General conditions of purchase

Applicable to commercial transactions with public or private companies.

1. General conditions

These conditions of purchase apply to the exclusion of any other conditions; the general conditions for procurement of suppliers, which differ from these conditions, shall only be deemed to have been accepted where written confirmation from Sia Abrasives has been given to that effect. Acceptance of supplies or services from the supplier (hereinafter "Object of the Contract"), including payment thereof, shall in no way imply approval of the supplier's conditions of sale.

2. Conclusion of the contract and amendments thereto

2.1 Orders, contracts and schedules, and any amendments to or extensions of these, must be made in writing.

2.2 Any kind of verbal agreement reached after the conclusion of the contract, in particular amendments or subsequent additions to these conditions of purchase, must be confirmed in writing by SIA ABRASIVES to be legally effective. The conditions of purchase for an agreement or an order shall remain in force until these are renewed.

2.3 Confirmation in writing may also be sent electronically or by fax.

2.4 Cost budgets are binding and shall not be remunerated, unless otherwise expressly agreed.

2.5 SIA ABRASIVES may rescind an order if the supplier does not accept it within two weeks of receipt.

2.6 Delivery orders placed as part of a schedule or a larger order shall be binding unless the supplier refuses them within two working days of receipt.

3. Supply

3.1 Deviations to the contracts and orders issued by SIA ABRASIVES shall only be permitted if SIA ABRASIVES has given prior written agreement.

3.2 The dates and time frames agreed shall be binding. The date on which we receive the goods shall be the determining date for fulfilment of the delivery and completion of the delivery period. If an "ex-works" delivery (DAP or DDP according to Incoterms 2010) has not been agreed, the supplier must make the goods available to SIA ABRASIVES in good time, taking into account the time frame to be agreed with the carrier for loading and shipment.

3.3 If the supplier has taken charge of installation and assembly, and provided no other agreement has been made – subject to different regulations – the supplier shall bear all additional costs necessary including travel costs, equipment costs and subsistence costs.

3.4 If the dates agreed are not complied with, legal regulations shall apply. The supplier must immediately inform the SIA ABRASIVES Department that placed the order should the supplier foresee any difficulties in the manufacture or in the initial supply, or should any circumstances arise which may cause issues concerning the agreed deadlines or quality standards.

3.5 Accepting supplies or services without reservations outside of the agreed time frame shall in no way constitute a waiver of our right to demand compensation or redress for damages incurred as a result of the delay; this rule shall apply until the remuneration owed to us for the supply or service in question is paid in full.

3.6 In principle, partial deliveries shall not be permitted, unless these are reasonable or expressly authorised by SIA ABRASIVES.

3.7 With regard to quantities, weights and measures, and without prejudice to any further evidence, the values obtained during the checks carried out on the goods received shall prevail.
3.8 With regard to software included as part of a product delivery, including any related documentation, SIA ABRASIVES shall have the right to use this as permitted by law.

3.9 SIA ABRASIVES shall also have the right to use said software, including any related documentation, with the service features agreed and in the field required for the product to be used according to the contract. SIA ABRASIVES shall also have the right to make a backup copy, even where this has not been expressly agreed.

4. Force majeure
4.1 Events of force majeure, labour disputes, interruptions to business activity where no negligence is involved, disturbances, administrative procedures and other unavoidable circumstances shall release SIA ABRASIVES from its obligation to accept deliveries on the date agreed while said events persist. Similarly, while said events persist and for the two-week period following their conclusion, SIA ABRASIVES shall be entitled to cancel the contract in part or in full, without prejudice to its other rights, provided that these circumstances persist for a significant length of time and its supply needs are considerably reduced as a result of provision from other suppliers deemed necessary as a result of said circumstances.

4.2 The provisions of clause 4.1 above also apply in the case of labour disputes.

5. Dispatch note and invoice
Instructions for orders and delivery schedules given by SIA ABRASIVES will be valid. The invoice must be sent to the address printed in each case, stating the invoice number and other details; the invoice must not accompany the shipment.

Invoices must include: Correct designation of SIA ABRASIVES references for the equipment supplied, Delivery note number and date, Destination Company, Supplier Number, Order Number, Account and Key (information which appears on SIA ABRASIVES Orders or Delivery Schedules).

6. Price-setting and transfer of risk
Unless a special agreement has been reached, prices are *ex-works* following customs clearance (DAP according to Incoterms 2010) including packaging. The price set shall not include VAT. The supplier shall be liable for any risk of loss or damage to the goods until the goods are received by SIA ABRASIVES or its designee at the Point of Delivery agreed in the contract.

7. Terms of payment
Unless otherwise expressly agreed, payment terms are 60 days after invoice date. Payment shall be made after invoices have been checked.

The 10th and 25th of the month alone are agreed as due dates, provided that the goods have been received at the Point of Delivery before the 25th of the month.

8. Warranty
8.1 SIA ABRASIVES shall receive goods, insofar as possible and as promptly as possible for the smooth running of its business activity, and it reserves the right to check the delivery for faults, and in particular to ensure that it is correct and complete. SIA ABRASIVES will immediately make a claim for any defects found as soon as they are discovered. In this context, the supplier waives its right to contest claims for defects reported by SIA ABRASIVES outside the usual time frames.

8.2 The legal provisions on eviction and latent defects shall apply, unless otherwise stipulated in these Conditions.

8.3 As a matter of principle, SIA ABRASIVES has the right to choose the remedy. The supplier may reject the remedy chosen by SIA ABRASIVES when it is only possible incurring disproportionate costs.

8.4 Unless there are regulations expressly in contrary, in the event of non-compliance with the contract, SIA ABRASIVES shall have all the legal powers against the supplier that consumers have against sellers, in accordance with the provisions of the Spanish Royal Legislative Decree 1 of 16 November 2007, approving the Revised Text of the General Law for the Protection of Consumers and Users and other complementary laws. Consequently, SIA ABRASIVES shall have the right to choose the remedy and the supplier is obliged to accept this, unless it is impossible or disproportionate.

8.5 In urgent cases, and especially when acting to address imminent dangers or to avoid excessive damage, SIA ABRASIVES shall be entitled to eliminate the defects found, and any costs shall be borne by the supplier. The period of limitation for claims resulting from the existence of material defects is two years, unless the product supplied has been used, as part of its normal use, in the construction of a building, causing it to be defective. The statutory limitation for rights derived from the existence of material defects begins on the date on which the goods are received at the facilities indicated by SIA ABRASIVES.
8.6 In the case of eviction, the supplier shall indemnify SIA ABRASIVES against any eventual claims from third parties, unless it cannot be attributed to the supplier.

8.7 Excluding cases of bad faith, claims for defects shall be limited to 3 years, unless the item supplied has been used, as part of its normal use, in the construction of a building, causing it to be defective. The statutory limitation shall begin with the delivery of the object of the contract (transfer of risk).

8.8 If the supplier fulfils their obligation of remedy by means of replacement delivery, the statutory limitation on the replacement goods delivered shall begin upon delivery of said goods, unless by accepting to provide the remedy the supplier expressly and justifiably states that it is performing the replacement delivery solely as a matter of courtesy, to prevent disputes or to maintain the commercial relationships for the supply chain.

8.9 If SIA ABRASIVES incurs costs as a result of the defective delivery of the object of the contract, in particular costs relating to transportation, travel, labour, equipment for facilities or extensions or to perform checks on goods received on a scale larger than usual, these costs shall be borne by the supplier.

9. Product liability
9.1 In the event that SIA ABRASIVES is held liable for a product, the supplier must indemnify the company against any liability where the damage has been caused by a defect in the object supplied. In cases of fault-based liability, the above shall apply only if the supplier is at fault. Whenever the cause of the damage falls under the supplier’s liability, the supplier must prove that it is not liable.

9.2 In the events outlined in clause 9.1, all costs and expenses shall be borne by the supplier, including costs incurred from any legal proceedings brought.

9.3 Otherwise, the legal provisions shall apply.

9.4 Before any recall which may be – partially or entirely – the result of the defect in an object of the contract delivered by the supplier, SIA ABRASIVES shall inform the supplier, giving them the opportunity to collaborate and shall maintain contact with them so that the relevant measures can effectively be taken unless, in particularly urgent cases, this communication and collaboration is not possible. If the recall results from a defect in the object of the contract delivered by the supplier, the recall costs shall be borne by the supplier.

10. Termination and abandonment
10.1 In addition to the general grounds for termination of contract owing to serious breach of the contractual obligations and, where appropriate, as a result of faults or latent defects with the object sold or supplied, SIA ABRASIVES may terminate or abandon the contract with immediate effect if:
   - There is a risk, either now or in the future, that there may be a fundamental breakdown in the supplier's financial relations and, as a consequence of this, there is a risk that the supplier may not fulfil its obligation to supply goods or services to SIA ABRASIVES;
   - The object sold or supplied is lost, partially or entirely, before it is delivered, including as a result of an unforeseen accident or where the supplier is not at fault although, in the case of partial loss, SIA ABRASIVES may opt to make a claim on the existing part, reducing the total agreed price proportionately.

10.2 If the supplier has agreed to deliver a specific quantity of products or to deliver a specific service, SIA ABRASIVES shall not be obliged to receive a partial delivery thereof. If SIA ABRASIVES accepts a partial delivery, it may terminate the contract on grounds of the part of the delivery still pending or consequently demand that the contract is fulfilled.

10.3 If the supplier does not deliver the object purchased or supplied or does not provide the service in the agreed time frame, SIA ABRASIVES may demand that the contract is fulfilled or may terminate the contract, and in both cases has the right to compensation for damages incurred as a result of the delay.

11. Performance of work
Individuals who are contracted to perform work on SIA ABRASIVES premises must follow the provisions of the company's workplace regulations. SIA ABRASIVES shall not be held liable for any accidents involving said individuals on its premises, unless these have been caused by fraud or gross negligence on the part of the company's legal representatives or vicarious agents.

12. Equipment and property on loan from SIA ABRASIVES
Equipment, parts, containers and special packaging provided free of charge by SIA ABRASIVES remain the property of the company. All these items may only be used for their designated purpose. SIA ABRASIVES shall perform any conversion of this equipment and assembly of these parts. Where products are manufactured using parts and
equipment belonging both to SIA ABRASIVES and the supplier, it is expressly agreed that both parties shall be assigned pro-rata co-ownership rights to their own parts and equipment being shared and reflecting the value of their respective contributions vis-a-vis the end products. The supplier shall be responsible for custody of said end products on behalf of SIA ABRASIVES.

13. Documentation and confidentiality

13.1 Any kind of commercial or technical information which SIA ABRASIVES may make available to the supplier (including specifications relating to items, documents or software delivered, including knowledge or experience) – unless it can be proven to already be in the public domain – must not be made accessible to third parties; within the supplier's company, access must be restricted to those requiring use of said information to complete deliveries for SIA ABRASIVES and, likewise, they shall be subject to confidentiality obligations and said information shall remain the exclusive property of SIA ABRASIVES. Said information may not be copied, or used industrially, without prior written authorisation from SIA ABRASIVES, unless required to complete deliveries agreed under contract. On request by SIA ABRASIVES, all information (including any copies or records which may have been made) and items loaned must be returned immediately and in full, or must be destroyed.

SIA ABRASIVES reserves all rights to such information (including copyright and the right to apply for industrial property rights such as patents, utility models, semiconductor protection, etc.). In the event that access to said information has been granted to SIA ABRASIVES by third parties, this legal reserve is also valid for said third parties.

13.2 Products which have been manufactured in accordance with documents designed by SIA ABRASIVES, such as drawings, models etc., using information which is confidential to SIA ABRASIVES or using original SIA ABRASIVES tools, or copies thereof, may not be used by the supplier for its own purposes, nor offered or supplied to third parties. All of the aforementioned shall also apply to orders for printed material undertaken by SIA ABRASIVES.

14. Export control and customs

The supplier agrees to inform SIA ABRASIVES in its commercial documentation concerning any obligations to request authorisation – for (re)export of the supplier's products – imposed by national, European or US provisions relating to export or customs, in addition to any provisions relating to export or customs for the country of origin of the supplier's products. The supplier must therefore provide the following information for the items concerned at least in its offers, order confirmations and invoices:

- The number of the list of dual-use products requiring authorisation for export as set out in the applicable legislation,
- For US goods, the ECCN (Export Control Classification Number) in accordance with US Export Administration Regulations (EAR),
- The non-preferential origin of its products and component parts thereof, including technology and software,
- If the products have been transported through the US, produced or warehoused in the US or developed using US technology,
- The Harmonized System Code (HS code) for its products, and
- A point of contact in the supplier's company who will deal with any queries from SIA ABRASIVES.

On request from SIA ABRASIVES, the supplier must provide written confirmation of all other foreign trade data relating to its products and component parts thereof, and must also promptly inform the company in writing (before delivery of the products in question) of any amendment to the aforementioned data.

15. Compliance

15.1 The supplier agrees to comply with the applicable legal provisions on the treatment of workers, protection of the environment and safety in the workplace, and to adopt any necessary measures to minimise any harmful impacts of its activities on individuals and the environment. To this end, and insofar as possible, the supplier shall set up and develop a management system compliant with the ISO 14001 standard. Similarly, the supplier shall respect the principles of the United Nations Global Compact Initiative. These principles essentially concern protecting international human rights, the right to collective bargaining, the elimination of forced labour and child labour, the elimination of discrimination in respect of employment and occupation, environmental responsibility and avoiding corruption. More information on the United Nations Global Compact Initiative is available at www.unglobalcompact.org.

15.2 In the event that a supplier breaks the law repeatedly despite having received due notice, and does not demonstrate that they have provided a remedy for breaking the law, insofar as possible, and have taken appropriate measures to avoid this in future, we reserve the right to terminate any existing contracts without prior notice.

16. Point of Delivery

The "Point of Delivery" is the location where the goods must be delivered or the service provided according to the order.
17. General conditions
If one clause in these conditions, or in other agreements signed, proves to be ineffective – either now or in the future – this shall not affect the validity of the other conditions. The contracting parties are obliged to replace the ineffective clause with a regulation, the financial result of which must be as similar as possible.

18. Governing law and jurisdiction
Any dispute which may arise in the interpretation and performance of these Agreements shall be subject exclusively to the competent courts either where the supplier has their registered offices, or in the city of Madrid or in the location of the Point of Delivery, the choice of location being determined by SIA ABRASIVES. This contract is subject to Spanish legislation, excluding rules governing the conflict of laws. It also excludes the application of uniform laws such as the International Sale of Goods Act (The Hague Convention), the United Nations Sale of Goods Act, and other conventions relating to the sale of goods.

19. Supplier Compliance with these Conditions
By shipping equipment on receipt of the corresponding order on which these conditions of purchase are printed, the supplier effectively agrees to accept these conditions and comply therewith for all intents and purposes.

20. "Restricted use" equipment
All the equipment used to manufacture parts shall comply with government restrictions and safety regulations on "restricted use" equipment, and toxic or hazardous equipment; it must also comply with applicable electrical and electromagnetic standards in the country of manufacture and sale.

21. Waste Electrical and Electronic Equipment (WEEE):
21.1 The supplier shall be obliged to establish systems for the selective collection of WEEE and the transfer thereof to authorised treatment centres.

21.2 The supplier shall be obliged to cover the cost of managing and disposing of any WEEE in SIA ABRASIVES facilities at SIA ABRASIVES factories and centres, regardless of the date on which these were acquired. The supplier must inform users of the criteria for environmentally-friendly management of the product, the free-of-charge return system and selective collection.

STOCK OWNED BY SUPPLIERS
The supplier shall be liable for all references marked * on this order in SIA ABRASIVES company warehouses. The total financial amount of the Stock for which the supplier is liable in each SIA ABRASIVES Company shall be in the order of one month's average invoice. All deliveries of equipment for stock shall be sold accompanied by a delivery note in triplicate, marked "Equipment for Stock". Within the first five days of each month, the supplier will receive a document known as an "Equipment Stock Report" (ESR) detailing the stock consumption levels, for the previous month up to day 25, from its own stock and from its own stock remaining in SIA ABRASIVES warehouses, taking into account the last delivery note considered. This report shall essentially be used for invoicing, as indicated below. Invoices shall comply with the conditions on this order and shall correspond to the quantities consumed which will have been communicated to the supplier in the monthly ESR reports to which they should refer. Invoices will be dated on the 25th of the month in which the equipment was used. Fulfilment of the Delivery Schedules and control of pending orders is completely independent of consumption levels. If, as a result of the consumption levels communicated in the ESR reports and fulfilment of the Delivery Schedules, the supplier notes that the stock levels vary significantly with respect to those agreed, the supplier may contact the relevant Company Planning Department to take appropriate measures. The supplier should under no circumstances significantly advance the scheduled quantities. Where, exceptionally, the provider works collectively on an Economic Production Quantity, the supplier must receive express agreement from the corresponding Company to also group together the deliveries and advance the monthly quantities scheduled to the supplier. In this case, the quantities in advance of those scheduled shall not be considered for the purposes of comparing actual stock levels with those agreed.

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