

# GENERAL SALES CONDITIONS

## 1.- INTRODUCTION

**1.1.-** These General Sales Condition shall apply to the sales by EUSKAL FORGING, S.A. (hereinafter, the SUPPLIER), insofar as the contracting parties refer to them and without prejudice to any specific clauses established by the contracting parties.

**1.2.-** The contractors shall be deemed to have referred to the General Conditions not only what they expressly refer to them in the sales contract, but also when the reference to the sales conditions has occurred as the result of the conditions being part of the SUPPLIER'S quote. The PURCHASER hereby acknowledges that it has read the conditions and accepted their contents in that event.

**1.3.**Any possible General Conditions proposed by the PURCHASER shall not totally or partially apply if they have not been expressly accepted by the SUPPLIER in writing.

**1.4.-**The sales contracts shall be governed by Spanish law. Nonetheless, with respect to what is not expressly agreed in the contract and not envisaged in the clauses herein, both parties shall comply with the Vienna Convention on Contracts for the International Sales of Goods (11th April 1980) in the case of international sales.

## 2.- COMPLETION OF THE CONTRACT

**2.1.-** The contract shall be considered as legally binding from the moment that the SUPPLIER accepts the order in writing. The contract shall equally be considered as legally binding on acceptance by the parties, if documents have been signed that demonstrate the agreement in principle, after having received an order from the PURCHASER that refers to a specific quote by the SUPPLIER,

**2.2.-** Once the contract becomes binding, it may not be partially or totally cancelled. Any modification, change or amendment to the accepted order shall require the written acceptance of both parties in order for it be valid.

## 3.- DELIVERY AND PASSAGE OF THE RISK

**3.1.-** Except when another INCOTERM is indicated in the quote, the delivery and pages of the risk shall take place on an EX-WORK basis (International Chamber of Commerce INCOTERMS 2006).

**3.2.-** Even when sent carriage paid, the shipped merchandise shall travel for account and risk of the PURCHASER, which shall lodge any claims directly with the carrier in case of any damage, deterioration, flaws, etc..

**3.3.-** The VENDER shall not be liable for any loss or damage to the goods after the passage of the risk. Under no circumstances shall the PURCHASER be free from the obligation to pay the price when any loss of or damage to the goods occurs after the passage of the risk.

**3.4.-** Should there be a delay in making the goods available to the purchaser for reasons not attributable to the SUPPLIER, the risk shall be transferred to the PURCHASER on the date on which the availability is notified.

## 4.- RESERVATION OF TITLE

**4.1.-** In the event of deferred payment, the delivered goods shall remain the property of the SUPPLIER until payment of the price has been made in full. Reservation of title shall not delay the passage of the risk.

**4.2.-** THE PURCHASER may not sell, assign, transform, incorporate or pledge the goods received until payment of the price has been made in full to the SUPPLIER or without having obtained the prior and express written authorisation of the latter.

## 5.- DELIVERY TERMS

**5.1.-** The delivery date shall be calculated from the date on which the order is accepted. However, all delivery dates are considered to be approximate and, in any event, there shall be normal leeway.

**5.2.-** THE PURCHASER hereby undertakes to accept the goods, even in case of partial deliveries and even if the goods are delivered before the agreed date. It shall likewise undertake to accept the goods even if the delivery takes place after the agreed date.

**5.3.-** The delivery date shall be automatically extended when the PURCHASER or any other person designated by the former needs to provide execution standards, technical data or other instructions in order to finish the goods (even when validation inspections are to be carried out).

**5.4.-** The delivery date shall be extended for a period equal to the duration of the impediment for reasons beyond the control of the SUPPLIER or PURCHASER, such as strikes of any type, fire, floods, lack of power, lack or insufficient raw material, breakdowns or failures in the production installations of the SUPPLIER, delays in the granting of permits by the Authorities, obtaining special transport permits and other impediments outside the control of the parties that temporarily make the delivery impossible or excessively costly.

## **6.- PRICE AND PAYMENT**

**6.1.-** Except when another INCOTERM is envisaged in the quote, the prices shall be taken to be net for goods made available to the PURCHASER for collection at the factor (INCOTERMS 2000: EX-WORK) and those prices shall be stated in the quote submitted by the SUPPLIER.

**6.2.-** The payments shall be in cash at the time when the merchandise is made available and on the premises of the SUPPLIER. The payments shall be made according to the terms given in the quote (or in the contract, where applicable).

**6.3.-** Any delay by the PURCHASER in the dispatch or, where applicable, acceptance of the goods shall not entitle the purchaser to delay in complying with the agreed payment obligations.

**6.4.-** The PURCHASER may not unilaterally withhold or reduce the payments due to claims or requirements made, or debit notes, even when acknowledged and accepted by the SUPPLIER.

**6.5.-** Should there be any delay in complying with the agreed payment obligations, the SUPPLIER may charge the PURCHASER the relevant installation interest, in accordance with the interest rate established in Act 3/2'04, of 29<sup>th</sup> December, regarding measures to fight against defaulting in commercial transaction, as of the time when the Purchaser fails to make the payment.

## **7.- WARRANTY**

**7.1.-** The goods are prepared by the SUPPLIER in accordance with the technical specifications and the design indicated by the PURCHASER. The SUPPLIER shall not be liable for the suitability of the technical specification (type of material, mechanical characteristics, thermal treatments, machining, tolerances, destructive and/or non-destructive tests,...) or for the design for the final use or destination of the goods, if they have been manufactured in accordance with the instructions of the PURCHASER.

**7.2.-** The liability of the SUPPLIER regarding defective goods is limited to replacing them or correcting the defects. Under no circumstances shall the supplier be deemed liable for the direct or indirect consequences of the defects of the goods on people or goods. Therefore, the PURCHASER shall thoroughly review the goods delivered by the SUPPLIER within three days of their acceptance and always before handing or incorporating them.

**7.3.-** The SUPPLIER shall not accept any returns due to defects without this being previously agreed. In any event, the Supplier hereby reserves the right to have experts verify the defects in question on the premises of the PURCHASER. The supplier shall not accept debit notes for costs incurred directly or indirectly by the PURCHASER to repair defects except when authorised in writing, prior to the repair in question, by the SUPPLIER. The replaced defective goods shall be at the disposal of the SUPPLIER.

**7.4.-** THE PURCHASER hereby undertakes to ensure any risk appropriately, once the goods have been delivered, and shall hold the SUPPLIER harmless of any claim by third parties. The PURCHASER hereby agrees to be called to testify henceforth in the event of any proceedings brought against the VENDOR regarding the liabilities envisaged herein.

## **8.- FINAL RULES AND JURISDICTION**

**8.1.-** A clause and/or condition being deemed to be partially null and void shall not so render all the clauses and/or conditions and individual clauses and/or conditions being deemed null and void shall not result in the contract so being.

**8.2.-** The parties hereby agree that any dispute arising from or related to the contract shall be submitted to the jurisdiction of the SUPPLIER. Without prejudice to the above, the SUPPLIER shall always be entitled to consider the jurisdiction of the PURCHASER as competent.