantities requested under the last order;
- Bear all the qualification and FAI costs for the new solution;
- Offer reduced costs to implement the new solution intended to be more competitive.

9.2 Continuous improvement

Supplier shall, in good faith, use all reasonable efforts to inform the Buyer, as soon as reasonably practicable, of any technical and technological innovations developed by Supplier, which could improve the characteristics and performances of the Supplies (in particular with regards to quality, costs, lead times and delivery). In such a case, the Parties shall discuss in good faith the technical and commercial conditions of the potential implementation of such innovations. Any implementation shall be subject to a prior written agreement between the Parties.

10 Subcontracting and fighting against illegal work

10.1 The Supplier may not subcontract all or part of the Order without the Buyer's prior written

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agreement. In any case, the Supplier shall remain solely liable for the obligations committed towards Sirail. A failure of a subcontractor or sub-supplier (even if approved by Sirail) does not release the Supplier from its liabilities for any delay, defect or negligence in the performance of its contractual obligations.

More generally, the Supplier is liable for the choice of its subcontractor and shall ensure the latter knows, complies with and enforces the standards applicable to its business and to the product to be manufactured or the services to be performed. The Supplier shall ensure that all the requirements communicated to it are passed on to and respected by its own suppliers and subcontractors. In this respect, the Supplier is responsible for qualifying its suppliers and subcontractors, and therefore assumes full responsibility for the quality of the Supply delivered to Sirail.

10.2 The Supplier undertakes to comply with all labor laws and regulations and to pay all social charges related to its employees.

10.3 Moreover, should the Supplier post employees under the conditions provided for in Articles L.1262-1 and L.1262-2 of the French Labor Code, it shall inform the Buyer accordingly before starting the performance of the Order, and shall at the same time provide the Buyer with the supporting documents evidencing its compliance with the obligations set out under Article L.1262.2.1 of the Labor Code. In addition, the Supplier undertakes to comply with the legislation on minimum wages, as well as the regulations requiring accommodation conditions for the posted employees compatible with human dignity.

11 Corporate Social Responsibility and Applicable Legal Provisions

11.1 Sirail is aware of how its activity affects both society and the environment. In this respect, Sirail implements action plans that fully integrate these social, environmental and economic concerns, in order to contribute to the sustainable development challenges, and strongly advises its Supplier to voluntarily commit to a CSR approach in order to meet these major challenges.


11.2 The Supplier declares it complies with the applicable regulation and respects human rights in all the countries it operates in. More specifically, the Supplier declares complying with:

- The International Labour Organisation Declaration of 1998;
- The applicable regulation and ethics rules as regarding undeclared work both within its organisation and those of its own subcontractors/suppliers;
- The applicable legal provisions as regards the fight against corruption, as per the OECD convention of 1997 and the United Nations Convention against Corruption (UNCAC) of 2003 and the Law of December 9, 2016 on transparency, the fight against corruption and the modernization of economic life ("Sapin 2" law).

The Supplier warrants that it has not, directly or indirectly, paid a commission or fee, or granted a discount to a third party or employee of the Buyer, the Customer and/or the End Customer, or offered gifts or invitations, or granted any other non-monetary advantage, or made any other arrangements in violation of the law.

The Supplier shall inform Sirail Group's Purchasing Department of :

- (i) any gift, donation, payment, remuneration or benefit whatsoever it may be led to offer, whether directly or indirectly, to any employee, executive or representative of the Buyer or any person likely to influence their decision as regards the performance of the Order;

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- (ii) any situation and risk of conflict of interest.

It is hereby specified that any failure by the Supplier to comply with the commitments set forth in this Article 11.2 shall constitute a serious breach of its contractual obligations, as a result of which the Buyer shall be entitled to terminate automatically, with immediate effect and without compensation, the Orders in progress, without prejudice to any other Buyer's rights under the Purchase Agreement and/or the law.

11.3 The Supplier expressly warrants that all the Supplies shall be supplied in accordance with good industry practices, the national and international standards approved by the Buyer's country, the laws and regulations applicable in the Buyer's country and in the country of destination of the goods to which the Supplies are to be incorporated, as well as with the European Union legislation, and in particular with respect to electromagnetic compatibility, ROHS, ATEX, CE marking and the REACH regulation.

In addition, in performing its obligations under the Purchase Agreement, Supplier shall comply with all applicable trade sanctions regulations or similar requirements establishing export controls on goods, services, software or technology, such as, but not limited to, (i) U.S. Export Administration Regulations (EAR), European Council Regulation 428/2009 on dual-use goods, (ii) economic sanctions implemented by the Office of Foreign Assets Control (OFAC), the European Union, and the French Republic.

11.4 Supplier represents and warrants that it, its management and administrative bodies exercising legal control or managing the entity (i) are not persons or entities subject to sanctions; (ii) nor are they in violation of any regulations and orders imposing sanctions to the extent applicable to their activities. In the event of any change in status, Supplier shall promptly notify Buyer and Buyer may, at its discretion, suspend and/or terminate the Purchase Agreement with immediate effect upon written notice to Supplier.


11.5 Each Party undertakes to comply with the regulations in force applicable to the processing of personal data and in particular with the provisions of Law No. 78-17 of January 6, 1978, as amended, and Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (hereinafter collectively, the "**Personal Data Regulations**").

11.6 The Supplier commits to inform Sirail of any modification to the legal and regulatory provisions, or applicable standards, that may affect the delivery or performance conditions of the Supply. The Supplier shall be held liable for any damageable consequences incurred by Sirail, resulting from any breach of its obligation to comply with the above-stated rules, and thus undertakes to fully indemnify the latter for any damages resulting thereof.

12 Confidentiality and Intellectual Property

12.1 Confidentiality

The Supplier undertakes to take all measures necessary to preserve the strict confidentiality of any and all information whatever the nature (including but not limited to, technical, financial, commercial,

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organisational data, etc.) and whatever the form (written, oral, electronic, etc.), entrusted to it, or which it may become aware of when performing the Order (hereinafter “Confidential Information”).

As such, the Supplier shall refrain from :

- (i) disclosing, sharing, or otherwise making the Confidential Information known to third parties, without Buyer’s prior written consent;
- (ii) using Confidential Information for any other purposes than strictly required to perform the Order.

However, the confidentiality obligations shall not apply to Confidential Information, which Supplier can properly establish:

- is or falls into public domain, through no fault of Supplier ;
- was obtained in good faith, without any obligation of confidentiality, prior to its transmission by the Buyer;
- was independently developed by Supplier, without access to the Confidential Information;
- is required to be disclosed by law or court order. In which case, Supplier shall notify Buyer prior to such disclosure and shall limit the disclosure strictly to the required Confidential Information.

This confidentiality obligation shall remain in effect for the duration of the Purchase Agreement and shall continue after its expiry (or termination, as applicable) for a period of 10 (ten) years.

Should the Supplier fail to comply with these provisions, Sirail reserves the right to immediately terminate any Order placed.

12.2 Intellectual property


12.2.1 Background

"Background" means information, documents, conceptual designs, technical drawings, software (system software and application software), algorithms, developed design data, technical or industrial data, tools, knowledge, know-how, trade secrets, service materials and processes, methodologies, and any intellectual property related thereto, regardless of medium and whether or not protected by an intellectual property right, that are developed, created or acquired by a Party independently of the performance of the Order. The Background shall at all times remain the property of such Party and its Affiliate(s).

Supplier grants to Buyer: (1) a fully paid, non-transferable, non-exclusive, worldwide license to use its Background that is necessary to perform the Order, including testing of the Supplies; and (2) a fully paid, non-exclusive, worldwide, transferable license to use the Background that is necessary to use, manufacture, or cause to be manufactured, market, sell, and service, or cause to be serviced, the Supplies.

12.2.2 Results

"Results" means the information, documents, conceptual designs, technical drawings, software (system software and application software), algorithms, developed design data, technical or industrial data, tools, knowledge, know-how, trade secrets, service materials and processes, methodologies, and any intellectual property related thereto, regardless of medium and whether or not protected by an intellectual property right, that are developed, created or acquired by a Party during the performance

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of the Order. The Results shall become the exclusive property of the Buyer as they are created or developed.

Supplier assigns to the Buyer, on an exclusive basis, all intellectual property rights in the Results, in all countries and for the full term of protection of the Results as provided by applicable national or international conventions or treaties, present and future, relating to intellectual property.

12.2.3 Supplier agrees that the price stated in the Order includes the assignment of all intellectual property rights in the Results, as well as the relevant licenses to the intellectual property rights associated with the Background, as set forth above.

12.2.4 Supplier warrants that the Supplies or any other work or information provided by it or on its behalf under the Order, including the use thereof, will not infringe the intellectual property rights of any third party.

Supplier shall be held liable and indemnify Sirail for all consequences (damages, losses, costs, expenses - including legal fees) incurred by Sirail, its Affiliates, subcontractors, distributors and customers as a result of any infringement of any third party's intellectual property rights resulting directly or indirectly from Sirail's purchase, use or resale of the Supply or any part thereof.

13 Liability and Insurance

13.1 Liability

The Supplier is bound by a performance obligation as regarding its obligations hereunder. Compliance with lead times and quality requirements are essential obligations under the Purchase Agreement.

The Supplier shall defend, indemnify and hold the Buyer harmless from any and all damages, losses, costs and expenses resulting from the performance and/or non-performance of its obligations under the Purchase Agreement, whether performed by itself or by any natural or legal person acting on its behalf or under its responsibility.

As well, the Supplier shall be liable for any damage, loss or destruction caused to the property of the Buyer, the Customer and/or the End Customer, which may have been made available to it under the terms of the Purchase Agreement, and shall indemnify each of them accordingly.


The Supplier may be released from its liability only by demonstrating that its non-performance or failure to perform results from a Force Majeure event or Buyer's fault.

13.2 Insurance

The Supplier shall maintain, for the entire duration of the Purchase Agreement (including the warranty period), an insurance policy with a reputedly solvent insurance company covering :

- (i) its public liability, for a minimum amount of €1,000,000 (one million Euros) per claim;
- (ii) its product liability, for a minimum amount of €1,000,000 (one million Euros) per claim and per year;

for all bodily injury, property damage and consequential and non-consequential damages that may result from the performance of the Purchase Agreement.

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The Supplier undertakes to (i) send to Sirail, upon acceptance of the Order, and then at any time upon the first request of the latter, a valid and detailed insurance certificate, justifying the guarantees subscribed to and the payment of the related premiums, and (ii) inform the Buyer of any cancellation or material amendments of its insurance policies terms. Failure to provide proof of insurance entitles Sirail to terminate the Purchase Agreement at any time, without prior notice.

The limits of indemnification set forth in the insurance certificate provided by the Supplier shall in no way constitute a limitation of the Buyer's recourse against the Supplier, the latter remains liable for any damage suffered by the Buyer for which the Supplier is responsible.

14 Force Majeure

Each Party shall immediately notify the other Party, but not later than within 5 (five) calendar days, from the occurrence of a Force Majeure event preventing it from performing its obligations under the Purchase Agreement and take all the necessary measures to mitigate the consequences that may result thereof.

For the purposes hereof, a Force Majeure event shall be any event (i) beyond the control of the Party invoking it, (ii) which could not reasonably have been foreseen at the time of issuance of the Order, (iii) the effects of which cannot be avoided by appropriate measures, and (iv) which prevents the performance of its obligation by the Party invoking it.


The obligations the performance of which is rendered impossible due to the occurrence of a Force Majeure event shall be suspended for the duration of such event, subject to the provisions of the article "Termination" hereunder.

The Supplier may invoke the delays of its own suppliers and subcontractors only if the cause of these delays can itself be considered as a Force Majeure event within the meaning of this clause.

15 Termination

Each Party may automatically terminate the Order, subject to the sending of a registered letter with acknowledgement of receipt to the other Party, in the following cases:

- should the other Party fail to perform any of its contractual obligations within thirty (30) days from the notice sent by registered letter with acknowledgement of receipt;
- should the other Party undergo a safeguard, receivership or liquidation procedure, subject to the applicable public policy provisions;
- should the other Party fail to perform its obligations following the occurrence of a Force Majeure event:
 - the duration of which exceeds one month from its notification to the other Party, or
 - having for consequence a delay making the performance of the Order incompatible with its purpose, or
 - permanently preventing the Order from being performed;
- in all cases provided for in the applicable regulation.

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Moreover, the Buyer may rightfully terminate the Order, subject to the sending of a registered letter with acknowledgement of receipt to the Supplier in the following cases:

- with immediate effect and without prior notice, should the Supplier fail to comply with its obligations set out under Articles 3 “Performance of the Purchase Agreement”, 4 “Management of deviations”, 8 “Quality Assurance”, 11 “Corporate Social Responsibility and Applicable Legal Provisions”, 12 “Confidentiality and Intellectual Property” set out under these GTCPs, and more generally, should the Supplier fail to meet any one of its contractual obligations, which cannot be remedied;
- upon formal notice by registered letter with acknowledgment of receipt remained without effect for thirty (30) days, if the Supplier has not provided the Buyer with the insurance certificates such as set out under Article 13.2;
- subject to thirty (30) days prior notice, if the Supplier’s capital is taken over by one of the Buyer’s competitors – it is being understood that the Supplier shall notify to the Buyer any change in its capital (such as a change in majority, merger or absorption);
- subject to thirty (30) days prior notice, in the event of a major change in the Supplier’s industrial organisation that may prejudice the proper performance of the Order (such as a production transfer).

In the event of termination of the Main Contract or production’s postponement by the Customer over 3 (three) months, Sirail may terminate the Order, in all or in part. The financial impact shall be discussed between the Parties in good faith.

Should the Order be terminated by the Buyer due to a fault of the Supplier, the Buyer reserves the right to perform or have all or part of the Order performed at the Supplier’s risks and expense. In this respect, the Supplier commits to communicate to the Buyer or any third party appointed by it, all the elements required to perform the Supply, on the Buyer’s request.


Upon the expiry of the Order, or following its termination for whatever reason, the Supplier shall return to the Buyer, at its own expense and within 8 (eight) days, all the goods entrusted and the documentation provided to it.

In any case of termination for whatever reason, each Party shall remain bound by its contractual obligations until the effective termination date, without prejudice to any damages the complaining Party may obtain due to the defaulting Party’s improper performance or failure to perform its obligations as set out under the Purchas Agreement. Moreover, if the Supplier is the Buyer’s single source, the latter may postpone the effective termination date until another source is in place, in which case the Supplier commits to continue to perform the Orders in accordance with the contractual terms and conditions.

16 Communications

16.1 Any written notice issued by the Supplier must be sent to the following address, by registered letter with acknowledgment of receipt:

SIRAIL
Group Purchasing Department

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Moreover, a copy of this letter shall also be emailed to the purchaser mentioned on the Purchase Order.

Any written notice issued by Sirail must be sent to the Supplier's main place of business, by registered letter with acknowledgment of receipt. Moreover, a copy of this letter shall also be emailed to the sales contact in charge of the order.

Email exchanges are accepted, but shall not be considered as contractual elements, except for confirmations of changes to the delivery dates via the backlog. Any agreement concluded by email must be formalised by an amendment to the Purchase Agreement duly signed by both Parties.

The Supplier undertakes to respond to any written request of SIRAIL within five (5) Business Days.

The Purchase Orders shall be sent to the Supplier by email. Any Purchase Order of an amount exceeding €200 K (two hundred thousand Euros) shall include the handwritten signature of the Purchasing Department of Sirail. In order to avoid any fraud, the Supplier shall check that the Orders have been issued through the usual email address used to send Sirail's orders. In case of doubt or established fraud, it shall contact its usual purchasing contact. In the event of proven fraud, Sirail may request the support of Supplier's IT teams to track the origin of the fraud. Any Order issued fraudulently will be considered null and void and will not bind Sirail in any way.

Similarly, any modification to the bank details or change relating to the payment of the Supplier's invoices must be sent to the Buyer in charge of the Order. Any request from a third party acting in Sirail's name or any person unknown to the Supplier's teams must be first introduced by the Buyer.


17 Applicable law and settlement of disputes

17.1 The Purchase Agreement shall be governed and construed in accordance with the Laws of France, to the exclusion of any conflict laws rules that might lead to the application of any other law. The application of the United Nations Convention on Contracts for the International Sale of Goods (Vienna Convention) of 11 April 1980 is expressly excluded.

17.2 The Parties shall endeavour to resolve amicably any dispute that may arise among them under or in connection with the Purchase Agreement.

In the event of a persistent disagreement, the dispute shall be submitted to the Commercial Court of Valenciennes, notwithstanding the plurality of defendants, third party claims and injunctive proceedings.

By way of exception, if both Parties are companies based in the same country, the applicable law shall be that of the country concerned, and any dispute shall be submitted to the commercial court of Sirail's head office in that country.

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18 Miscellaneous

The Supplier shall not assign the Order or any part thereof without the prior written consent of the Buyer. In any event, Buyer's approval of the proposed assignment shall not relieve Supplier of its obligations under the Order. The Supplier shall remain jointly and severally liable to the Buyer for the proper performance of the Order.

Buyer's failure to exercise or enforce any right conferred by these GTCPs shall not be deemed to be a waiver of any such right at any time or times thereafter.