

## 1. SCOPE

**1.1** These standard terms of purchase shall govern all JUNGHANS T2M orders (hereinafter referred to as "Orders") whether they relate, in particular, to the purchase of goods (hereinafter referred to as "Products") and/or the performance of services (hereinafter referred to as "Services"). The term "Supplies" means the "Products" and/or the "Services". These standard terms of purchase shall be applicable in the absence of the Supplier's General Terms and Conditions of Sale, modified if any, by a mutual agreement, or by a contract agreed with the Supplier, and to the extent that these General Terms and Conditions for Sale comply with the applicable regulations.

**1.2** These standard terms of purchase may only be amended by prior written agreement between JUNGHANS T2M and the Supplier.

## 2. ORDER

**2.1** JUNGHANS T2M must issue an order for all purchases, which its duly authorised representative must sign. Unless the parties agree otherwise, a Supplier shall not begin to fulfil any order unless it has been duly accepted in accordance with the following terms. However, in such case said commencement of performance shall be done at Supplier's sole costs and risks, the Buyer remaining entitled to inform or confirm the Order for which the Supplier's written acceptance would not have been received.

**2.2** The Supplier shall accept the Order by sending JUNGHANS T2M the copy of the Purchase Order called Acknowledgement of receipt by letter, e-mail or fax, within seven (7) calendar days as from the date mentioned on the Purchase Order.

**2.3** By virtue of its acceptance of the order, the Supplier acknowledges that it has received all the information, needed to fulfil same. It is responsible for requesting any additional information that it deems to be necessary.

**2.4** Any amendment of the Order, even if minor, must first be approved by JUNGHANS T2M in writing.

## 3. PACKAGING AND CONSIGNMENT DOCUMENTS

**3.1** The packaging must comply with trade standards and practices.

**3.2** Each piece of packaging must include the following notice on the outside, in addition to the notices imposed under current regulations, in clear print:

- The name of the Supplies,
- The quantity delivered or the gross or net weight,
- The index, date and/or number of the manufacturing batch of Supplies delivered,
- The address of the place of delivery mentioned on the order,
- The storage conditions,
- And any other notice imposed when the Order is placed

**3.3** The Supplier must include a delivery slip with the consignment mentioning the packing list and the type of packaging as well as information on the Order that may be used to identify the Supplies and their qualitative and quantitative control. Certificate of conformity will be attached to all deliveries. The information relating to the 1907/2006 « REACH » European directive will be, if applicable, listed within this certificate.

## 4. DELIVERY, FULFILMENT, DELAYS

**4.1** Unless otherwise provided, delivery schedules are mentioned on the Order. The delivery and/or performance schedules are binding and constitute an essential clause of the Order. The Supplier must notify JUNGHANS T2M, as soon as it has knowledge thereof, of any incident that is liable to jeopardise compliance with said time limits.

**4.2** Without prejudice to JUNGHANS T2M's right to terminate the Order and damages that it may claim on this account, the Supplier shall automatically bear, without prior formal notice, for any delay in delivery or performance of the Supply, a penalty for late delivery of 0,3% of the price of the Supply delayed per calendar day late capped at 15% of the price of the Supply delayed.

JUNGHANS T2M undertakes to notify the amount of the incurred penalties for late performance from their value date, and unless a response from the Supplier within thirty (30) days from the receipt of the notice, the amount of said penalties may be deducted from payments that JUNGHANS T2M owes the Supplier.

**4.3** For any delay over one month, unless said delay is attributable to JUNGHANS T2M or a force majeure event, JUNGHANS T2M reserves the right to terminate the Order in accordance with the terms of article 14 hereinafter.

**4.4** Supplies may not be delivered early without JUNGHANS T2M's prior written consent.

**4.5** The Supplier undertakes to promptly inform JUNGHANS T2M of any event that is liable to cause a delay in delivery, and to take all necessary measures to avoid or limit such delay.

## 5. ACCEPTANCE

**5.1** JUNGHANS T2M is entitled to refuse delivery of Products or acceptance of Services if the Supplies are not in compliance with the terms defined in the Order, by ordinary letter, by e-mail or fax, describing the reasons for said refusal. JUNGHANS T2M shall not owe the Supplier any payment for any Supplies refused.

**5.2** The Supplier may check non-compliance and propose remedial measures during a seven (7) day period as from JUNGHANS T2M's notice of refusal. After said period and unless JUNGHANS T2M accepts the remedial measures, the Supplier must take back the Product of which delivery was refused at its expense and risks within the next seven (7) days.

**5.3** JUNGHANS T2M may check the progress of Order fulfilment prior to the acceptance of Supplies, without however said right decreasing the Supplier's warranties. Unless otherwise provided, the acceptance shall always be made upon the full completion of the Services ordered on the date specified in the Order.

## 6. PRICE, INVOICING AND TERMS OF PAYMENT

**6.1** The prices of Supplies are set in the Order. They are firm, fixed and not subject to change and are quoted, except otherwise agreed within the Order, for Products delivered to the specified place of delivery, carriage, packaging and all duties and taxes paid. The price pays the Supplier for all its costs, outlay, expenses, constraints and/or obligations of any kind (DDP to the specified in the Order – ICC 2010 Incoterms). Except if different currencies for account, invoicing and payment are provided for in the Order, prices are established in EUROS which shall be equally used for invoicing and payments, any indexation on a foreign currency being excluded.

**6.2** The Supplier shall draw up two (2) copies of invoices and they must be sent to the Suppliers Accounts Department at the address specified in the Order.

Invoices must mention the following information: the reference of the Order, the number of the Order line, the full description, the number of items ordered and delivered, the series number, the currency compliant with the Order, the country of origin and the customs code, where applicable, the date and references of the delivery slip as well as the itemised price of each Supply. Moreover, the invoices shall mention the due date of payment and the rate of penalties for late payment as well as the Supplier VAT number and the Junghans T2M one (FR21 433 426 558).

Payment shall be made at 45 days from the end of the month or 30 days for orders related to the transport sector within the meaning of Article L441-6 of the French Commercial Code.

In the event of late payment, the Customer shall pay to the Supplier penalties for late payment calculated at a rate equal to three times the legal interest rate in force in France and a lump sum for collection fees equal to forty (40) euros for year 2013 or any other updated amount for subsequent years in accordance with the provisions of Article L441-6 of the French Commercial Code.

Payment time begins as from the issue date of the invoice, which must be issued as from the completion of the sale or the provision of the service (the issue date of the invoice may not be earlier than the date of delivery or the completion of the Supply, in accordance with the specifications of the Order).

**6.3** In the event of non-compliance with the requirements of the Order, JUNGHANS T2M shall be entitled to refuse an invoice. In such cases, the invoice may be returned to the Supplier with a description of the non-compliances. In this case, the Supplier shall issue a new invoice. Payment shall begin as from the issue date of the new invoice.

## 7. WARRANTY

**7.1** The Supplier warrants that the Supplies are compliant with the specifications and terms of the Order.

**7.2** The Supplier's acceptance of the Order implies a contractual warranty applicable to all Supplies that are partly or completely defective. The contractual warranty period is eighteen (18) months as from the delivery date. The contractual warranty consists at JUNGHANS T2M's discretion in the replacement or free repair of the Supplies (parts and labour). The Supplier shall bear all the relevant costs as well as the transport costs (round trip). The Supplier undertakes to replace or repair within seven (7) days as from the defect being reported. If the Supplier breaches its obligations in this regard, JUNGHANS T2M reserves the right to carry out or have a third party carry out its obligations at the Supplier's expense and risks.

**7.3** The aforementioned warranties shall apply again to any repaired or replaced Supply for a twelve (12) month period.

**7.4** The Supplier shall be liable for any loss related to defective Supply that JUNGHANS T2M and/or its customers sustain.

## 8. INTELLECTUAL PROPERTY RIGHTS

**8.1** Any and all information and data of whatever nature (commercial, technical, financial or else) contained in any project, study, design, document, CD-ROM or any other support of information, remitted or sent to the Supplier in the frame of Junghans T2M's request for proposals or the Order shall remain JUNGHANS T2M's exclusive property along with all intellectual and industrial property rights (including but not limited to copyrights) attached hereto. Such information shall be returned to JUNGHANS T2M upon request and shall be treated in confidence by the Supplier.

**8.2** The results generated by the fulfilment of the Services of any type, including studies arising from the fulfilment of the Order and whether or not they may be protected by intellectual property rights become the exclusive property of JUNGHANS T2M, to which the Supplier undertakes to deliver them, as and when the Services are fulfilled.

**8.3** In this respect, if the results include copyright, the Supplier shall assign all financial copyrights attached to said results to JUNGHANS T2M on an exclusive basis and definitely for the legal copyright period and for the whole world. Said rights include the rights of reproduction, representation, modification, adaptation, translation and marketing in all forms, in all or part, by all means and on all known or future media.

**8.4** The Supplier assigns to JUNGHANS T2M all rights to file patents on inventions that it could generate while performing the Services. For this purpose, the Supplier undertakes to give JUNGHANS T2M, and if applicable, to have its employees give all necessary authorisations to file, in France and abroad, any patent whatsoever related to the Services that JUNGHANS T2M wishes to file.

In counterpart, JUNGHANS T2M grants the Supplier a free and non exclusive licence of said patents for a use in fields that are out of JUNGHANS T2M's scope, as specified in the Reference Document duly filed each year by JUNGHANS T2M to the Financial Markets Authority.

**8.5** The Supplier undertakes not to invoke its intellectual property rights against JUNGHANS T2M insofar as they might be needed to use the Supplies, covered by the Order.

**8.6** To perform the Order, the Supplier undertakes not to use a third party's intellectual property rights without said third party's prior permission. The Supplier shall exclusively bear the expense of duties or fees that may be owed for such use.

**8.7** The Supplier shall hold JUNGHANS T2M fully harmless against any claim brought against JUNGHANS T2M in any place whatsoever by a third party or third parties related to the infringement of intellectual property rights generated by the Supplies covered by the Order and/or their use. JUNGHANS T2M shall immediately notify the Supplier of any claims of such kind. In the event of a disputed claim, whether substantiated or not, the Supplier undertakes under the aforementioned hold-harmless obligation, at JUNGHANS T2M's discretion, either to cooperate with and actively assist JUNGHANS T2M during proceedings or to intervene voluntarily and promptly in proceedings and to manage the legal action. In the event of a non-contentious claim, whether substantiated or not, the Supplier undertakes to take all necessary measures to settle the dispute with a third party and to keep JUNGHANS T2M informed.

**8.8** If JUNGHANS T2M has to discontinue using all or part of the Supplies, without prejudice to JUNGHANS T2M's right to terminate the Order, the Supplier undertakes to immediately implement one of the following solutions, in any event at its sole expense:

- Either obtain the right for JUNGHANS T2M to freely use the Supply
- Or replace it or alter it so that user rights may no longer be contested,

Note that the Supplier undertakes at its sole expense to take back any infringing stocks of Supplies that have already been delivered. In any event, the aforementioned alterations and/or replacements must fully comply with the contractual documents of the Order.

In relation to the above claims, any amounts/expenses that JUNGHANS T2M has to bear in any respect whatsoever, in particular, for costs, fees, damages shall be fully and promptly reimbursed to JUNGHANS T2M at its first request by the Supplier.

**8.9** The price mentioned in the Order shall include the assignment price of the rights mentioned in Article 8.1, as well as in particular all other commitments of the Supplier by virtue of this Article 8 including the provision related to the non opposition proceeding as described in Article 8.4.

## 9. CONFIDENTIALITY/ADVERTISING

**9.1** During the fulfilment of the Order and for a 5 year period after its expiry or termination, unless JUNGHANS T2M's express permission the Supplier undertakes not to disclose to any one other than those

who need to know in order to fulfil the Order, the documents, specifications, plans or other written and/or verbal information, in any form and/or medium whatsoever obtained at the time of fulfilling the Order. The Supplier undertakes to take all necessary measures with its personnel and with regard to individuals and/or companies with which it is in contact to ensure that said prohibition is strictly complied with.

**9.2** The terms of this order as well as its existence may not, under any circumstances and under any form, be directly or indirectly published without JUNGHANS T2M ' prior written consent.

#### **10. TRANSFER OF TITLE AND RISKS**

Title to the Products shall be transferred upon the delivery and risks according to the applicable Incoterm.

#### **11. FORCE MAJEURE**

**11.1** The Supplier shall inform JUNGHANS T2M in writing, with supporting evidence, of any force majeure event that makes it impossible to fulfil the Order within five (5) working days as from the occurrence of the force majeure event and specify the foreseeable duration thereof.

**11.2** In particular, industrial conflicts (apart from general strikes), increases in the prices of raw materials shall not be deemed to constitute force majeure events.

**11.3** In the event all or part of the Supplies is delayed on account of a force majeure event, for a period of over thirty (30) days, JUNGHANS T2M shall be entitled to automatically terminate the Order by sending a registered letter.

#### **12. LIABILITY**

The Supplier shall be liable for any bodily injury, and/or damage to property and/or consequential damage caused to JUNGHANS T2M on its account or third parties, on account of its officials or employees, its subcontractors, suppliers and service providers.

#### **13. INSURANCE**

**13.1** Without in any way limiting the Supplier's liability hereunder, the Supplier shall take out and/or maintain insurance policies with appropriate covers and capital, having regard to the risks incurred and for the total duration of said risks, with creditworthy insurers. It shall cover damage sustained by its assets, its personnel, as well as damage caused to JUNGHANS T2M and to third parties, etc. that it is responsible for hereunder (third party liability prior to delivery, third-party liability after delivery, professional third-party liability, etc.). This is not a closed list.

**13.2** The Supplier shall produce before the Order takes effect and at each annual expiry date, all insurance certificates drawn up and signed by its insurers for all insurance policies signed and attesting to the existence, validity and the match between covers and risks incurred.

**13.3** The Supplier shall inform JUNGHANS T2M of any change that is liable to alter the extent of insurance covers applicable to the Order and any amendments to the Order.

**13.4** The Supplier undertakes to comply with all of its obligations with regard to the insurer so as to secure the maintenance and application of its insurance covers. In particular, the Supplier shall report the exact and complete nature of its activities to its insurers and pay its premiums.

#### **14. TERMINATION**

**14.1** JUNGHANS T2M may, without prejudice to damages that it might claim, terminate, by registered letter, all or part of any Order in the event the Supplier breaches all or part of any of its obligations under said Order, following formal notice served by registered letter, which has not been cured, upon the expiry of a thirty (30) day period as from its receipt, extended by mutual agreement, if need be.

**14.2** In the event of the termination of the Order under the conditions referred to in Article 14.1 above, the Supplier undertakes, at JUNGHANS T2M ' request, to assign to JUNGHANS T2M the stock of raw materials in process and/or finished or semi-finished Products and/or the buffer stock that it uses to fulfil the Order and that it holds on the date of termination and/or study in progress.

**14.3** In the event JUNGHANS T2M ' customer terminates the contract, JUNGHANS T2M may terminate all or part of the Order, at any time, by informing the Supplier of its decision by registered letter, subject to one (1) month's notice.  
The parties will discuss together how to assess the consequences of this termination towards the Supplier.

**14.4** The Buyer shall be also entitled to terminate the Order at any time, without failure by the Supplier to perform its obligations under said Order, in whole or in part, de jure and without any judicial proceeding or formality other than a 30 (thirty) days prior written notice to the Supplier with acknowledgement of receipt. In such case the Buyer will pay the Supplier, upon presentation written evidence submitted by the Supplier to the Buyer within 30 (thirty) days from the receipt of such notice, the price of the part or parts of Supplies already manufactured at the date of termination.

#### **15. EXPORT CONTROL**

**15.1** The Supplier undertakes to comply with any regulations applicable to export control and that all export control classification information relating to the Supplies that it delivers is complete and exact.

**15.2** Before each Order takes effect, the Supplier shall notify JUNGHANS T2M , using the "Commodity Export Classification Certificate", if all or part of the Supplies are governed or not by any export control regulations whatsoever.

**15.3** Upon the Request of JUNGHANS T2M , the Supplier undertakes to make its best endeavours to obtain, prior to each delivery, all authorisations needed to export or to re-export Supplies within the allowed delivery times.

**15.4** The Supplier undertakes to inform, as soon as the information is available, JUNGHANS T2M of all terms and limitations of authorisations that could have an impact on JUNGHANS T2M ' right to use, re-transfer or export Supplies and check that said information clearly appears on the delivery documents.

**15.5** In the event of a change in rules for the application of authorisation or classification after the Order comes into effect and which affects the use, re-transfer or exportability of Supplies, the Supplier undertakes to immediately notify, as soon as the information is available, all information needed to assess the new and re-export restrictions. The parties undertake to open negotiations in order to determine the consequences of these changes on the order.

**15.6** The Supplier undertakes to pass a set of its obligations on to its own subcontractors and suppliers.

#### **16. COMPLIANCE WITH ENVIRONMENTAL PROVISIONS AND PREVENTION OF RISKS IN TERMS OF SECURITY**

**16.1** The Supplier must comply with international, European and national Regulations and standards applicable to health, safety and environment matters, inter alia in relation to hazardous substances and preparations (REACH, RoHS, asbestos, etc.), including the transport of hazardous substances, waste (packaging, WEE, etc.) energy consumption and natural resources, noise, electrical protection, fire, electromagnetic, ionising, optic radiation, vibrations, any personal safety rules, as well as any other pollution or nuisances. The same applies for the performance of the Supplier's activities.

**16.2** The Supplier undertakes to inform JUNGHANS T2M of any breach of the regulations as mentioned above and shall hold JUNGHANS T2M harmless in relation to any consequences resulting from the Supplier's breach of the obligation described in this article. Specific recommendations/instructions related to these eventual breaches will need to be provided to JUNGHANS T2M in order to ensure the safety of use and scrapping of Supply throughout its life cycle, including end of life.

The Supplier has the responsibility of collecting information on the properties and the uses of substances that it manufacture or import at or above one tonne per year. This information is communicated to ECHA (European Chemicals Agency) through a registration dossier containing the hazard information and, where relevant, an assessment of the risks that the use of the substance may pose and how these risks should be controlled.

Certificate of conformity will be attached to each delivery. The information relating to the 1907/2006 « REACH » European directive will be, if applicable, listed within this certificate, including:

- List of chemical substances used and listed within the Candidate list published by the ECHA
- Registration number and date of these substances (CAS nbr, EINECS...)
- Weight of these substances compared with the total weight of the delivered Product

Supplier will comply with the 1907/2006 « REACH » European directive regulations and will keep available for a ten (10) years period the information relating to the directive from the manufacturing or importation of the registered substances.

**16.3** In the event of a delivery in the European Community, if the Supplier is located outside the European Community, it nevertheless shall ensure the compliance of its Supply with regulations and directives, and shall produce the required accompanying documents, unless otherwise explicitly clarified by JUNGHANS T2M .

**16.4** The Supplier undertakes to require that its own suppliers and subcontractors comply with the same obligations as those described above.

#### **17. COMPLIANCE WITH LABOUR LAW**

**17.1** In any event, the Supplier undertakes not to put products on sale that might have been manufactured in violation of the ban on illegal work, work of underage children or the International Labour Standards defined by the International Labour Organisation.

**17.2** In accordance with French law, the Supplier certifies on its honour [under oath?] that it has not committed the offence of hiring undocumented labour, illegal subcontracting (*marchandage*), illegal lending of labour, employing a non national without a work permit, slavery or traffic in foreign labour.

**17.3** The Supplier shall attend to the management, training, administration and remuneration of all the personnel that it is liable to hire under its responsibility to fulfil the Order. However, the Supplier's personnel, when it works in JUNGHANS T2M premises, must comply with the internal regulations (apart from the provisions applicable to the nature and scale of penalties), with the safety and control rules applicable within the relevant JUNGHANS T2M premises.

**17.4** In particular, the Supplier who has been disclosed the social Responsibility Charter of Thales Group, upheld by Junghans T2M policy, undertakes to ensure the compliance with the societal commitments included in the Charter.

**17.5** The Supplier undertakes, in particular, to provide its own employees with a safe and healthy working environment, in accordance, in particular, with the legal and regulatory standards applicable to health, safety and non-discrimination.

**17.6** The Supplier undertakes to impose the same obligations as those above on its own Suppliers and subcontractors. JUNGHANS T2M reserves the right to carry out an audit if necessary.

**17.7** The Supplier shall be fully responsible for all consequences of its violation of said provisions and shall bear all compensatory expenses and other expenses that JUNGHANS T2M has to assume in this regard, where applicable .

#### **18. ASSIGNMENT –SUBCONTRACTING**

Apart from the assignment of trade receivables, the Supplier undertakes not to assign, transfer or subcontract all or part of the rights and obligations under the Order to a third party without JUNGHANS T2M ' prior written consent.

#### **19. JURISDICTION – GOVERNING LAW**

**19.1** The Order is governed by French Law.

**19.2** Disputes, controversy or claims arising at the time of or in connection with the Order shall be submitted to mediation in accordance with CMAP<sup>1</sup> regulations of which the Parties declare acceptance. In the event mediation fails within a time limit that may not exceed two months (unless extended by mutual agreement of the Parties), as from the occurrence of the dispute, controversy or claim, they shall be referred to the Paris Commercial Court.

#### **20. MISCELLANEOUS**

**20.1** Duty of Advice: The Supplier must provide JUNGHANS T2M with all the information and advice essential for use of the Supplies covered by the Order. It must check that the specifications are sufficient and relevant for it, inform JUNGHANS T2M of any non-compliance of specifications with current regulations.

**20.2** Severability: If one of the terms of the Order were for any reason whatsoever invalid or inapplicable, the other terms shall not be affected by said invalid or inapplicable term. The parties then undertake to renegotiate said invalid or inapplicable term so as to find a term that is as close as possible to the original intent of the parties and is in compliance with the applicable laws.

**20.3** Waiver: The fact that a party has not applied at any time a term of the Order or has not requested that the other party apply such term may not under any circumstances be deemed to constitute a waiver of said term or any other term, even affect the validity of the Order or the right of each party to subsequently claim the application of said term or the Order itself.

<sup>1</sup> Centre de Médiation et d'Arbitrage de Paris (Paris Mediation and Arbitration Centre)