
	TECHNICAL PURCHASE SPECIFICATION	EC-01	Rev 0
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■ General aspects

1. In all purchases carried out by companies belonging to SMARMEC, both parties, i.e. the SELLER and SMARMEC, shall be bound by the General Purchase Conditions (from hereon GPCs) contained herein, except where otherwise stated. No other conditions that have not been expressly accepted by SMARMEC shall have any legal validity or effect.
2. It shall be considered that the SELLER has been notified of the GPCs outlined in this document from the moment it receives an Order or Contract from SMARMEC accompanied by said GPCs. Alternatively, the SELLER shall be deemed duly notified if said GPCs have been sent or otherwise communicated to the SELLER previously, during the course of its commercial relations with SMARMEC; in this case, the GPCs shall be taken as having been accepted by the SELLER for all intents and purposes of the Order or Contract in progress.
3. These General Purchase Conditions are binding on all SELLERS, expressly taking preference over any other discrepancies that may arise in their documents, with the exception of those points which, either wholly or partially, have been cancelled due to a written agreement between both parties.
4. The SELLER is, and as such shall be referred to from hereon, any legitimately legalised natural or corporate person who receives an Order or Contract from SMARMEC for the purchase, acquisition, supply etc. of materials, equipment, assembly, execution or for any other commercial relationship involving the carrying out of tasks or the rendering of services between the parties (from hereon "Goods").
5. All notifications between the SELLER and SMARMEC shall be considered valid only if sent by registered post with acknowledgement of receipt, to the addresses specified in the Contract or Order. The use of bureau fax, fax or e-mail is also considered valid for this purpose, providing said communications include acknowledgement of dispatch and receipt.

■ Order or Contract and its scope

6. All documents that accompany an Order or Contract shall be taken as guidelines only, unless otherwise stated.
7. The Orders or Contracts, including those referring to previous Orders or Contracts drafted by SMARMEC, must be formulated in writing and are subject to express written approval, which should be given in the briefest possible space of time.
8. Within a period of no longer than 2 calendar days, counting from the day following receipt of the Order or Contract, the SELLER undertakes to accept, refuse or propose modifications to the order or contract drafted by SMARMEC by returning one of the originals sent, duly stamped and signed and with the terms "ACCEPTED", "REFUSED" or "TO BE MODIFIED" clearly indicated.
9. If, in a period of 2 days after the date of the Order or Contract, SMARMEC has still not received any notification, it shall be understood that the SELLER has accepted the order and all the terms expressed therein.
10. In the event of not accepting the whole order, within a maximum period of 2 calendar days from the day following receipt of the order or contract, the SELLER must notify SMARMEC, first by telephone and later in writing, of the points it would like to modify, providing SMARMEC deems said modification feasible. If, within a period of 10 calendar days from the return of the Order or Contract with the note "TO BE MODIFIED", SMARMEC does not send a revised version of the Order or Contract to the SELLER, then it shall be understood that SMARMEC does not deem the proposed modification feasible and the Order or Contract shall be rendered null and void.
11. Orders are considered valid only on their corresponding date and place no obligations on SMARMEC until they have been accepted by the SELLER.
12. In cases of force majeure, in the terms specified in the following General Condition, SMARMEC is freed from its obligations and reserves the right to cancel any outstanding orders.
13. The SUPPLIER is responsible for the quality of the products covered in this agreement, regardless of whether or not they are manufactured in-house or outsourced to subcontractors. The quality of the products delivered must comply with the standards established in the documentation provided by the BUYER (blueprints, specification,


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etc.) or failing that, with current national or international standards or, in the absence of all of the above, with standard practice within the industry.

14. The SUPPLIER must have a quality control system that quickly identifies any failure to meet specifications during the manufacturing process, and must adopt immediate corrective measures to ensure that the product delivered meets the specifications established by the BUYER.
15. No technical modification, of any kind, may be carried out without the prior written consent of the BUYER. Similarly, the BUYER should be notified of any variation in the manufacturing process (change of tool, new process, change of supplier, etc.).
16. The SUPPLIER may not outsource all or part of the manufacturing process without the express authorisation of the BUYER.
17. The BUYER's authorised auditor shall have free access to the supplier's facilities, notifying the supplier of his/her intention to visit on the same day, in order to monitor compliance with all the aforementioned points.

■ Delivery deadlines and conditions.

18. The deadline for delivering the Goods shall be counted from the date upon which SMARMEC accepts the Order or Contract.
19. The SELLER shall respect the service delivery deadlines specified in the Order or Contract. If, for any reason attributable to the SELLER, delays were to occur which interfere with said delivery deadlines, the SELLER should notify SMARMEC immediately, indicating the causes of the delay, its expected duration and its repercussions.
20. In the event of deliveries or supplies whose conditions of transfer and delivery to SMARMEC are not established in the Order or Contract, the demands of DAP SMARMEC (Incoterms 2010) shall be understood to apply, and the items should be delivered or supplied duly packaged and identified and accompanied by the corresponding delivery note or packing list. Partial deliveries shall be acceptable, providing they have been accepted by SMARMEC.
21. No delays shall be admitted except in cases of force majeure.
22. Force majeure is taken to be events beyond the SELLER's control which are either unexpected or, if foreseen, are inevitable and occurred after the order was accepted or the contract signed. In the event of force majeure being invoked, the SELLER must provide justification in the form of documents signed by the official competent authorities.
23. Strikes or shutdowns of less than 15 calendar days are not considered circumstances of force majeure. Nor are strikes by the SELLER's own workforce considered as such, whatever their duration.
24. SMARMEC reserves the right to apply a penalty ranging from 1% to a maximum of 10% of the total sum of the order, for every day of delay, be it partial or total. The resulting sum may be deducted from the first payment due following the period in which the penalty was applied.
25. In any case, the SELLER must have an insurance policy that covers all liability contingencies due to delay, including force majeure, and must be able to produce both the current policy and the receipt for the last premium payment upon request by SMARMEC.
26. In the case of deliveries or supplies, the SELLER shall be held solely responsible for loading operations, the hiring of the haulage contractor, the transport itself and insurance, assuming all responsibility for delivering the goods in perfect condition. Under no circumstances shall SMARMEC accept responsibility for any loss and/or damage suffered by the supplies, materials or equipment during loading, transport and unloading, for whatever reason, including acts of God and circumstances of force majeure. The SELLER is required to supervise the dispatch at all times (either itself or through the haulage contractor hired by it), until its delivery to SMARMEC.
27. In the eyes of SMARMEC, the SELLER is solely responsible for any loss or damage, etc, suffered by the delivery until the moment it passes into the possession of SMARMEC.
28. Regardless of any insurance the haulage contractor may have, the SELLER must also insure the delivery, naming

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SMARMEC as the beneficiary of the whole sum corresponding to any damage suffered. Notwithstanding, SMARMEC may cancel the order or contract if the delivery were to suffer any kind of damage, or were to be lost, even if this was due to an act of God or circumstance of force majeure. The SELLER must ensure that the haulage contractor complies with current regional, national and European transport regulations.

29. At the moment the Goods stipulated in the Order or Contract are considered to have been provided by the SELLER, SMARMEC shall issue a Provisional Certificate stating the conditions in which said Goods were manufactured and received by SMARMEC. This does preclude a subsequent, more in-depth analysis of the goods supplied, in order to identify any faults or defects.

■ Confidentiality and Intellectual and Industrial Property


30. Any information, documents, blueprints, sketches, etc. provided by SMARMEC to the SELLER, both in the Order or Contract or during the course of the commercial relations established between the parties, shall be considered strictly confidential and the property of SMARMEC, and may only be used for the purposes for which they were provided. No originals, copies or photocopies may, under any circumstances, be given to third parties. Any breach of this General Condition by the SELLER shall be strictly prosecuted by SMARMEC in both the criminal and civil courts, and SMARMEC reserves the right to claim damages from the SELLER.
31. The intellectual and/or industrial property of an Order or Contract, or that provided during the course of commercial relations between the two Parties, as well as any elements, blueprints, drawings or “software”, etc. incorporated in or relative to said elements, belong to SMARMEC. As such, the SELLER is expressly prohibited from using them for purposes other than that of complying with the Order or Contract, as well as from copying them or sharing them, either wholly or partly, with third parties, without the express, prior authorisation of SMARMEC.

■ Prices

32. Prices shall be understood always as those agreed upon on the date established by the Parties in the Order or Contract, or failing that, on the date of its signature or acceptance, and may not be increased during the execution of the order.
33. Those prices given in a foreign currency or which need to be changed into a foreign currency for payment, shall be paid in accordance with the official exchange rate for that currency on the date of the total payment.

■ Warranty conditions

34. SMARMEC shall at all times demand from the SELLER professional behaviour in accordance with good business practice.
35. The SELLER shall assume responsibility for ensuring that the Goods provided coincide with those requested in the Order or Contract, and that no variations occur in the established price.
36. The SELLER shall assume responsibility for any error or defect, including hidden defects, in the Goods provided, due to both action or omission or to a drop in performance, direction or quality, etc., and shall undertake to carry out repairs or replace the faulty element (as appropriate), covering the costs of all elements to be repaired or replaced and the necessary labour costs, at no charge to SMARMEC.
37. Furthermore, in the case of supplies, the SELLER shall assume responsibility for all elements, equipment and materials, etc. arriving in perfect condition.
38. The SELLER shall also appoint a suitably-qualified person to serve as a contact with SMARMEC during the manufacture of all aspects of the goods specified in the Order or Contract. His/her decisions shall depend on instructions from SMARMEC staff.
39. The warranty provided by the SELLER for the Goods delivered shall remain in effect for a period of 12 months, counting from the date of manufacture, with a maximum of 24 months from the date of delivery to SMARMEC.
40. Any repairs, rectifications or replacements carried out during the warranty period shall be subject to the same warranty periods specified above.

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41. In the event of the Goods being destroyed prior to delivery, for whatever reason, including acts of God or circumstances of force majeure, the SELLER shall lose its right to receive payment.

Termination of the contract

42. SMARMEC may terminate the contract or order in response to any of the following situations:
- a.- The death of the SELLER (if a natural person) or the cancellation of the corporate personality of the company (if a corporate person) unless, in the latter case, all assets are transferred to another company which SMARMEC finds satisfactory (as expressed in a signed document) and which is prepared to assume all the obligations expressed in these GPCs.
 - b.- Insolvency procedures, temporary receivership or bankruptcy of the SELLER.
 - c.- The total suspension of Goods or obligations, attributable to the SELLER, for whatever reason. Total suspension is understood to mean suspension for a period of 15 calendar days.
 - d.- The temporary suspension of Goods or obligations attributable to the SELLER for a period of less than 15 calendar days, when it is expected that activities will not be resumed until after 15 calendar days have passed.
 - e.- Failure to take out and renew the insurance policies stipulated in these GPCs.
 - f.- Any serious breach of any other obligation entered into by the SELLER.
43. When any of the situations described in sections a, b, c, d, or e arise, SMARMEC may exercise its right to terminate the contract with no further formalities being required other than a simple written notification to the SELLER. In the case of section f, before proceeding with the termination, SMARMEC should notify the SELLER in writing of the existence of said breach, and give it sufficient time, although not more than 10 calendar days, in which to rectify the situation. After the end of said period, if the breach has not been rectified, SMARMEC may proceed with the resolution of the Order or Contract.

Effects of the resolution.

The termination of the Order or Contract by SMARMEC shall proceed as outlined below and shall have the following effects:

- 44. With the help and knowledge of the SELLER, and by means of a certifying document, the Goods provided by the SELLER shall be defined or, if appropriate, a check list shall be compiled, registering the conformities or defects observed by SMARMEC in the Good supplied to date.
- 45. At the same time, SMARMEC shall suspend, subject to no penalty or interest, all payment of outstanding amounts corresponding to SELLER invoices, until the Goods assessment has been carried out.
- 46. At the request of SMARMEC, an assessment shall be carried out by a neutral expert appointed by the Bilbao Chamber of Commerce of the direct costs incurred by SMARMEC as a result of any breach of contract by the SELLER, who shall be duly informed of the results.
- 47. An assessment shall be made of the quantities owed to the SELLER and those owed to SMARMEC, and due payment shall then be made, although SMARMEC shall also keep back enough funds to maintain the guarantee of 10% of the total sums of the Order or Contract. Said guarantee may be replaced by a bank guarantee.
- 48. SMARMEC shall pay all outstanding amounts, minus the aforementioned retentions, owed to the SELLER.

Jurisdiction and Authority.

- 49. All issues related to the interpretation of and compliance with these GPCs, as well as any questions or disputes that may arise between the Parties, shall be submitted to the authority of the Bilbao Courts and Tribunals, with both Parties expressly renouncing any other jurisdiction to which they may be entitled.
- 50. Costs and charges, including Attorney and Lawyers fees, shall be covered by the party which, due to their breach, gave rise to the complaint.