

Title: GENERAL PURCHASE AND SUBCONTRACTING CONDITIONS

1.- AIM.

The aim of this procedure is to define the general purchase requirements in the procedure established by BST RODS, S.A.

2.- SCOPE.

This procedure applies to all purchase and subcontracting processes of BST RODS, S.A.

3.- REFERENCES.

BST RODS, S.A. quality management system (in compliance with international standard ISO /TS 16949).

Procedures associated with purchase processes - subcontractor / supplier management.

4.- DEVELOPMENT.

PREFACE:

These General Conditions are applicable when the parties agree so in writing or in any other manner. When the General Conditions are applicable to a specific contract, any modification or deviation from them must be agreed in writing.

The object (or objects) which must be supplied under these General Conditions will be referred to hereinafter as the Product.

Wherever these General Conditions make use of the term "in writing", this should be understood as via a document signed by the parties or via letter, fax, e-mail or any other means agreed upon by the parties.

ORDER INFORMATION:

All information and data contained in the general documentation of the orders and in the price lists, whether they be in electronic or any other type of format, are binding only to the extent in which they are expressly included by reference in the contract or order in writing.


The information or characteristics of the product-service will be specified in the purchase order, such as: reference, drawing no., special features, etc. Requirements to be fulfilled,...

BST RODS, S.A., will establish the expected deadlines in all the purchase orders.

The supplier-subcontractor accepts all the conditions on receipt of the order. Including the delivery deadline requirement if this is stipulated in the order.

In the event of failing to comply with any of the requirements, including deadlines (and as long as this affects the delivery schedules agreed upon with our clients), BST RODS, S.A. can establish a penalisation due to non-compliance which will be studied and agreed on in each case by the affected party or parties (Quality dpt., Purchases dpt., Commercial dpt., supplier-subcontractor).

Prepared by: Mikel Andres	Approved by: Aitor Andres	Date: 25/02/15
------------------------------	------------------------------	-------------------

	PROCEDURES MANUAL P-GCS-001	Rev. 0 Pag. 2 Of 6
Title: GENERAL PURCHASE AND SUBCONTRACTING CONDITIONS		

DRAWINGS AND DESCRIPTIONS:

All technical drawings and documentation which refer to the product and its manufacture, presented by one party to the other, before or after formalisation of the contract (purchase order), will continue to be property of the party which presents the document.

The technical drawings and documentation or any other technical information received by a party cannot be used for any other purpose than that for which it was given without express consent from the other party. Similarly, they cannot be used or copied, duplicated, transferred or communicated to a third party without consent from the presenting party.

The supplier /subcontractor must be sure to have operational control procedures and protocols with regard to the requirements for ensuring control of information and data handled.

BST RODS, S.A. may request the signing of confidentiality contracts in order to keep each and every one of these requirements under control.

ACCEPTANCE TESTS:

Any acceptance tests stipulated in the contract will be developed, unless otherwise agreed, at the place of manufacture during normal working hours.

If the contract does not specify the technical requirements, the tests will be performed in compliance with the general practice of the industrial sector in question in the country of manufacture.

The supplier must notify the purchaser in writing with sufficient notice, so as to allow for them to assign representation, regarding the performance of the acceptance tests. If the purchaser were not represented, the test report must be sent to the purchaser for their acceptance of conformity.

If the acceptance tests show that the product does not comply with that stipulated in the contract, the supplier must offset without delay the deficiencies so that the product meets the contract conditions. Unless the fault were insignificant, the purchaser can then request the performance of new tests.

The supplier will be responsible for all costs derived from the acceptance tests performed at the place of manufacture.

DELIVERY.MACHINING. RISK TRANSFER:

Any commercial condition agreed on will be interpreted in compliance with the INCOTERMS in force at the time of formalising the contract.

If there were to be no specific commercial condition agreed, the delivery must be made Ex-Works (EXW).

If, in the event of Ex-Works (EXW) delivery, the supplier, at the request of the purchaser, makes the delivery of the product to its destination, the risk transfer occurs at the latest at the moment in which the product is handed over to the first hauler.

Prepared by: Mikel Andres	Approved by: Aitor Andres	Date: 25/02/15
------------------------------	------------------------------	-------------------

Title: GENERAL PURCHASE AND SUBCONTRACTING CONDITIONS

Unless otherwise agreed, partial dispatches will be allowed.

DEADLINE DELAY :

If the product is not delivered within the agreed deadline, the purchaser will have the right to a compensation for any damages and/or losses incurred as of the date when delivery should have been completed.

Compensation for damages and losses will be established as indicated in the order information section.

Processing of fewer parts than requested in order.

If only part of the order is delayed, the compensation for damages and losses is to be calculated according to the part of the purchase price corresponding to the part of the product that, due to the delay, cannot be used as intended by the parties.

In this sense, among the consequences, the compliance with deadlines by BST RODS with their clients are taken into consideration. If these were to charge BST RODS, the same amount would be charged to the supplier / subcontractor.

Compensation for damages and losses will be payable on written request of the purchaser but not before the delivery is completed or the contract is terminated.

LIABILITY FOR FAULTS, MANAGEMENT AND TREATMENT OF NON-CONFORMITIES:

The supplier must settle any fault or non-conformity (referred to hereinafter as defect) arising from deviations from the design, materials or manufacture.

When the defect on a part of the product has been remedied, the supplier will be responsible for the defects which may occur on the repaired or replaced part, under the same terms and conditions as for the original product.

The purchaser must notify the supplier in writing and without delay about any defect found. This notification must be made within two weeks as of its reception at BST RODS, S.A.

All defects and non-conformities committed by the supplier-subcontractor will be considered for the management and treatment of non-conformities and the continuous assessment of the suppliers and subcontractors.

Index - quality indicators of suppliers and subcontractors within our management system in compliance with standard ISO /TS 16949.

RAW MATERIAL PROPERTY OF BST RODS :

In compliance with the requirements of standard ISO / TS 16949, requirement 7.5.4, the supplier/subcontractor must ensure that the priority of the client is cared for and maintained in optimal conditions while it is under their control or is being used by the supplier/subcontractor.

Prepared by: Mikel Andres	Approved by: Aitor Andres	Date: 25/02/15
------------------------------	------------------------------	-------------------

Title: GENERAL PURCHASE AND SUBCONTRACTING CONDITIONS

In this sense, the supplier/subcontractor must identify, verify, protect and safeguard the assets property of BST RODS.

If any material and assets property of BST RODS deteriorate, are lost,... the BST RODS Purchase and Quality Dpt. must be notified.

BST RODS will study the particular case and will apply a penalisation of xxx % of the contracted value (with a limit of xxx Euros) according to the critical nature and the consequences derived from the damage.

When the defect is such that it may cause damages, the purchaser must inform the supplier immediately and in writing.

The supplier must resolve, without any undue delay and at their own cost, the defect.

The repair must be made at the place where the parts are located, unless the supplier considers it necessary for the faulty part or product to be returned to them for repair or replacement.

Unless otherwise agreed, the required transport of the parts and/or its parts to ad from the supplier in order to repair any defects of their responsibility, must be carried out at the cost and risk of the supplier. The purchaser must follow the instructions given by the supplier concerning this transportation.

The faulty parts which have been replaced must be made available to the supplier and will be of their property.

If the supplier fails to comply with their obligations in this final term, the purchaser may, at the cost and risk of the supplier, take it upon themselves to perform the necessary repair works or to hire the services of a third party to do so.

If the purchaser or a third party successfully completes the repair works, the payment of the reasonable costs incurred by the purchaser must be made in full by the supplier for their responsibility for the defect in question.

When the defect is not correctly repaired:

- a) The purchaser will have the right to a reduction in the purchase price proportional to the reduction of value suffered by the product, as long as such a reduction does not under any circumstance exceed 15% of the purchase value, or**
- b) If the defect is so substantial that it deprives the purchaser the benefit of the contract, the purchaser may announce the termination of the contract in writing to the supplier. The purchaser will then have the right to a compensation for the losses suffered up to a maximum of 15 % of the purchase.**

The supplier will not be liable for any defects caused by the materials supplied by the purchaser, or as a result of a design stipulated or specified by the purchaser.

The supplier will be liable only for the defects which appear under the operating conditions established in the contract and while making appropriate use of the product.

Prepared by: Mikel Andres	Approved by: Aitor Andres	Date: 25/02/15
------------------------------	------------------------------	-------------------

Title: GENERAL PURCHASE AND SUBCONTRACTING CONDITIONS

The supplier liability does not cover any defects caused by incorrect maintenance, assembly or repair by the purchaser, or due to alterations made without the written consent of the supplier.

Lastly, the supplier liability will not cover any moral wear or deterioration.

ATTRIBUTION OF THE LIABILITY FOR DAMAGES CAUSED BY THE PRODUCT:

If a claim were made by a third party against any of the parties due to damage or deviations, the party in question must immediately notify the other party in writing. The supplier must answer to this claim by either repairing the damage or replacing the non-conform product with a conform product.

FORCE MAJEURE:

Any of the parties will have the right to suspend the fulfilment of their obligations under contract to the extent that such fulfilment is hindered or it is unreasonably arduous due to any of the following circumstances: Labour disputes, fire, war, general military mobilisation, insurrection, requisition, confiscation, embargo, restrictions in the power supply and defects or delays in deliveries by sub-contractors caused by any of the circumstances described in this clause.

The party which declares itself affected by force majeure must immediately notify the other party in writing of the beginning and end of such circumstance.

Without prejudice to what may otherwise derive from these general conditions, any of the parties may terminate the contract via written notification to the other party if the performance of the contract is suspended.

The supplier-subcontractor, and whenever it is requested by BST RODS, S.A., must establish a contingency plan to guarantee continuity of the supply (requirement of ISO / TS 16949, section 6.3.2).

NON-COMPLIANCE PREDICTION:

Without prejudice to that established in other regulations of these general conditions, any of the parties may suspend the fulfilment of their obligations under the contract if it were evident, according to surrounding circumstances, that the other party is not able to fulfil their obligations. The party which suspends the contract must immediately notify the other party in writing.

CONSEQUENTIAL LOSSES:

Unless otherwise stated in these general conditions, neither party will be liable with regard to the other party for loss of production, loss of profit, loss of contracts or any other consequential or indirect loss.

LITIGATIONS AND APPLICABLE LEGISLATION:

Prepared by: Mikel Andres	Approved by: Aitor Andres	Date: 25/02/15
------------------------------	------------------------------	-------------------

Title: GENERAL PURCHASE AND SUBCONTRACTING CONDITIONS

Any litigation arising in relation to the contract will be ultimately resolved under the conciliation and arbitration regulations of the international chamber of commerce, by one or more arbitrator designated according to the mentioned regulations.

This contract is governed by the laws of the country of the purchaser.

5.- ASSOCIATED MATERIAL

- E 006: Non-Conformity Report printout.
- E 033: REJECTED MATERIAL Label.
- Ó E 034: SEGREGATED MATERIAL Label.
- E 145: Internal Non-Conformities.
- E 149: Acceptance Request.
- I-MNC-001: Treatment of non-conform parts.

6.- HISTORY OF REVIEWS

Rev. No.	Date	Document	Modified Concepts
0	25-02-2015	P-GCS-001	Initial review.

Prepared by: Mikel Andres	Approved by: Aitor Andres	Date: 25/02/15
------------------------------	------------------------------	-------------------