



GENERAL TERMS AND CONDITIONS OF PURCHASE

1 - CONTRACTUAL DOCUMENTS

The SMM's document entitled Purchase Order and respective annexes thereto constitute the contractual documents.

Any clause contained in documents prior to the Purchase Order is null and void.

Any subsequent amendment has to be specifically requested by the **Supplier** and has to be authorized by SMM in writing.

2 - ACCEPTANCE OF THE PURCHASE ORDER BY THE SUPPLIER

2.1 Acceptance of the Purchase Order by the **Supplier**, even if its terms and conditions of sale are different, entails to:

- Accept the specific terms and conditions of the Purchase Order;
- Comply with SMM's General Conditions of Purchase if they do not conflict with those specified in the Purchase Order.

2.2 SMM's agreement to any eventual reservations stated by the **Supplier** will only be valid if made in writing.

2.3 Delivery, invoicing or fulfilling of the work and services correspond to the acceptance of the Purchase Order by the **Supplier**.

2.4 The **Supplier** shall be bound to accept the Purchase Order whenever it corresponds strictly to the terms and conditions of the **Supplier's** offer, provided the Purchase Order is issued within the option period stated in the respective offer.

3 - SUPPLIERS AND SUBCONTRACTORS

3.1 The appointment of sub-contractors for the execution of parts of the supply which are usually carried out by the **Supplier** shall be subject to SMM's prior approval in writing.

3.2 Upon SMM's request, the **Supplier** shall provide a list of its sub-suppliers and subcontractors, detailing the origin and source of supplied materials.

3.3 The **Supplier** is fully responsible for the execution of the entire Purchase Order when the Purchase Order imposes a sub-supplier or a subcontractor for some components.

3.4 The **Supplier** shall be obliged to communicate to sub-suppliers and subcontractors all the contractual clauses applicable to their obligations.

3.5 SMM is not responsible for any eventual consequence of deliveries which are made directly by sub-suppliers and subcontractors of the **Supplier**, unless previously agreed in writing.

4 - PROVISION OF SERVICES

The **Supplier** responsible for the provision of services shall be aware and has to comply with the special provisions relating to the execution of the works in SMM's facilities, accesses or external sites.

The **Supplier** shall be solely responsible for any accidents, personal injury and damage to property which may result from the carrying out the works, or by the permanence of its staff or its material in those locations.

The **Supplier** must prove that the appropriate insurance contracts are made.

5 - CONTRACTUAL LIABILITY AND CONTRACTUAL PERIOD

5.1 The contractual deadline of execution is fixed in the specific terms and conditions of the Purchase Order and terminates when the **Supplier** fully completes the provision of works, without any reservation on SMM's side.

The choice of means of transport must take into account the contractual deadlines which, unless otherwise stated, are the ones considered as the effective date of arrival of the material at destination.

5.2 The **Supplier** is responsible for all costs required to comply with the foreseen deadlines or to reduce DELAYS.

5.3 When the specific terms and conditions foresee a fixed compensation for losses and damages due to any delays in delivery, such clause will apply without the need of payment in arrears and without prejudice to any liability of the **Supplier** for higher damages, directly or indirectly resulting from that DELAY.

5.4 Early deliveries will only be accepted with SMM's written agreement. However, only the date defined in the Purchase Order will be relevant for the application of the terms of payment.

6 - PENALTIES FOR LATE DELIVERY

6.1 Unless otherwise laid down in the terms and conditions of the Purchase Order and if for reasons beyond SMM's liability, the supply exceeds the foreseen delivery dates, SMM is entitled to apply penalties to the **Supplier** under the terms and conditions stated below. These penalties will be analyzed according to the contractual delivery period.

6.2 For each week of delay, the weekly penalty will be the following:

- 3% of the value of the installment in arrears during the first four weeks of delay;
- 5% during the remaining weeks of delay.

6.3 SMM reserves the right to cancel the Purchase Order if the delay exceeds four weeks.

6.4 It is considered as not supplied, and therefore delayed, if the contractual delivery time is exceeded and if SMM cannot use the supply due to:

- Lack of documentation on Quality, Health and Safety at Work and Environment, non-compliant documentation or lack of other documentation;
- Impossibility of clearing the goods through customs due to causes attributable to the **Supplier**.

7 - DOCUMENTS - INSPECTION - CONTROL - ACCEPTANCE

7.1 Any approval given by SMM to the **Supplier's** documents will never change the latter's responsibility.

7.2 SMM's contracting partners and those of our client or of any other entity designated by SMM, shall have free access, within the normal business hours, to the premises of the **Supplier** and its sub-suppliers or subcontractors, to monitor the progress of the works and control the execution of the Purchase Order.

7.3 In no way SMM is responsible and shall not release the **Supplier** from any liability referring to the progress and execution controls carried out during manufacture, as these have only informative purpose. Only when the Purchase Order is fully performed, the actual acceptance of the works can only be approved by the SMM's personnel working at the factories or at the external sites.

7.4 The **Supplier** has to inform SMM immediately whenever he intends to make changes in the composition of materials, or in its technical conditions of execution. Such changes can only be carried out with SMM's prior written consent.

The same applies in the event of a defect or non-conformity in relation to SMM's specifications.

8 - REJECTIONS - REPAIRS

8.1 Unless otherwise stated in the SMM's Purchase Order, the reception of goods will be made at the SMM's facilities.

8.2 If after the reception of goods or commissioning, the material or execution of the Purchase Order do not comply with the contractual specifications or, in their absence, with the Quality and Safety standards, without prejudice of indemnity for losses and damages, SMM shall have the right, as an alternative, to:

- Reject the supply, by declaring unilaterally by registered letter the termination of the Purchase Order (and in this case if advance payments have already been made, they shall be immediately refunded);
- Require the replacement or repair of the supply and in this case it will be again subject to adequate controls and tests.

All charges arising out of replacement or repair will be borne by the **Supplier**. In all cases of non-acceptance, the costs resulting from the removal or recovery of the goods by the **Supplier** shall be borne by the latter.

9 - SHIPPING

9.1 Deliveries must be reported to SMM on the very day of shipping by Bill of Loading issued in triplicate, giving details of all supplies and indicating the shipping date, the number of wagons or volumes, gross and net weights. A fourth copy of the Bill of Loading shall be inserted in all packaged volumes.

In case the Bill of Loading is not received in due time and strictly in accordance with the above paragraph, it will be impossible to make



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- any kind of booking with the carrier and therefore any liability cannot be attributed to SMM. In addition, weights and quantities recognized by SMM will be the only ones considered for invoicing purposes.
- 9.2 The **Supplier's** liability can be invoked if, during transport or storage operations, materials or products ordered are degraded due to packaging, protections or inadequate gluing, means of transport or storage conditions, and if special conditions are required, the **Supplier** is responsible for specifying them.
- 9.3 If the material is sold «ex works» and the **Supplier** arranges transport on SMM's behalf, the freight for the carriage up to the named destination has to be made by the sender at the most favourable freight rates for the buyer. In the event of non-compliance with this provision, the **Supplier** is responsible for additional costs caused by his performance.
- ### 10 - INVOICING
- 10.1 Unless an exemption is expressly granted, each invoice shall only refer to one Purchase Order, even though several purchase orders have been sent together. Each request of payment on account will result from the **Supplier's** specific invoicing. Invoices (1 original + 2 copies) will only be considered if they are accompanied by quality assurance or control documents, whenever such documents are expressly requested in the Purchase Order and they must be sent in 4 copies (unless they have already been sent previously). SMM is not responsible for late payment of invoices which have been sent with only one copy.
- 10.2 The **Supplier** can only send the invoice to SMM or request the payment on account when:
- All obligations relating to that invoice, as well as the previous ones are fulfilled; otherwise, SMM reserves the right to withhold payments. In case of ASSIGNMENT OF CREDITS, the **Supplier** is responsible to inform and communicate the respective bank of all difficulties which may lead SMM to withhold payments;
 - Within the limits of quantities ordered.
- 10.3 Payment of invoices will be set out in the specific terms and conditions of the Purchase Order.
- 10.4 The **Supplier** may not assign its claims concerning an SMM's Purchase Order to a third party (Bank or other) without SMM's prior written consent.
- ### 11 - WARRANTIES
- 11.1 The **Supplier** warrants the supply against any defect in design, material or execution. The warranty is valid for the period of one year from the date of reception of the works unless otherwise stated in the specific terms and conditions of the Purchase Order. During the contractual warranty period, and as soon as SMM requests it, any supply which proves to be defective will be replaced or repaired by the **Supplier**, who has to bear all the costs caused by this defect. The supply or part thereof repaired or replaced shall have the same warranty terms and conditions for a further period equal to the initial one.
- 11.2 Without prejudice of previous provisions, the **Supplier** responds legally for hidden defects.
- ### 12 - DRAWINGS – MODELS – TOOLS
- 12.1 Drawings, models and tools delivered to the **Supplier** remain SMM's exclusive property. At the end of the execution of the Purchase Order, the drawings must be returned to SMM, regardless their state, together with the bills of loading of the balance of the Purchase Order.
- 12.2 Models and tools designed by the **Supplier** for the execution of SMM's Purchase Order, become SMM's property since their origin. All models and tools which are not returned to SMM with the balance of the respective supplies should be stored free of charge by the **Supplier**, protected from weather conditions and safe against any risk of deterioration. They should be clearly marked SMM SA, and must be returned to SMM as soon as requested.
- 12.3 Prior to the execution of the Purchase Order, the **Supplier** must ensure that drawings, models, and tools made available by SMM are suitable for their implementation. The material which is not in compliance with SMM's Purchase Order will be rejected, even if resulting from drawings, models and tools provided by SMM.
- 12.4 All models and tools and corresponding drawings necessary for the execution of the Purchase Order will be allocated exclusively for this purpose and may not be used, reproduced or transmitted to third parties without SMM's prior written consent.
- ### 13 - LEFTOVERS - SCRAP
- All leftovers of material supplied by SMM remain its exclusive property. At the end of the execution of the Purchase Order, the **Supplier** must provide an exhaustive list of all leftovers as well as the weight of what is considered scrap.
- ### 14 - INDUSTRIAL PROPERTY
- 14.1 SMM's documents may only be reproduced, transmitted or used for the execution of the Purchase Order to which they are related to, unless SMM gives a prior written consent, and will be compulsorily returned to SMM at the end of their execution.
- 14.2 The **Supplier** is responsible for any third party claims relating to its supply, especially those based on patents, licenses, trademarks, registered trademarks, etc.
- ### 15 - TRANSFER OF OWNERSHIP AND RISKS RETENTION OF TITLE CLAUSE
- 15.1 The transfer of ownership shall take place as soon as partial or whole supplies are carried out.
- 15.2 Transfer of risks shall take place:
- For materials coming from the national territory, at delivery time, since the supply complies with the criteria defined in SMM's specifications or, in their absence, with the usual quality standards;
 - For materials coming from abroad, at the time of transfer of risks defined in the specific INCOTERM and stated in the Purchase Order.
- 15.3 Only through assessment on a case by case basis and with SMM's express consent the **Supplier** may include a sales clause with retention of title.
- 15.4 The **Supplier** is responsible not only for the good care and maintenance of supplies, models and tools, which are either partly or wholly owned by SMM and are under the Supplier's responsibility, but also for all possible losses and damages that may occur.
- ### 16 - ADVERTISING
- Under no circumstances, the Purchase Order may be advertised directly or indirectly, without SMM's prior written consent. When advertising is granted, the **Supplier** undertakes to respect the forms of advertising and other conditions under the terms of the given authorization.
- ### 17 - SUSPENSION - RESOLUTION - TERMINATION
- 17.1 SMM reserves the right to suspend the execution of the Purchase Order at any time. In such cases, the amount of compensation to be paid to the **Supplier** shall be agreed upon. The compensation shall be limited to reimbursement of additional costs directly incurred as a result of the suspension, excluding any indirect indemnity, namely for loss of profit and consequential damages.
- 17.2 If, due to force majeure or circumstances arising from SMM's Client, SMM is forced to terminate the Purchase Order in whole or in part and the compensation to be agreed will be limited to the value of the costs actually incurred by the **Supplier** at the time of termination. The value of any advance payments already made shall be deducted.
- 17.3 SMM reserves the right to terminate wholly or partially the purchase agreement, whenever the amount initially fixed for loss and damage is exceeded, as well as in the case where, during its execution, it becomes clear that the Purchase Order would be refused, in whole or in part, when completed. In such cases and regardless the reimbursement of payments already made, SMM reserves the right to claim the payment of incurred loss to the **Supplier**.



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18 - SUPPLIER'S RESPONSIBILITY

- 18.1 The **Supplier** is responsible for all products supplied in strict adherence to contractual terms and conditions and applicable technical standards.
- 18.2 The assignment of liability pursuant to the preceding paragraph entails that the **Supplier** shall bear all necessary changes, repairs and replacements required in the products, which may be considered as complying with the requirements of the agreement and justified indemnities against damage caused by defects, errors or delays pursuant to the contractual terms and conditions.
- 18.3 Pursuant to this clause, the **Supplier** will be fully liable for damages caused to third parties, directly or indirectly attributable to supplied material, resulting from strict civil liability criteria and taking into account the legal regulation of the manufacturer's liability for the defective products.

19 - DIRECTIVE ON MACHINERY - EC MARKING

Compliance with Decree-Law 103/2008 dated 24th June.

Key aspects to be met by the **Supplier**:

- 19.1 The supplied equipment shall be legibly and indelibly marked with the following information:
- Marking with the following elements: name and address of the manufacturer; designation of series or model; serial number (if applicable); year of manufacture;
 - Instruction Manual in Portuguese referring the legally required elements (translation shall be done by the **Supplier**);
 - Information on the levels of noise produced;
 - Maintenance records;
 - Reports on checking or tests in accordance with the Decree-Law 50/2005 dated 25th February.
- 19.2 The suppliers of lifting accessories must provide a certificate with the following elements:
- Name of the manufacturer or his authorized representative within the Community;
 - Address in the community;
 - Description of the lifting accessory including:
 - Nominal dimensions,
 - Construction type,
 - Manufacturing material,
 - Special metallurgical treatment to which it was subject to,
 - Standard used in case of test,
 - SWL (Safe Working Load),
 - Instruction Manual for each commercially indivisible accessory or batch.
- 19.3 Equipment with EC declaration of conformity
The suppliers of equipment with EC declaration of conformity shall provide the respective statement with the following elements:
- Name and address of the manufacturer or his authorised representative in the community;
 - Description of the equipment;
 - Provisions to which the equipment shall comply pursuant to the requirements of Decree Law 103/2008;
 - Name and address of the notified body and the EC type-examination certificate number;
 - Names and addresses of the bodies notified to which the technical process was sent and carried out the inspection;
 - Conformity standards and technical specifications.

20 - LAW AND APPLICABLE JURISDICTION

All SMM's orders are governed by Portuguese law.

Any disputes shall be exclusively subject to the jurisdiction of the court of Lisbon, with express waiver of any other.