

**LISI AUTOMOTIVE FORMER, RAPID and NOMEL (LISI)  
PURCHASE TERMS AND CONDITIONS ("PT&C")**

**1. OBJECT**

The present PT&C stipulate the method for placing orders and purchasing contracts ("Contracts") and underline the Supplier's obligation to inform, notify and cooperate from the consultation stage by LISI, as regards its supplying of products and services ("Supplies").

**2. APPLICATION OF THE GENERAL CONDITIONS**

The PT&C are applicable to all the purchasing of supplies from LISI, from acceptance by the Supplier of the order or the LISI purchasing contract. Any start of carrying out of the Contract signifies the express acceptance of the PT&C. They take precedence over the general sales conditions of the Supplier, if the latter are contrary to or in derogation of the PT&C.

**3. FORMATION OF THE CONTRACT, METHOD FOR PLACING ORDERS****3.1 The field of application of the Contract between LISI and the Supplier**

The following documents are an integral part of the Contract made between LISI and the Supplier, by order of decreasing priority in case of contradiction of the documents or difficulties of interpretation:

1) the order or the purchasing contract from LISI accepted by the Supplier by any means, in accordance with article 3.2 below, 2) the LISI specifications, 3) the present PT&C 4) the Supplier's bid 5) the plans, studies, quotations and technical documents and other ones transmitted during the Consultation by each party and accepted by the other one 6) the general or specific confidentiality contract agreed 7) the Suppliers charter 8) the invoice 9) the delivery note.

The following are not part of the Contract: the documents, catalogues, advertising/rates that are not expressly mentioned in the Contract.

**3.2 The order**

The Contract between LISI and the Supplier is concluded as soon as the order from LISI is accepted by any means by the Supplier for a standard supply and, in case of a specific supply, the Contract is concluded in the form of an order placed by LISI, which signifies its agreement to the bid submitted by the Supplier. The firm order is concluded for a definite period and is not subject to renewal by tacit agreement.

**3.3 Modification / cancellation of orders**

Before receipt by LISI of the acceptance of the order by the Supplier, any order can be cancelled by LISI by written notification to the Supplier with immediate effect, at any moment without prior warning or particular formality(ies) and without entitlement to any compensation or damages and interest of any kind.

LISI may cancel or terminate all or part of the Contract, by simple written notification in the following cases:

- a) in case of non-execution by the Supplier of any one of his contractual obligations or those of the present PT&C,
- b) under reserve of the legal public provisions as regards this, in case of financial difficulties resulting in a safeguard measure or an amicable or legal regulation,
- c) in case of stopping activity, merger, split, partial or total cession of the business or situations that have the same effect.

In the cases mentioned above, the cancellation of the Contract will be made ipso jure, without warning or prior notification, from the date of the first presentation of the notification, cancellation or termination letter, in the form of a registered letter with proof of receipt, and without negatively affecting any damage and interest and compensation mentioned in art. 10.

**3.4 Plans, studies, descriptions**

All the quotations, plans, descriptions, drawings, tables, calculations, trial sheets, technical instructions and descriptive instructions for the Supplies, the process for use, assembly or manufacturing and the specifications in particular (hereinafter "information"), if the case applies, submitted on whatever support and in whatever form to the other party are sent by LISI to the Supplier so that it can establish its Supply Bid or are sent by the Supplier to LISI in support of its bid.

During the consultation stage, this information is sent in the scope of a loan for use for assessing and discussing the Supplier's bid. They will not be used by the Supplier for other purposes or reasons and should be returned on simple request from LISI. Each Party remains the owner of its own information (article 5).

**3.5 Submission of initial samples**

The initial samples or prototypes sent by LISI in the scope of the consultation or during execution of the Contract are not to be given to a third party (for example, a subcontractor) except with the express authorisation of LISI. Copying any information in whatever form and by whatever procedure is forbidden.

**3.6 Tools**

The possible studies and plans made by the Supplier as well as tools specially manufactured for carrying out a LISI order or tools made available by the Supplier, in particular, moulds, or tools for carrying out the supplying or for technical controls (hereinafter "Tool") become the property of LISI. The Supplier returns them to LISI on first request.

The Tools are exclusively used for carrying out LISI Contracts, the Supplier is not allowed to use them for a third party. Failing which the Supplier will be subject to a penalty, the amount of which is equal to 50% of the replacement value of the tool or the total value before tax of the Tool order without negatively affecting any other damage and interest.

The Tools are kept by the Supplier in good working condition, maintenance and repair costs are to be paid for by the Supplier. Except in case of particular agreement foreseen in the Contract, the renewal of the Tools is to be paid for by the Supplier. No retention right can be exercised by the Supplier as regards the Tools that will have to have a LISI ownership label; items which are given as guarantee to LISI cannot be seized by the Supplier's creditors.

The Supplier will take out a damage and responsibility insurance policy to cover direct damage for the value when new caused to the Tools during their contractual use as well as indirect losses (including the operating loss of LISI that results from it).

**4. CHARACTERISTICS AND STATUS OF ORDERS****4.1 Destination of the Supplies**

For the execution of orders, the Supplier should respect the information that is part of the field of application of the Contract. Moreover, all the materials and substances used in carrying out the Supplies and in particular in manufacturing or processing the Products for LISI should meet the regulations and the safety constraints in force in the country of manufacture, sale and use concerning, in particular, the regulated, toxic and dangerous products, including any environmental, electrical and electromagnetic consideration.

The Supplies provided conform to the regulations that apply to them and the technical norms for which the Supplier guarantees the conformity of its Supplies to LISI, both from the point of view of the LISI Specifications and that of the regulations applicable to the Supplies as well as in the area considered to be used for the Supplies.

The Supplier recognises having received from LISI all the information that it considers necessary for providing the Supplies in the normal conditions that can be foreseen for use and in accordance with the safety and environment legislation in force in the area of use as well as the usual rules of the trade.

## **4.2 Transmission of Information relating to the Supply - Traceability**

LISI undertakes to transmit useful information to the Supplier for the implementation of the Specification. The Supplier ensures the traceability of the substances used for the Supplies until the delivery date to LISI, in particular taking into account the provisions of article 8.5. Traceability consists in identifying and keeping pertinent and statutory information concerning all the stages of executing the Supply.

## **4.3 Archiving**

The aim of archiving the technical documentation and initial samples that the Supplier used to make its Supply is to ensure the traceability of the Supplies and the services provided in order to:

- explain the design and the controlling of the Supply and to make an action and rectification plan easier,
- to limit the importance of recall campaigns by isolating a batch of Supplies the manufacturing/processing process of which, in particular, would seem to be at fault. Archiving is for 10 years minimum unless specified otherwise.

## **5. INTELLECTUAL and CONFIDENTIAL PROPERTY**

### **5.1 The intellectual property and know-how of the Supplies**

All the intellectual property rights, as well as the know-how incorporated into the information given or the products submitted by LISI to the Supplier for the carrying out of the Contract remain the exclusive property of LISI.

LISI and the Supplier respectively and mutually guarantee that at the time of consultation and order, the information and particularly the specifications, plans, specifications and their implementation conditions do not use the intellectual property rights or know-how held by a third party.

The submission by LISI to the Supplier of information is part of the Contract and does not bring about the cession to the Supplier of their property or the rights that are related to it. They are submitted on loan and are to be returned on first request at the end of the Contract or in case of termination (article 14).

It is pointed out that for the carrying out of the Supplies involving the use of patented devices entirely or in part, or patented drawings or models, and generally for any item that is likely to be protected as regards industrial property rights, the Supplier guarantees LISI against any claim from the possible owners of patents, drawings, models and other intellectual property rights that it may have used for its Supplies.

The Supplier guarantees LISI against any action, opposition or claim concerning a property right that a third party could exercise against LISI and will accept any financial consequences resulting from these actions, notwithstanding any damages and interest that LISI may claim.

When an order indicates that certain raw materials, products and components, which belong to LISI, have been sent to the Supplier for the execution of the order, the latter undertakes to use them only for the needs of the Contract. He is not allowed to pawn or give these raw materials, products or components as security and undertakes to ensure not only the safeguarding and the maintenance of them but also the individualisation of them so that no confusion can be made with its own merchandise and so that in case of legal procedure, safeguarding or liquidation of the Supplier, LISI can exercise its claim right.

### **5.2 Confidentiality**

The Parties mutually commit themselves to a general confidentiality obligation relating to the information and the products to be supplied and which are exchanged in the scope of the preparation and the carrying out of the Contract.

A specific confidentiality obligation will be respected by the Supplier in case of submission of initial samples, product prototypes or information submitted by LISI. A specific confidentiality contract can be taken out from the consultation or conclusion of the Contract.

In case of sub-contracting by the Supplier, (art. 12 below), duly authorised by LISI, the Supplier will have to have the same confidentiality contract accepted by his subcontractor at the time of its consultation or before providing the service. This should be proven to LISI.

Taking into account this confidentiality obligation accepted by the Supplier, the Supplier will give LISI access to its installations for quality controls, and will obtain the agreement of its subcontractors for such a control.

## **6. HYGIENE, SAFETY - ENVIRONMENT**

Adherence to the regulations relating to hygiene, safety and the environment ("HSE") is one of the priorities of LISI. That is why in terms of HSE, the Supplier should:

- respect, for the carrying out of its Supplies, the laws and regulations in force in the country of use, that is mentioned to it, as well as LISI's own requests.
- develop an environment reflex in all its production, packaging, and transport actions in particular,
- prevent any pollution and respect natural resources in particular in managing its waste,
- keep its establishment(s) and its activity(ies) conform to the regulations in force.

By the validation of the Specification, the Supplier undertakes to only supply to LISI Supplies that respect the statutory requirements, in particular European Regulation dated 19/07/2006 ("REACH"). The Supplier will designate a REACH contact person.

On request from LISI, the Supplier undertakes to prove the monitoring and the acquiring of HSE training by its personnel, required to do the tasks to be carried out in LISI establishments to the extent that they have environmental aspects and significant professional risks.

LISI strongly encourages its suppliers to obtain ISO 14001 certification.

## **7. QUALITY**

The Supplier chosen by LISI for its competencies in its area of activity, for its expertise and its know-how, is responsible for the conformity of the Supplies provided, the appropriateness of them for the functions that have been declared by LISI and that its experience allows it to identify.

LISI encourages its Suppliers to develop a quality management system, with the aim of conforming to norm ISO/TS 16949. Obtaining the ISO 9001 certificate is required as a first stage towards this objective. The Supplier declares that it knows and accepts the LISI quality agreement.

The Supplier implements all the necessary and sufficient means to limit the occurrence of faults and failures in its flows and those of LISI to avoid non-conform Supplies. It knows how to demonstrate the pertinence and the adherence of its internal procedures, its mastery of its processes and the efficiency of its controls. In particular, it defines, implements and manages the control means that are appropriate for checking the conformity of its Supplies.

LISI's objective is 0 faults. Total conformity of the Supplies is required, non-adherence to this can affect its Supplies and the products of LISI, as well as the well-being of people and goods. The ppm obligation that the Supplier accepts with LISI is a progress objective established from the real situation and setting the following level to be reached to come close to the target of 0 faults. An annual quality progress plan should be created by the Supplier.

All plans to change the management, production and any other areas (supplying, procedures) that could have an effect on the quality of the Supplies, and the organisation of the Supplier are immediately submitted to LISI for an agreement on the change in principle and validation before the implementation of them by the Supplier, in order to prevent non-conformity risks.

The Supplier gives access to his production premises and undertakes to ensure that its subcontractors allow LISI to carry out any quality audits. This process in no way releases the Supplier from its responsibilities and presumes no renunciation of any of LISI's rights.

## **8. LOGISTICS-PACKING-DELIVERY-RECEIPT-INVENTORY:**

### **8.1 Logistics**

LISI is faced with logistics requirements that are continually more precise as regards its customers (just in time, pull system, breakdown of deliveries into individual operations, etc.). The Supplier should adhere to these requirements, continually improve its service and make the effort needed to create flexibility.

The Supplier should adhere to the time-phasing of deliveries to fully reach the objective of the delivery programmes or orders.

The identification means selected by LISI for the products to be supplied is the ODETTE / GALIA standard.

LISI develops and associates its Suppliers in the service performance process (to reach zero delays) with the service rate as an indicator. Other items are taken into account such as the correct rotation of stocks, the secure plan for supplying, etc.

LISI reserves the right to check, according to a logistics evaluation reference, the logistics services of its Supplier (monitoring of the method of placing orders for its materials, monitoring of capacities, stock and order management, in particular).

### **8.2 Packing**

LISI reserves the right to demand some specific packing or labelling methods. Except in case of stipulation to the contrary in the Contract, the packaging will be paid for by the Supplier. It will have to allow for the traceability of the Products that it supplies and the LISI products for which the service is provided, be adequate and sufficient, conform to the regulations, recyclable, and possibly re-useable to ensure the right protection of Products against any risk of damage during transportation and storage allow for rational and safe handling. The packaging will be recuperated by the Supplier on request from LISI.

LISI can provide its Supplier with packing and/or handling units, hereinafter called "Units" that it owns or that its own customers entrust to it for use in the production cycle. The Supplier becomes the guarantor and is responsible for the Units that are thus made available to it.

In case of loss or damage to these Units, LISI transfers to the Supplier the requests for compensation made by its customer.

The Supplier should only use the Units for carrying out LISI orders which reserves the right to make a contradictory inventory of the Units with the Supplier. In case of missing Units, the number missing will be invoiced to it at the replacement price for the Unit.

### **8.3 Delivery**

The Supplies are to be delivered in accordance with the methods indicated in the Contract. Except in case of agreement to the contrary foreseen in the Contract, all the transport, insurance, customs and handling operations are to be paid for and are at the risks of the Supplier.

Excess and/or anticipated quantities that may be delivered to LISI will be stored at the costs of the Supplier or returned to the Supplier after warning that has remained without response for a week, during which the Supplier may, at any time, by any means come to note the reality of the grievance mentioned.

### **8.4 Transfer of ownership, risks**

Any ownership reserve clause of the Supplier concerning its Supplies is reputed to be unwritten. The Supplies are transported at the risks of the Supplier, the transfer of risk is only made at the time of definitive receipt of the Supplies by LISI and signing of the delivery note.

### **8.5 Delivery notes, product identification**

The note and the labelling of the Supplies by the Supplier should allow the traceability of each packing unit, package, box or batch to be ensured.

All deliveries should be accompanied by a delivery note and the documents required by the regulations in force and by the Contract. This note should at least indicate the LISI order number as well as the reference for the Supply (LISI coding and type of supply in accordance with the order). The label will be in line with the ODETTE GALIA standard, in particular all labels will clearly indicate the type of product. The quantities supplied will be expressed in the order counting unit.

The signing by LISI of the delivery notes does not mean that the Supplies have been definitively received. This can only take place during the quality control by LISI or its customer or when using the Supplies.

### **8.6 Controlling Supplies before delivery**

On first request, the Supplier undertakes in particular to carry out any modifications of its Supplies, to supply any information about its Supplies and to certify the origin and the composition of the products and services used to make the Supplies.

LISI reserves the right to carry out or have carried out, with or without prior notification, any control of the Supplies before delivery of them, on the Supplier's premises, during the opening hours of its workshops, without however this act diminishing the guarantees granted by the Supplier under the terms of article 10.1 or reducing the rights of LISI.

The qualitative and quantitative receipt operations are carried out in accordance with the Contract. Payment of invoices does not in any way imply acceptance of the quality of the Supplies delivered or the definitive receipt of them.

### **8.7 Non-conformities**

The first priority for the Supplier after detecting a non-conformity is to implement a set of checks and filters needed to prevent the non-quality items entering LISI sites and those of its own customers. The Supplier should have a zero tolerance attitude as regards non-quality items.

If a non-conformity is detected during receipt, when in use at LISI or by one of its customers, LISI triggers a quality incident in the form of a non-conformity declaration that the Supplier confirms receipt of immediately and issues an action plan within 24 hours. Independently of its responsibility mentioned in article 10, the Supplier will meet the administrative costs invoiced by LISI on the basis of the rate in force.

LISI can refuse delivery of Supplies in writing (letter, fax, email) in case of non-conformity. The lack of delivery claim and/or reserves or payment by LISI cannot be considered as definitive acceptance of the Supplies. For hidden non-conformities, the claim deadline will expire twenty four (24) months after receipt.

The Supplier will be able to come at any time to note the non-conformity of the Supplies delivered within a period of one week (can be reduced if urgent) from receipt of the non-conformity declaration. At the end of this period, in accordance with article 10, all the costs and direct and indirect damages directly faced by LISI or transferred to it by its customers will be invoiced to the Supplier, the amount of this invoice can be deducted from the Supplier's invoice.

If the non-conformity brings about malfunctions from a logistics point of view, the Supplier should organise, in agreement with LISI:

- the replacement of the Supplies that have been shown to be non-conform, and the implementation of an action plan concerning the supplying of conform Supplies within the given deadlines,

- or, on request from LISI, a request for a credit note, the decision to continue supplying being subject to the present PT&C conditions.

When a sorting, alteration or re-conditioning operation of the products supplied or LISI products processed by the Supplier is needed, it is carried out on the Supplier's site. If, temporarily, the operation should take place on a LISI site, these operations are carried out by competent personnel commissioned by the Supplier.

If the personnel are not sent within a time period that is compatible with the requirements of LISI, LISI reserves the right to carry out the operation by means of its choice and transfer the corresponding costs to the Supplier, after having informed it of this in writing.

### **8.8 Inventory**

LISI products and tools should be identified on the Supplier's premises. An inventory by LISI can be carried out provided prior warning has been given.

### **9. DELIVERY DELAYS-PENALTIES FOR DELIVERY DELAYS**

The delivery deadlines for the Supplies that are given in the order and the Contract are categorical and signify being delivered to the delivery place indicated. Likewise, the intermediary and final deadlines for carrying out the order are categorical.

LISI and the Supplier undertake to inform one another of any circumstance that may affect the carrying out of the Contract.

In particular, in case of even partial non-adherence to the deadlines, notwithstanding the application of article 10, LISI reserves the right:

- to transfer to the Supplier responsible the penalties applied to LISI by its own customers due to a fault of the Supplier and LISI will be entitled to apply a penalty, up to a limit of zero point two percent (0.2%), of the total value not including tax of the order by day late without negatively affecting the right of LISI to obtain other damages and interest to cover all its damages.

- and/or to cancel ipso jure all or part of the order for Supplies that remain to be delivered or that are part of the delivery programme in question.

In this case, LISI may ask the Supplier for the delivery of the Supplies in progress concerned with the materials and manufacturing tools made available by LISI who reserves the right to substitute the Supplier's Supplies by another supplier, the price and conditions difference for which will be part of the damages to be compensated in accordance with article 10.

If the Supplier's delay requires exceptional transportation, this is paid for by the Supplier.

Moreover, the Supplier at fault will compensate LISI for all the foreseeable consequences on conclusion of the Contract due to the damages incurred by LISI or those that will be claimed from LISI by its customers, since the Supplier of the automobile sector in particular, cannot not know the destination of its Supplies and the foreseeable damages such as, in particular, the stopping of the production line, the consequences of which could be invoiced by LISI's customers. In this case, they will be transferred to the Supplier that is recognised as being responsible.

LISI reserves the right to return carriage forward any excess order or any Supplies of the Supplier that have not been ordered or that have been delivered in advance.

## **10. GUARANTEE – RESPONSIBILITY – SAFETY STOCK**

### **10.1 Guarantee**

In the scope of carrying out the order, the Supplier accepts a results obligation concerning the conformity of its Supplies for the lack of faults and apparent or hidden defects.

LISI should be immediately notified of any risk of non-adherence to the Contract or the order by the Supplier, accompanied by its action plan aimed at limiting the risk or the damage.

The Supplier, a professional seller, is responsible in terms of the guarantee for hidden defects and civil responsibility as regards the faulty products. It is also responsible for the direct and indirect consequences of them.

The Supplier, a professional in its field, remains entirely responsible for its technical choices, whatever the level of assistance that may have been provided to it by LISI in the scope

of carrying out the order. The Supplier guarantees to LISI that its advice and Supplies are:

- conform to the usual rules for the sector and make it possible to commercialise the Supply, and that they can fulfil, under the normal conditions of use stipulated by LISI or identified by the Supplier, the functions and use that they are destined for and offer the security that can legitimately be expected.

- conform to the Specifications, plans, ordered Supply specifications and, for non-stipulated characteristics, to the initial samples accepted by LISI,

- exempt from any apparent or hidden defects and any faults resulting, in particular, from a design or manufacturing fault or consisting in particular in poor functioning.

The acceptance by LISI of the Supplies does not signify definitive acceptance and does not release the Supplier from its responsibility.

Without negatively affecting the right of LISI to cancel the order and the damages and interest that it may claim, the Supplier grants LISI, in addition to the legal guarantees (in particular the responsibility for faulty products), a contractual guarantee.

Except in case of provision to the contrary in the Contract, this guarantee is for a duration of 36 (thirty six) months from the delivery date. In any case, the duration of the Supplier's guarantee cannot be lower than that to which LISI is subject as regards its customers.

### **10.2 Supplier's responsibility**

The Supplier is bound to a results obligation and in particular, accepts, for all its Supplies, the consequences of the non-execution of its obligation to provide conform and non-faulty supplies and, if there is question of it, the resulting non-execution by LISI of its obligations as regards its customer(s) and in particular:

- the reimbursement to LISI of its direct or indirect costs resulting from faults or defects or the non-conformity of the Supplies, that is to say, in particular:

- compensation of LISI for all the direct and indirect consequences of the responsibility that it may incur it or may be put down to it by its customers, due to the physical, material and/or immaterial damages that are a result of or not these damages, caused to third parties, to LISI and to its customers as well as their claimants and/or their goods and/or their personnel, such as, in particular, the covering of costs for disassembly, repatriation, administrative work, labour, production line stoppage, recall campaign, loss of image, etc.

If a force majeure arises, such as defined by French jurisprudence, the responsibility of the Party prevented from carrying out its obligations will not be enacted but it will have to immediately notify the other of the case that personally affects it and not its own subcontractor (article 12) and the remedial means that it suggests. The delivery deadlines will be extended after agreement of the Parties. However, if the duration of this delay that has been incurred for or is likely to exceed 30 (thirty) days, the Contract may be cancelled under the conditions of article 14.2.

### **10.3 Safety stock for the Supplies – Maintaining production capacities**

LISI reserves the right to order the Supplies at any time, without delay and on simple order during the normal life of the Product supplied by the Supplier or the LISI product, which is the object of the service provision, and until ten (10) years after the end of series production of these Products. The Supplier will keep the Tools for this.

The Supplier undertakes, at its own costs, to permanently keep in safety stock on independent premises the stock equivalent to a number of days possibly foreseen in the Contract and to regularly renew this stock.

## **11. INSURANCE**

On conclusion of the Contract and on each anniversary date and at the request of LISI, the Supplier will produce the valid

certificates from its insurer, indicating the type of damages and the amounts covered, the deductibles and the duration of the guarantees of its contracts for responsibility or damages that are coherent for covering the risks that could arise in the scope of carrying out the Contract, on the one hand, and those possibly caused to LISI and to third parties by the Supplies.

The limits of responsibility guaranteed by the insurance policies can in no case be considered as any limit of the responsibilities incurred by the Supplier for the order, in particular in case of sub-contracting. The Supplier will have to immediately inform LISI of any modification, suspension or cancellation of its insurance.

## **12. CEDEING AND SUB-CONTRACTING**

The Contract between LISI and its Supplier is personal, it has been chosen for its own abilities.

Therefore, it cannot cede an order of the Contract entirely or in part or sub-contract the execution of it or make a contribution of it without the prior written authorisation of LISI. Any new sub-contracting is forbidden.

The acceptance by LISI of the sub-contracting by its Supplier of the order in full or in part in no way releases the latter from its responsibility, the legal and contractual guarantee, the controlling and the monitoring of the Supplies that are subcontracted and that it is guarantor for as regards LISI. The Supplier remains the only one responsible for adhering to the carrying out of this Contract by its own subcontractor.

In accordance with article 5.2, the Supplier's subcontractor will have to sign in advance the same confidentiality contract as that of the Supplier.

## **13. PRICES – FINANCIAL CONDITIONS – INVOICING – CREDIT NOTES - COMPETITIVITY**

### **13.1 Prices, Financial conditions.**

Except in case of particular stipulation mentioned in the Contract, the prices not including tax include, in particular, the supply of the Products, the packaging and transportation of them, the guarantee for the Product, the ceding of the studies and other items of industrial property made by the Supplier in the scope of carrying out the order, if needed the advance store logistics cost and the transportation of the LISI product processed to the place indicated in the Contract. They are net, fixed and non-revisable. Any modification of the Contract is made by written amendment or by a new order, which is the only thing that authorises the issuing of invoices at different prices to the initial ones.

### **13.2 Invoices**

An invoice will be issued in duplicate per delivery and per order number, and also for possible credit notes. LISI will return any invoice that is not issued in accordance with the above instructions and/or that does not adhere to the legal provisions. LISI will refuse to pay and to receive any non-ordered Supply.

The invoices will be addressed to LISI at the earliest on the delivery date. They will be payable by the deadlines negotiated from the date of receipt of the correctly issued invoice, otherwise the invoices are payable in accordance with the legal regulations relating to this. LISI will be able to offset the payment of them with any amount due by the Supplier and invoiced by LISI, in particular in terms of penalties and compensation resulting from the application of the present PT&C and the Contract.

### **13.1 Competitiveness – Continual progress.**

The quality, the costs and the delivery deadlines of the Supplies should remain competitive. If this is not the case, these criteria will be revised in joint agreement between LISI and the Supplier in accordance with the following methods: the Supplier will immediately issue and alone be responsible for an action plan to re-establish the competitiveness of its Supplies and will send this plan to LISI. The action plan will also show the profitability of each individual measure.

If the Supplier's response does not restore its competitiveness, LISI can put an end to its sales relations with the Supplier provided it notifies it of this decision in writing and adheres to the notice period in article 14.

## **14. CANCELLATION**

For open orders, in case of disagreement concerning the conditions for carrying them out at the end of a negotiation in good faith, the sales relation can only be cancelled at the end of a sufficient notice period in the sense of article L 442.6-1.5 of the commercial code, which will have to allow, in any case, LISI to be supplied with the Supplies of the Contract in question by another supplier.

However, the notice period for total or partial cancellation of the open order can be reduced in agreement between the Parties.

In case of non-adherence by the Supplier to any one of its contractual obligations, LISI may cancel the Contract, provided it respects a notice period of eight days, following the date of issuing a warning letter sent by registered letter with proof of receipt that has remained unanswered. The present cancellation is then carried out ipso jure under reserve of the right of LISI to claim compensation for the damages mentioned in article 10.2, which it incurs or which are claimed from it by its customers.

## **15. MISCELLANEOUS CONDITIONS**

The fact that one party does not apply at any time a provision of the Contract or the present PT&C or does not request the application by the other party of it in no case can be considered as meaning that the said provision is waived.

If one of the provisions of the Contract should become invalid or inapplicable, the other provisions are not affected by this invalid or inapplicable provision. The parties then undertake to negotiate the replacement or rewriting of the said provision in order to re-establish a provision that is as close as possible to the original intention of the parties, and that conforms to the applicable laws.

The Contract cannot be interpreted as constituting the formation of a company, joint venture, agency, mandate, foundation or other partnership of any kind between the parties, each of the parties being individually responsible for its contractual obligations.

The PT&C, with the other documents listed in article 3.1, constitute the only contractual documents regulating the relations between the parties for the object defined in the Contract and take precedence over any negotiation and commitment that has been written prior to the Contract date.

## **16. APPLICABLE LAW AND ALLOCATION OF COMPETENCE**

The Parties undertake to do their utmost to amicably resolve any dispute relating to the application of the PT&C or the carrying out of the Contracts. If an amicable agreement cannot be reached, any dispute that cannot be resolved between the parties will be regulated by French law. If the Contract is an international one, it will be subject to the United Nations Convention on the International Sale of Goods signed in Vienna on 11th April 1980 and by French law for the issues that the Convention does not cover. The dispute will be exclusively subject to the Commercial Court at the head office location of LISI.

French version shall prevail in case of litigation of interpretation.