

GENERAL CONDITIONS OF SALES VERNET SAS

11/06/2013

GENERAL COMMENTS

1 - The present General Conditions of Sale define the reciprocal rights and obligations of VERNET and its Client whatever the nature of the contract.

All orders placed with VERNET imply the acceptance by the Client of these General Conditions of Sale and his renunciation of his own general conditions of purchase, including joint purchasing conditions. This acceptance is deemed to have been given if no reservations are expressed by the Client within 10 days.

2 - It is not possible to depart from these General Conditions of Sale except with the prior written agreement of VERNET.

3 - Unless stated to the contrary in the prices offered by VERNET, prices are valid for only 45 days from the date they are given. After this time-limit, VERNET SA should be consulted to discover if they still apply.

4 - In the case of articles manufactured specially for the Client outside the range of VERNET's standard products, to the specifications or plans of the Client, the Client declares that he holds all the industrial property rights over them. Therefore, VERNET cannot under any circumstances be held responsible for manufacturing an item covered by industrial or intellectual property rights such as patents, registered trademarks or models or by any exclusive right. If this happens, the Client guarantees VERNET against all the consequences of legal action which might be brought against VERNET because they have supplied an order of such items, and will take personal responsibility for any such action without VERNET being disturbed in any way on that account.

TOOLS

5 - The tools lent to VERNET by its Clients remain their exclusive property in VERNET's workshops. Therefore they may be returned to the Client at any time after the remaining orders in progress have been completed and paid for. The maintenance, running repairs and the proper working order of these tools are the responsibility of VERNET, without the Client having to pay for them. On the other hand, if after a certain time normal wear and tear require the repair or replacement of all or part of the tool, this will be paid for by the Client.

The Client, who has full responsibility for the tool which he owns, will take out at his own expense an insurance covering its deterioration or destruction while on VERNET SA's premises, and VERNET will have no obligations on this matter. In consequence, the Client renounces all recourse against VERNET on this count, and makes this same renunciation on behalf of his insurers.

6 - Tools made by VERNET on the Client's account, even if they are invoiced for, can only be acquired by the Client under the following conditions:

- After completion and payment of any outstanding orders,

- When the tool has produced a minimum number of items equivalent to depreciation specified in the price estimate,

- When an additional payment is made by the Client to compensate VERNET for the cost of designing and perfecting this tool; these costs are never included in the invoice price of the tools nor in the price of the items sold.

7 - The handover of tools made by VERNET on the Client's account, as described in clause 6, shall never imply the transfer of industrial property, patents or know-how.

8 - Even if part of the cost of the tools is invoiced to the Client by VERNET, the tools remain the property of VERNET, and the Client may not make any claim on them, or on the plans to them.

9 - Tools left in storage with VERNET are retained free of charge for a maximum of 1 year from the date of the last manufacture of goods. After this time, if the Client has not asked for the tool to be returned or has not come to an agreement with VERNET to extend the storage period, VERNET SA is entitled to destroy the tools, after giving formal notice by recorded delivery letter, and if there is no response to this notice within three months.

PRICES

10 - Price offers are worked out according to the economic and monetary conditions in force at the date of the confirmation, and are likely to be revised if these change, particularly if there are sudden changes in the prices of raw materials or foreign exchange.

11 - In certain cases, a formula for revision is given. Even in this case, prices may be modified, over and above the stated formula, as provided for in clause 10 above.

DELIVERY

12 - Whatever the destination and the conditions of sale, unless stated otherwise delivery is deemed to have taken place when VERNET finishes the work and makes the goods available to the Client, or hands them over to a transporter chosen by VERNET.

In any event, the risk is transferred to the Client:

- On VERNET's loading bay in the case of an ex-works sale,

- On the Client's unloading bay in the case of a carriage-paid sale.

It should be pointed out that the transfer of risk is independent of the transfer of ownership, as specified in clauses 33 and 34 of these General Conditions of Sale.

13 - The conditions of delivery are always specified when the offer is made.

In application of the tolerance usual in our industries, the quantities delivered and invoiced for may differ from the quantities ordered by 5% greater or less.

DELIVERY TIMES

14 - The delivery times stated on the VERNET price offer are for information purposes only.

15 - Late delivery is under no circumstances a reason for cancelling an order already in progress.

16 - VERNET cannot be required to pay penalties for lateness, unless the order bore an express stipulation that time was of the essence, and if the acknowledgement of receipt also contained an express acceptance by VERNET SA of the delivery time. In this case, compensation is subject to an upper limit of 5% of the value of the service or the product delivered late.

17 - Even in the above case, those events which the courts habitually classify as cases of force majeure - such as war, acts of terrorism, riot, strikes, unavailability of transport or raw materials, partial or total layoffs, accidents to machines or tools, fire, flood, natural catastrophes, etc. - suspend, pro tanto, the time limit for applying penalties for lateness.

CONDITIONS OF PAYMENT

18 - All merchandise is payable in Ollainville (France). The date of dispatch or of availability for collection constitutes the starting point for payment time.

19 - All invoices not payable by banker's draft or promissory note must be paid to VERNET directly by cheque, postal order or bank transfer made out to VERNET.

20 - No claim or complaint, even if justified, authorizes Clients of VERNET to delay payment of an invoice or to dishonour an acceptance bill.

Following normal practice in the trade, a minimum percentage of defective items not discovered before dispatch by the controls carried out at VERNET is accepted by the Client, and cannot justify refusal of a delivery or non-payment of an invoice when due, so long as the percentage does not exceed the quality commitment given with the offer.

21 - In the event of non-payment of an invoice when due, or of an acceptance bill not being honoured within the time allowed:

- Interest for late payment, at the legal rate in force at the European Central Bank plus 10 points, will be applied as of right from the date the invoice falls due, calculated for every late day on the ratio 1/365th,

- A lump sum of 40 euros for each unpaid invoice (decree n°2012-1115 of 02/10/2012) and all expenses incurred to recover the overdue invoices will be charged to the customer (in case of regulation modification, the new amount of lump sum will be automatically substituted to the one written in this General Conditions of Sales),

- All amounts, even those not due, become immediately payable,

- Goods and services awaiting delivery will only be delivered for cash payment or against security.

22 - Any complaints concerning the amount of an invoice or a statement must be sent to VERNET within 10 days following dispatch.

23 - If an order requires the creation of a special tool partly paid for by the Client, one-third of this part-payment is payable on order, one-third during manufacture and the remainder on dispatch.

24 - Failure to meet any of the above conditions of payment is grounds for cancelling outright any outstanding orders, after giving due notice, and does not affect the rights of VERNET.

SCHEDULED REPEAT ORDERS

25 - In the case of scheduled repeat orders, it is agreed that these may not be suspended without at least three months' notice. The Client undertakes to accept:

- 1) The items previously scheduled for these 3 months,
- 2) The backup stock (if any, as is often customary).

GUARANTEES AND OBLIGATIONS OF VERNET

26 - The services of VERNET consist exclusively in the supply of a product meeting the technical and functional specifications defined in the written proposal, the acknowledgement of the order or the particular conditions of sale.

Products sold by VERNET are guaranteed, during the legal guarantee period, against all manufacturing defects under the conditions stated in VERNET's sales documents appropriate to each product. They are subject to the system known as legal responsibility under articles 1625 and 1641 et seq. of the French Civil Code.

In no circumstances may VERNET be held responsible for faulty assembly or modification of the product performed by the Client, for the consequences of faulty maintenance or use, or for the consequences of ageing or of normal wear and tear.

27 - Sale of standard products from the catalogue

In the present document, standard products from the catalogue means any product whose technical specifications are predefined as standard by VERNET, before being ordered by the Client.

In this case, VERNET is only responsible for ensuring that its product complies with the specifications in its catalogue or in its technical documents, which are available on demand.

Unless it is clear from contractual documents that VERNET is fully aware of how the products sold are intended to be used, the Client is responsible for choosing the product and for ensuring that the product sold is suited to the desired result.

28 - Sale of specified products

For the purposes of the present document, specified product means any product whose technical specifications are defined specially by VERNET to meet a specific demand of the Client.

In this respect, it is for the Client to check and confirm that all the relevant parameters have been fully taken into account, in view of the application to which he intends to put the product. If he does not make any remark to the contrary, the Client will be deemed to have checked and confirmed these parameters, and to be satisfied that they are exhaustive.

The only obligations of VERNET are those deriving from the parameters that were accepted at the time of the order, based on the information brought to VERNET's notice at that moment. No unilateral amendment by the Client shall commit the responsibility of VERNET.

The Client is always responsible for the choice of the product, and for ensuring that the product sold is suited to the desired result. It is for him to make any trials and tests to confirm this suitability. He is responsible for its proper use in accordance with professional practice and regulations. Unless fault can be proved on its part, VERNET has no obligation concerning the end result expected by the Client, since only the Client can know what this is.

29 - If the Client makes a complaint about the parts or products manufactured, modified or assembled, VERNET SA reserves the right to examine them in situ before they are returned. The Client is required to announce any non-conformities as soon as they are discovered and within the legal time limits, failing which he will lose the right to the guarantee defined above. After the time limits have expired, no claim will be entertained.

If the Client carries out repairs to parts without the agreement of VERNET on the principle and the cost, he will lose entitlement to the guarantee.

30 - If items made by VERNET are rejected outside the VERNET factory for defects admitted after counter-checking, then VERNET's responsibility is limited to the replacement of the items in question free of charge, after the rejected items (which still remain VERNET's property) have been returned to its factory.

31 - If information and advice are communicated by VERNET according to the information, designs or data provided by the Client, then the Client should check if this information is full and accurate. Any consequence of information from the Client which is absent, incomplete or erroneous will be the responsibility of the Client and VERNET cannot be held responsible.

The information and advice provided by VERNET are given in good faith, taking account of the experience and knowledge of VERNET.

Any modification in the Client's data may result in modifications of the offer from VERNET.

WORK ON CUSTOMER'S MATERIAL

32 - In this case, VERNET is engaged on a work contract.

If the products are made with materials or components supplied by the Client, VERNET cannot be held responsible for items rejected for defects involving the quality of the materials or components supplied by the Client.

In any event, VERNET is only responsible for the work provided, and only if there are faults in the execution of the work, proved by the Client.

RESERVE OF OWNERSHIP

33 - The transfer of ownership of items sold is subject to payment by the Client of the price when it falls due, in compliance with the Law of May 12th 1980. However, risks are transferred on delivery or collection as the case may be.

It is expressly agreed that VERNET's contracts of sale are always concluded on the condition that full payment will be made by the Client on the due date(s).

34 - The merchandise remains the property of VERNET until it is fully paid for. As a gesture of goodwill, VERNET hereby authorizes the Client to resell designated merchandise on condition that the Client pays the total price still outstanding immediately on resale; the sums involved are hereby pledged to VERNET under article 2071 of the Civil Code, and the Client is simply a depository for the price.

COMMUNICATION OF DOCUMENTS

35 - All technical documents of VERNET (instruction manuals, process sheets, plans, etc.) given to the Client before and after the order, are and remain the full and complete property of VERNET. The Client undertakes to respect their strictly confidential nature and to ensure that its employees and subcontractors do likewise. These documents may not be communicated or given to anyone else, nor used other than by VERNET, without VERNET's prior written agreement, and they will be returned to VERNET without delay on demand.

36 - Any reproduction or representation in whole or in part, by any process whatsoever, of documents on whatever medium, belonging to VERNET, without VERNET's prior written agreement is unlawful and constitutes breach of copyright. It will be dealt with according to the legislation governing this matter.

37 - Failure to comply with this obligation may lead VERNET to cancel, as of right and without any further formality or procedure, all the orders currently in progress, and without prejudice to any damages that VERNET may claim.

CONFIDENTIALITY AND INTELLECTUAL OR INDUSTRIAL PROPERTY

38 - The Client undertakes, both personally and on behalf of the people for whom he is responsible, whether or not they are his employees or those of any of his suppliers or sub-contractors, not to reveal to anyone the information he may receive or discover on the occasion of orders placed with VERNET.

39 - The Client undertakes, both personally and on behalf of the people for whom he is responsible, whether or not they are his employees or those of any of his suppliers or sub-contractors, to respect the rights of industrial or intellectual property involved in the execution of orders and to safeguard VERNET against any action from any third party under those rights.

40 - Failure to comply with this obligation may lead VERNET to cancel, as of right and without any further formality or procedure, all the orders currently in progress, and without prejudice to any damages that VERNET may claim.

LAW AND JURISDICTION

41 - Unless otherwise stated in the Particular Conditions,

- French Law applies to sales by VERNET and to the agreements relating to them.

- Orders from the Client are placed on the strict condition that in the event of dispute relating to the supply of goods or services and their payment, the Commercial Court for VERNET's locality will have sole jurisdiction to the exclusion of any other court appointed by the Client, even if there are multiple defenders.

For sales made in France, the documents must be written in French. The French language will prevail, if there are differences of interpretation compared with a translation in another language.

For sales outside France, the documents must be written in English. The English language will prevail, if there are differences of interpretation compared with a translation in another language.