

General Terms and Conditions for CEPSA Materials Purchases

1. OBJECT

This document establishes the general Supply Agreement terms and conditions that govern commercial activity between CEPSA Group companies (hereinafter CEPSA) and the counterparty (hereinafter the Supplier) in transactions for the purchase of equipment and materials (Materials) whether under a Supply Agreement (SA) or to Purchase Order (PO).

For these purposes, the CEPSA Group companies shall be those included in the group in accordance with article 4 of the Spanish Securities Market Act (Law 24/1988 of 28 July).

These terms and conditions are subject to the requirements established in the Spanish General Contractual Terms Act (Law 7/1998 of 13 April) for purchases made in Spain.

2. SCOPE

2.1. These General Terms and Conditions for Materials Purchases shall apply to all Purchase Orders and Supply Agreements formalised by any company within the CEPSA Group.

2.2. Any exception to these General Terms and Conditions that might be required by the Supplier shall be established in writing and shall be valid only if accepted by CEPSA in like manner.

All and any exceptions that may be agreed following this procedure shall apply only to a specific Purchase Order or Supply Agreement and shall not be extended to any other past or future Purchase Orders or Supply Agreements.

3. PRESENTATION OF QUOTATIONS

Prospective suppliers shall present their quotations in accordance with the relevant Request for Quotation (RFQ) issued by CEPSA.

CEPSA reserves the right to accept or reject quotations, in the latter case without compensation for the prospective supplier.

Except where otherwise provided in the invitation to tender, tenders shall be valid for a period of thirty (30) days as from the date of receipt by CEPSA.

4. FORMALISATION OF PURCHASE ORDERS AND SUPPLY AGREEMENTS

Quotations accepted by CEPSA shall be formalised via a Supply Agreement or Purchase Order, as appropriate. Any change in the terms and conditions established in these documents shall be made in writing.

The Purchase Orders or Supply Agreements issued by CEPSA shall be deemed tacitly accepted by the Supplier, unless the Supplier states otherwise in a written communication within seven (7) days of the date of issue.

Acceptance of the Purchase Order by the Supplier shall entail acceptance of these General Terms and Conditions for Materials Purchases in their entirety, which shall form an integral part of the Purchase Order accepted. Likewise, the supply of the Materials, in whole or in part, by the Supplier shall imply acceptance of these Terms and Conditions and of the Purchase Order issued.

Prior to the formalisation of any PO or SA, every supplier must be registered and approved in CEPSA's Vendor Evaluation and Approval system.

The Contractual Documentation means the series of documents formed by the Supply Agreement or accepted Purchase Order, Technical Standards or Specifications, the Quality Plan, specific conditions, CEPSA's General Terms and Conditions for Materials Purchases, the Vendor Quotation and the documentation referred to therein.

In the event of contradiction between any of these documents, the terms and conditions of those listed in first place in the preceding paragraph shall prevail.

General Terms and Conditions for CEPSA Materials Purchases

5. RECEIPT OF MATERIALS

The materials referred to in the Purchase Order or Supply Agreement shall be delivered in accordance with the terms of the Contractual Documentation.

If any delivery is rejected on justified grounds, it shall be held as not made, and the Supplier shall be liable for the cost of return, except where the parties may otherwise expressly agree.

CEPSA reserves the right to accept a defective delivery, agreeing the pertinent reduction in the price with the Supplier based on the defects identified.

6. TERMS AND CONDITIONS FOR THE DELIVERY OF GOODS

Materials shall be delivered on the date, at the place and subject to the other terms and conditions specified in the Contractual Documentation, which shall not be changed except where CEPSA expressly accepts such change.

7. TRANSFER OF OWNERSHIP

Title to ownership and the risk of loss or damage to Materials shall be deemed transferred from the Supplier to CEPSA upon delivery at the place specified in the Contractual Documentation and in accordance with the Incoterm established in the Purchase Order or Supply Agreement.

8. PRICES

Prices established in Purchase Orders and/or Supply Agreements shall be fixed and shall not be subject to review. Prices shall in all cases include installation costs, as well as general expenses and the Supplier's industrial profit.

Prices shall include all items, circumstances and specific situations concerned in studies, manufacturing and performance of the Purchase Order and/or Supply Agreement and, therefore, the Supplier shall not be entitled to claim any out-of-pocket expenses, reimbursements or additional financial compensation.

9. TERMS OF PAYMENT AND INVOICES

The Supplier shall issue the invoices before any payments are made, except where the parties may have agreed a self-invoicing procedure.

All invoices shall include appropriate details of the Supplier and the purchaser, as well as the reference number of the Purchase Order or Supply Agreement.

Invoices shall also include a breakdown of VAT or any other taxes levied, in accordance with the prevailing legislation.

The Supplier shall send all invoices to the address specified in the Contractual Documentation.

For the payment of Equipment and Materials costing over EUR 150,000, provider will send two invoices. The first invoice, for a 20% of the total amount, will be sent once the design plans of the equipment have been delivered. The second invoice, for an 80% of the total amount, will be sent once the equipment has been delivered.

The payments shall be made by bank confirming procedures on the first payment day falling ninety (90) days after the date of the invoice or the date of delivery of the Material, if later.

The payment day shall be the seventeenth (17th) day of each month or, if this is not a business day, the immediately following business day.

The payment terms established above shall not apply in those cases where specific legislation or generally accepted market practices exist.

General Terms and Conditions for CEPSA Materials Purchases

10. TAXES

9.1. The Supplier shall be liable only for present or future taxes payable by the Supplier on its own purchases, in accordance with legislation prevailing in Spain from time to time.

9.2. In the case of foreign Materials, taxes shall be paid as follows:

- a) The foreign Supplier shall be liable for all taxes, charges and levies in the country of origin of the Materials and in any transit countries through which goods may pass until delivery at their destination, as well as taxes levied on the sale of Materials.
- b) CEPSA shall be liable for Customs Duties, VAT and other official expenses to obtain Customs clearance for the Materials imported.

11. SUPPLIER'S REPRESENTATIONS AND WARRANTIES

The Supplier warrants as follows:

- a) The Materials are free from visible or hidden defects due to workmanship, materials or manufacturing.
- b) The Materials are comply with the specifications, plans, samples and other descriptions established.
- c) The Materials meet all contractual or legal requirements established with regard to quality, environmental protection and labour risk prevention.
- d) The Materials meet all operational, performance and consumption requirements established, and the Supplier guarantees the Materials against all defects or errors of design, manufacture or installation and materials utilised for the duration of the guarantee period established in the relevant Supply Agreement or Purchase Order.
- e) If the Materials supplied consist of packaged products, the Supplier shall warrant that it is a member of the packaging deposit and return system, or of any of the integrated packaging waste and used packaging management systems established under the Spanish Packaging and Packaging Waste Act (Law 11/1997 of 24 April).
- f) (*Chemical products only*) All substances forming part of the Materials are in conformity with the requirements and conditions established in Regulation 1907/2006 (REACH) and any other legislation that may supplement or replace the same from time to time. Likewise, the Supplier represents that it has obtained confirmation from third party suppliers that the such substances comply with the legislation referred to.
- g) In its commercial relations with CEPSA, the Supplier shall comply with all tax, employment, social security, health and safety, labour risk prevention and environmental legislation and regulations prevailing from time to time. The Supplier further undertakes to respect any initiatives to which CEPSA may be party, adopting the commitments enshrined in the Universal Declaration of Human Rights, the Basic Conventions of the International Labour Organisation and the Principles of the United Nations Global Compact in relation to the activities of its own and subcontracted personnel.

The Supplier undertakes to replace or correct, promptly and at no expense to CEPSA, any Material that does not comply with the abovementioned requirements. If the Supplier does not meet its obligation to correct or replace the products, as established above, CEPSA reserves the right to correct the defects or errors detected, or to replace the products at the Supplier's cost.

The Supplier warrants that the Materials are free from any liens and encumbrances in favour of third parties not declared to or known by CEPSA. The Supplier shall defend, indemnify and hold CEPSA harmless from and against any expenses, costs or charges resulting from failure on the part of the Supplier to meet its contractual obligations vis-à-vis its suppliers, contractors, employees, agents or any natural or legal person with which it has acquired obligations of any kind.

General Terms and Conditions for CEPSA Materials Purchases

Similarly, the Supplier shall defend, indemnify and hold CEPSA harmless from and against any and all loss, costs, expenses or liabilities caused to CEPSA, whether directly or as a result of any action, claim or demand from any third parties, arising from the use or sale of the Materials supplied. CEPSA reserves the right to take part in the defence against such actions, claims or demands or, if it so decides, to undertake such defence, using its own legal council.

The Supplier shall defend, indemnify and hold CEPSA harmless from and against any damages or expenses resulting from the responsibility incurred by CEPSA, either at law or under prevailing regulations, and for the costs and damages resulting from injuries to or death of any person, whoever they may be, and/or damages to property, whoever may own it, arising from the performance of the work of installation and/or start-up of the Materials supplied to CEPSA.

The Supplier warrants that it has obtained all necessary assignments, licences, authorisations and rights to perform the Purchase Order or Supply Agreement and it will pay all royalties arising. The Supplier shall be liable to CEPSA for any claims arising from non-performance.

The Supplier shall defend, indemnify and hold CEPSA harmless from any costs, claims or actions brought in relation to the infringement of industrial or intellectual property rights arising from the use or sale of the goods supplied.

Neither party, whether the Supplier or CEPSA, shall be liable for indirect or consequential damages arising from the performance of the Purchase Order or Supply Agreement, including but not limited to loss of use, loss of profits or interruption of business activities.

12. GUARANTEES

At its own discretion, and, if it deems it necessary to guarantee the performance of Materials supply obligations, CEPSA may request the Supplier for an irrevocable, first demand, joint and several bank guarantee for the agreed guarantee period, the amount of which shall be specified in the Request for Quotation (RFQ).

Guarantees shall be arranged in accordance with the Model Guarantee provided in Annex I.

The guarantee shall be released once the Supplier has satisfactorily dealt with all and any reservations that might have been made upon receipt of the Materials, has resolved all of the problems that might arise following reception and has delivered all of the documents related to the performance of the guarantees and specifications established in the Contractual Documentation.

13. INSPECTION AND QUALITY

CEPSA reserves the right to inspect compliance with Materials quality conditions prior to shipment in on-site visits by its authorised representatives at the warehouses or workshops of the Supplier and/or of its subcontractors. Such inspection shall not exempt the Supplier from its obligation to supply Materials strictly in conformity with specifications and with applicable legal requirements, or from its obligations under the guarantees given.

14. ENVIRONMENTAL MANAGEMENT

The Supplier shall be responsible for the preparation and implementation of applicable environmental management procedures in accordance with environmental legislation prevailing from time to time. All compliance costs shall be payable by the Supplier.

The Supplier shall report any environmentally hazardous or toxic Materials.

The Supplier shall comply at its own expense with all environmental regulations (international, EU, or Spanish national, regional or local legislation) and public or private standards, including environmental standards at each CEPSA Facility and CEPSA's General Environmental Regulations. The Supplier shall act with due diligence to comply with all such standards and legislation as may apply to the Materials, and to ensure compliance by CEPSA..

General Terms and Conditions for CEPSA Materials Purchases

The Supplier warrants that no hidden defects, complaints and/or litigation, offences or fines exist in relation to any incidence of non-compliance. The Supplier further warrants that it is not aware of any issues that could arise in relation to such matters.

15. HEALTH, SAFETY AND PREVENTION OF LABOUR RISKS

The Supplier shall be responsible for compliance with all Health and Safety, and Labour Risk Prevention legislation, as well as private regulations. The Supplier undertakes to comply with all such official or private regulations.

The Supplier represents and warrants that no hidden defects, complaints and/or litigation, offences or fines exist in relation to any incidence of non-compliance. The Supplier further warrants that it is not aware of any issues that could arise in relation to such matters.

16. INSURANCE

Without prejudice to its responsibility under the Purchase Order and/or Supply Agreement, which shall not be limited by this clause, the Supplier shall arrange the insurance policies described below and keep the same in effect at all times over the term of the Purchase Order or the Supply Agreement:

- a) Sickness and workplace accident insurance for all employees assigned to work.
- b) Transport insurance for all Materials included in the Purchase Order or Supply Agreement, in accordance with the conditions of purchase and INCOTERMS established therein.
- c) Appropriate civil liability insurance, where the Supplier may transport any CEPSA proprietary equipment.
- d) Civil liability insurance with minimum cover equal to the value of the Materials. This insurance policy shall include CEPSA as an additional insured party, but without affecting its third-party status.

Before commencing the supply of Materials, the Supplier shall furnish CEPSA with insurance certificates for the policies arranged. The insurance certificate shall be attached to the Purchase Order or Supply Agreement in an Annex.

The Supplier shall report any incidents affecting the validity and conditions of insurance policies to CEPSA in writing.

CEPSA shall not, under any circumstances, be liable for any limits on indemnities, deductibles or exclusions established in the Supplier's insurance policies.

All insurance policies referred to in this clause shall include a mention exempting CEPSA from any liability and excluding CEPSA from any action for recovery that might be taken by the insurer.

The Supplier, on its own exclusive responsibility, shall oblige its subcontractors to comply with the Supplier's liability-cover and insurance requirements. Such measures shall not exempt the Supplier from its liability towards CEPSA.

17. ASSIGNMENT AND SUBCONTRACTING

The Supplier shall not subcontract, assign or transfer the Purchase Order or Supply Agreement, in whole or in part, or any of the rights and obligations arising from the same, without the prior written consent of CEPSA.

The Supplier undertakes to make all deliveries itself, and it shall not subcontract any deliveries to third parties without the express, written consent of CEPSA.

Where CEPSA authorises subcontracting, the Supplier shall submit a list of the proposed subcontractors for recognition by CEPSA prior to the formalisation of the Supply Agreement.

General Terms and Conditions for CEPSA Materials Purchases

These terms and conditions for subcontracting expressly exclude any specialist technical support services agreed on a case-by-case basis by CEPSA and the Supplier, either during the planning of work or as and when required.

The Supplier shall only subcontract, where appropriate, to firms that are in compliance with the requirements of the Spanish Construction Industry Subcontracting Act (Law 32/2006) and the related Regulation 1109/2007. The Supplier shall ensure that all Subcontractors abide by the provisions of this legislation. CEPSA may at any time require certification of compliance.

The Supplier shall be fully responsible for all work subcontracted to third parties and shall in any event be liable to CEPSA for any matters arising from the performance of subcontracted services, or for any breaches of legislation governing subcontracting.

18. LIQUIDATED DAMAGES

18.1. Late delivery

Liquidated damages shall be established in the Request for Tender (RFQ). In the absence of any specific regulation, liquidated damages equal to 3% of the cost of any Materials not delivered within the period established shall be applied per week's delay or fraction thereof up to a maximum 21% of the total price per Purchase Order or Supply Agreement.

18.2. Non-compliance with operational guarantees

All Materials shall be covered by operational guarantees covering performance or use, where appropriate.

In the event of non-compliance with operational guarantees, CEPSA may opt either to apply clause 6 of these General Terms and Conditions for Materials Purchases, or to charge liquidated damages equal to the value of the performance lost, calculated by multiplying by ten (10) any excess annual consumption above the consumption established in the Contractual Documentation.

Liquidated Damages shall be deducted from the payment of outstanding invoices or from the guarantee deposit made, where applicable.

19. TERMINATION OF SUPPLY AGREEMENTS AND CANCELLATION OF PURCHASE ORDERS

CEPSA reserves the right at any time to cancel or terminate a Purchase Order or Supply Agreement at no cost. The Supplier shall be notified of cancellation by letter, fax, telex or telegram. Purchase Orders shall be cancelled in the following circumstances:

- a) Where a period of five (5) weeks elapses after the termination of the delivery period specified in the Purchase Order without delivery of the Materials.
- b) Where the Supplier fails to comply with any of the guarantees or indemnities established in these General Terms and Conditions for CEPSA Materials Purchases, or in the Purchase Order or Supply Agreement.
- c) Where the Supplier seriously fails to comply with the safety conditions established for assembly and installation of Materials at CEPSA facilities.

In the event of termination of the Supply Agreement or cancellation of the Purchase Order on any of the grounds referred to above, CEPSA reserves the right to execute the guarantees or to withhold any partial deliveries made in advance, without prejudice to any action for damages it may be entitled to take against the Supplier.

CEPSA may also cancel the Purchase Order or Supply Agreement, either in whole or in part, notifying the Supplier by letter, fax, telex or telegram. Upon receiving such notification, the Supplier shall suspend all work related with the Purchase Order or Supply Agreement.

General Terms and Conditions for CEPSA Materials Purchases

Upon the issue and delivery of notice of termination, the Supplier and CEPSA shall negotiate fair payment for any work carried out and/or Materials stockpiled based on the terms and conditions of the relevant Supply Agreement.

20. FORCE MAJEURE

20.1. Neither party shall be held liable for non-performance of any obligations arising under a Purchase Order or Supply Agreement where performance may be delayed or prevented for reasons of force majeure.

20.2. In cases of force majeure, the contractual obligations of the parties shall be suspended until such time the causes may be removed.

In all cases of force majeure, the party affected shall inform the other party in writing within a maximum of fifteen (15) days, providing all available information and documentation to explain the causes and taking all possible measures to resolve the situation within the shortest possible period.

20.3. If the causes of force majeure are not removed within a period of three (3) months, either party may seek termination of the Supply Agreement.

21. CONFIDENTIALITY

21.1. All information provided by CEPSA to the Supplier in connection with any Purchase Orders or Supply Agreements including plans, designs and specifications furnished by CEPSA to the Supplier, shall remain the exclusive property of CEPSA and shall be confidential. Accordingly, the Supplier undertakes not to disclose such information or to furnish copies or reproductions thereof to third parties without the prior written consent of CEPSA in each case, except where the information may be public knowledge or the Supplier may be legally required to make disclosures.

21.2. The Supplier shall be responsible for any of its employees or professional advisers that may have had access to this information and shall assure their full compliance with this obligation. CEPSA reserves the right to take the pertinent legal action to defend its interests in relation with any breach of confidentiality.

21.3. The Supplier shall not refer to, describe or utilise any material or documents related with Purchase Orders or Supply Agreements, including any items that might affect CEPSA's image, such as brands or logos, for publicity or other purposes without CEPSA's prior written consent.

22. DATA PROTECTION

Pursuant to the Spanish Personal Data Protection Act (Basic Law 15/1999 of 13 December) and Royal Decree 1720/2007 of 21 December, by which the enabling Regulations for the Personal Data Protection Act were approved, the Supplier undertakes strictly to comply with the provisions of prevailing data protection legislation.

23. APPLICABLE LEGISLATION

The Contractual Documentation shall be governed by and interpreted in accordance with Spanish law.

24. JURISDICTION

In the event of any dispute or disagreement concerning the interpretation or performance of these General Terms and Conditions for Materials Purchases, CEPSA and the Supplier waive their right to any other forum and submit to the jurisdiction of the Courts and Tribunals of the City of Madrid.