



## INTRODUCTION

### ORGALIME GENERAL CONDITIONS FOR THE MANUFACTURE AND SUPPLY OF SPECIALLY DESIGNED COMPONENTS – SC 06

Brussels, April 2006

#### WHEN TO USE ORGALIME SC 06

The Orgalime SC 06 is a revised version of the SC 96. It is intended for use in industrial subcontracting. The term "Component" refers to a product which is to be incorporated in the Purchaser's product and which is not normally intended to be used independently.

The SC 06 is specially suited for castings, forgings, and other products made of different materials where specifically designed patterns, tools or models are used in the production. It can also be used for the supply of other components which answer to the above definition. If, however, the SC 06 is used for the supply of standard components which are available from alternative suppliers, the conditions should be amended, at least as regards the rules governing late delivery.

#### AMENDMENTS IN RELATION TO SC 96

The revision of the SC 96 was mainly made in order to put the conditions in line with the General Conditions S 2000. Some other amendments were also made. Among these it can be noted that the clauses on **Acceptance Tests** have been deleted. The reason is that the type of acceptance tests regulated in the SC 06 are seldom undertaken in component supply contracts. If, nevertheless, the parties agree that the products should undergo acceptance tests they may be helped in writing their agreement by looking at the clauses in Orgalime S 2000. But above all they should take care to specify in detail the technical requirements for such tests.

#### OTHER ORGALIME CONDITIONS RELEVANT FOR COMPONENTS' SUPPLY

The SC 06 is not suitable for all products which are incorporated in other products. The **Orgalime General Conditions for the Supply of Mechanical, Electrical and Electronic Products, S 2000** are more appropriate for products which can be used in different applications such as pumps or motors.

In other cases where the supplier is the sole designer of the product, the **Orgalime Model Form of OEM Contract** may be a better basis for the contract.

The SC 06 is not intended for processing contracts. The parties are instead recommended to use the **Orgalime General Conditions for Series Processing, SP 99**.

#### LONG TERM CONTRACTS – SERIAL DELIVERIES

When the SC 06 applies to a contract for serial deliveries the conditions need to be supplemented and amended. **Appendix 1** is intended for these purposes. **It needs to be filled in by the parties.** Above all, the parties should define their respective obligations regarding production planning, such as forecasts, delivery schedules and call-off procedures. Where the parties intend to rationalise procedures by using Electronic Data Interchange (EDI) this should also be covered by a separate agreement.

#### RESPONSIBILITY FOR DESIGN

Clause 32 in the SC 06 states that the supplier shall be liable for design defects to the extent that he is responsible for the design. If the parties cooperate in the design of the products ("design partnership") they should try to clarify their respective responsibility for the design, making clear each party's input in the design.

#### FAIR BALANCE

Orgalime represents the interests of both purchasers and suppliers and the conditions have been drawn up with a view to achieving a fair balance between the interests of the parties.