



RED ELÉCTRICA
DE ESPAÑA

**GENERAL CONDITIONS OF CONTRACT FOR
THE SUPPLY OF SERVICES**

APPROVED: DCR - DA
REFERENCE: G.C.C.-S.
EDITION: 11.07.2017



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1. SCOPE OF APPLICATION

- 1.1. These General Conditions regulate the relationship between RED ELÉCTRICA DE ESPAÑA, S.A.U. (hereinafter referred to as 'RED ELÉCTRICA') and the CONTRACTOR for the execution of works or supply of services.
- 1.2. These General Conditions shall apply to all contracts and orders established for this purpose, regardless of any other conditions that the CONTRACTOR may have established or may invoke.

2. PRELIMINARY RULES / DEFINITIONS

- 2.1. In these General Conditions, the term CONTRACTOR refers to the physical or legal person or persons, or grouping thereof, with whom RED ELÉCTRICA contracts out the execution of works or supply of services.
- 2.2. In these General Conditions, the term Contract shall be understood as the set of documents consisting of the order formalised by RED ELÉCTRICA and these General Conditions.
- 2.3. Any additions and extra clauses added to a previously established contract between the Parties shall be construed restrictively within their amending scope and shall not constitute a new agreement, unless expressly indicated otherwise.

3. OBJECT OF THE CONTRACT

- 3.1. All the works to be executed or the services to be provided by the CONTRACTOR to RED ELÉCTRICA shall be object of the Contract, which the CONTRACTOR undertakes to execute.

The object of the Contract, defined for each case in the documents provided therein, shall implicitly be taken also to include all services established by law, practice and good faith, and in particular those provided for in these General Conditions.

- 3.2. The execution of the works or provision of the services which are the object of the Contract herein must comply with the technical specifications established for its definition, the instructions which RED ELÉCTRICA provides to the CONTRACTOR, the indications contained in the applicable drawings given and the rules and regulations of the administrative laws that are or may be in force until acceptance of the object of the Contract by RED ELÉCTRICA, without the CONTRACTOR being able to demand any price increase.
- 3.3. The object of the Contract also includes the execution of the works or the provision of services detailed in the Contract, all operations and tasks which have not been specifically excluded by the CONTRACTOR and are necessary until the total conclusion of the works under the technical specifications established for its definition and the statutory regulations.
- 3.4. In accordance with all the above, the object of the Contract shall include, on the CONTRACTOR's behalf and at the CONTRACTOR's expense, but not limited to, the following:



- a) Engineering, design and the necessary technical projects.
- b) Processing and procurement of approvals, authorisations and licences required in the Contract or for the performance thereof, except for those legally corresponding to RED ELÉCTRICA in view of its status as proprietor. The CONTRACTOR shall provide RED ELÉCTRICA whatever is necessary to process and procure such licences and authorisations.
- c) Supply of all materials, equipment, tools, and machinery that are necessary and that RED ELÉCTRICA is not expressly obliged to provide, including their transportation to the site where the work or service is to be carried out and their reception, unloading, storage, movement or handling at the site.
- d) Supply of means and establishment of adequate measures and equipment to ensure the health and safety of the personnel, at the site where the works will be executed or the services provided, at all times.
- e) Prepare and carry out, with the CONTRACTOR's own personnel and means, all the operations and tasks included or required in the object of the Contract.
- f) Perform routine inspections, tests and analyses, in addition to those required by RED ELÉCTRICA.
- g) Insurances covering the risks which the CONTRACTOR must have subscribed to in accordance with section 18.
- h) Prepare and deliver to RED ELÉCTRICA, sufficiently in advance to enable its use, all the documentation inherent to the fulfilment of the Contract. The documentation includes drawings, programs, reports, manuals, instruction booklets, protocols, acceptance documents, control and test certificates, and lists of spare parts and tools.
- i) Whatever other items specified in the bid request of RED ELÉCTRICA or the CONTRACTOR has offered.

3.5. The CONTRACTOR must accept any extensions, modifications or reductions in the scope of the Contract requested by RED ELÉCTRICA, at the agreed prices, provided that such changes do not represent in total an increase or decrease in the Contract amount of more than 10% for service contracts and 15% for works contracts. The new period for completion, if applicable, shall be established by agreement of the Parties, following a reasoned proposal by the CONTRACTOR. Should agreement not be reached, the previous agreement shall be modified in proportion to the increase or decrease in the Contract price.

3.6. No modification may be made to the object of the Contract on the CONTRACTOR's initiative without RED ELÉCTRICA's prior agreement, and any modifications made shall not entail an increase in the price or in the completion period unless such modifications have been previously specified by the CONTRACTOR and accepted in writing by RED ELÉCTRICA.



RED ELÉCTRICA's consent and acceptance shall not imply, in any case, any change in the CONTRACTOR's guarantee and liability with regard to the Contract.

- 3.7.** The CONTRACTOR shall supply all the required specialised technical staff, as well as all the means, machinery, facilities and production equipment necessary, and shall fully assume the organisation and management responsibilities as pertains to the execution of the aforementioned works.

4. CONTRACT ASSIGNMENT AND SUBCONTRACTING

- 4.1.** The CONTRACTOR may not assign the Contract fully or partially, nor subcontract its fulfilment or execution, without the prior and express authorisation of RED ELÉCTRICA in writing. Any assignment or subcontracting executed without this authorisation shall be nullified for all intents and purposes. This authorisation shall be requested, in writing, from RED ELÉCTRICA indicating the assignee or the subcontractor and with reasonable notice so as to avoid delays, even if it were to be rejected.
- 4.2.** In the event that it be granted, the authorisation from RED ELÉCTRICA to subcontract does not imply the start of a contractual or binding relationship between RED ELÉCTRICA and the subcontractor, nor does it release the CONTRACTOR from its obligations to monitor the activities of the subcontractor and those of responding for the performance of the latter and the entire fulfilment of the Contract.
- 4.3.** Without prejudice to the above, RED ELÉCTRICA may at any time inspect and monitor the work of the subcontractor, along with the fulfilment of its obligations. The subcontractor must provide RED ELÉCTRICA with all the assistance that may be required for this purpose (documentation, reports, free access to its installations or facilities, etc.).
- 4.4.** In the case of authorisation for subcontracting being granted, the CONTRACTOR agrees to inform the subcontractor and its employees of the processes, studies and rules regarding Quality, Occupational Health and Safety and Environmental laid down by RED ELÉCTRICA.
- 4.5.** RED ELÉCTRICA shall be entitled to order the CONTRACTOR to substitute the subcontractor at any time, if it considers, according to its criteria, that it impairs the correct and timely execution of the works, without the entitlement to claim any type of compensation.

5. EXECUTION OF THE CONTRACT

- 5.1.** The CONTRACTOR is wholly responsible for the correct and timely execution of the Contract.
- 5.2.** The CONTRACTOR, in the execution of the Contract, shall comply with all the agreed technical specifications and they shall be implemented as established in section 3.2, in accordance with the usage and provisions of good practice.
- 5.3.** The CONTRACTOR must also fulfil and comply with the conditions which RED ELÉCTRICA may establish as quality control means.



- 5.4.** The CONTRACTOR undertakes to keep RED ELÉCTRICA informed at all times of the execution of the Contract and report any incidents that arise in connection therewith, providing RED ELÉCTRICA with the progress diagrams and reports, as well as reports on visits of its own inspectors to suppliers and subcontractors and any other data or analogous information that may be requested by RED ELÉCTRICA.
- 5.5.** If RED ELÉCTRICA notices at any time that the CONTRACTOR fails to comply with what is provided in the foregoing paragraphs, RED ELÉCTRICA may, without waiting for the work to be completed, reject the improperly carried out services or works performed and order them to be restarted, at the CONTRACTOR's sole expense, with no costs or expenses being borne by RED ELÉCTRICA as specified in section 10.2.
- 5.6.** When the works or services must be carried out at RED ELÉCTRICA's works or facilities, the CONTRACTOR undertakes to continually keep an onsite representative with full decision-taking capacity in all respects, both technical and economic.
- 5.7.** The CONTRACTOR must replace within ten days its onsite representative at RED ELÉCTRICA's request.
- 5.8.** The CONTRACTOR's representative shall establish a relationship with RED ELÉCTRICA's representative in order to fulfil his/her obligations, adjust to the work plan and organisation, work schedule and activity coordination with the other contractors established by RED ELÉCTRICA's representative, and shall require all its personnel to comply with the instructions received, particularly all that involves health and safety at work.
- 5.9.** The CONTRACTOR must carry out the orders and instructions RED ELÉCTRICA's representative may give him, without implying that objections cannot be raised against them afterwards.
- RED ELÉCTRICA's representative has, amongst other powers and liaison capacities, authority to demand from the CONTRACTOR an increase in machinery, auxiliary means and the number of personnel being used for the execution of the Contract or a change, replacement or reduction whenever he/she considers it necessary for the correct execution of the work.
- 5.10.** Failure by the CONTRACTOR, or its staff, to comply with the orders from RED ELÉCTRICA's representative, particularly if such failure is repeated or refers to written orders which warn that the orders are essential for correct conclusion of the Contract, shall be considered as included in paragraph e) of section 13.1.
- 5.11.** The CONTRACTOR must use on site its own tools, machinery and vehicles or any elements that may be necessary for the execution of the Contract. It is also committed to providing at all times the necessary material means for carrying out the contracted work or services. The only exception shall be the machinery attached to the building and the CONTRACTOR shall only operate it after having accredited specific training for its use.
- 5.12.** The CONTRACTOR's employees must wear working clothes and must have their own changing rooms. Also, in the case where they are authorised to use changing rooms in RED ELÉCTRICA's facilities, and these need permanent services (lockers, benches, etc.), these shall be provided by the CONTRACTOR.



5.13.The CONTRACTOR must deliver the following documentation to RED ELÉCTRICA:

- a) The CONTRACTOR shall deliver to RED ELÉCTRICA a certification from the Tesorería General de la Seguridad Social (General Treasury of the Social Security) stating it is fully up to date with regard to contributions owed to the Social Security. Also, the CONTRACTOR expressly declares that all employees contracted who are participating in the works and services are affiliated in the Régimen General (General Regime) of the Social Security.

The CONTRACTOR, as sole employer of all personnel providing the contracted services, shall be responsible before Labour Administration and Social Courts for the proper performance and application of current laws related to its personnel, especially for all issues related to labour, social security, and health and safety at work.

Whenever requested, the CONTRACTOR must justify to RED ELÉCTRICA the fulfilment of such obligations, and specifically being current in the payment of all salaries and contributions to Social Security for all the workers attached to the services object of the Contract herein.

- b) The CONTRACTOR, in compliance with the applicable tax law, shall likewise provide RED ELÉCTRICA with the following certificates depending on its establishment:

- Contractors with permanent establishment in Spain:

- Certificate stating the CONTRACTOR has fully satisfied all those tax obligations that affect it as per their business configuration and its activities, specifically including the IAE (Business Tax)
- CONTRACTORS certificate issued by the Spanish Tax Authority stating the CONTRACTOR has fully satisfied its tax obligations under Law 58/2003 of 17 December, General Tax Act

- Contractors without permanent establishment in Spain:

- Original certificate of tax residence issued in their country of origin by the relevant tax authority, and that shall state that the taxpayer is a resident, as set out and defined in the Tax Treaty, to avoid double taxation between Spain and the country of the CONTRACTOR.

Any of the aforementioned certificates that apply, must be favourably renewed and presented to RED ELÉCTRICA by the CONTRACTOR before expiry of the period of twelve months from the date of issuance of the former certificates. Supply of the new certificates within the aforesaid period of time shall be a necessary condition for further payment of any outstanding amount under the Contract herein.

- c) The CONTRACTOR shall give a copy of the Work Risk assessment associated to each of RED ELÉCTRICA's work site where they operate.



- d) Provide proof that the employees have received the necessary training to properly perform the contracted work, and for the correct use of the machinery and other tools that will be used at work. Proof of such training must be provided periodically and always before accessing RED ELÉCTRICA's facilities.
- e) Any other documentation that may be compulsory under current law (Safety study, etc.).

6. SAFETY

- 6.1.** It is the responsibility and obligation of the CONTRACTOR and their employees to comply with current labour legislation and with the Prevention of Labour Risks and Occupational Health and Safety standards, also with the Collective Bargaining Agreements of the sector or company, where appropriate. Additionally, in the case of performing works that are specifically regulated by means of the internal regulation of RED ELÉCTRICA, and whose existence has been communicated to the CONTRACTOR, be it in the order, the work order or any other form, shall require the CONTRACTOR to request such regulation from RED ELÉCTRICA, and in all cases shall be responsible for transmitting it to the workforce and ensure the workforce comply with the safety and quality criteria considered in it, and are obliged to use all the safety systems detailed by RED ELÉCTRICA.
- 6.2.** The CONTRACTOR shall supply all its personnel with all safety equipment and materials necessary to comply with the demands of the aforementioned regulation and guarantee that all personnel providing services to RED ELÉCTRICA have obtained a favourable medical examination which is no more than 12 months old.
- 6.3.** If the contracted work or service is carried out within the framework of a Safety Plan or Construction Project, the CONTRACTOR shall be obliged to comply with and supervise that its employees comply with it, immediately following the indications given by safety supervisors contracted by RED ELÉCTRICA.
- 6.4.** The CONTRACTOR shall be responsible for training their employees, especially the necessary training in regard to Prevention of Labour Risks, which should be legally adjusted, to the internal regulation of RED ELÉCTRICA and, specifically, to that established in the safety document approved for the work in question.
- 6.5.** Additionally, the employees of the CONTRACTOR must utilise their own Individual Protection Equipment for their work. Only when and if it is detected that any one of the employees is not equipped with the necessary IPE to remain in the Installation, and prior warning that they should have their own, they shall be required to use that supplied by RED ELÉCTRICA, refusal to do so shall mean they shall be requested to abandon the installations immediately.



7. INSPECTIONS, TESTS AND ANALYSES

- 7.1.** RED ELÉCTRICA may at any time inspect the execution of the works or performance of the contracted services through its own staff or any other persons or bodies that it may designate.
- 7.2.** Without prejudice to RED ELÉCTRICA's inspection rights, it shall be the CONTRACTOR itself whom must perform, at its own expense, all the agreed tests and analyses which are required by official rules and regulations or which are usual in good practice. RED ELÉCTRICA shall be notified at least twenty days in advance of the dates on which these tests or analyses are to be performed, so that their authorised inspectors or representatives may be present. RED ELÉCTRICA shall also be notified of the results of the tests carried out, certified with the corresponding certificates or protocols, even if RED ELÉCTRICA inspectors or representatives were present thereat.
- 7.3.** Notwithstanding the foregoing provisions, the tests or analyses shall be performed strictly in accordance with the CONTRACTOR's Inspection Schedule previously approved by RED ELÉCTRICA.
- 7.4.** The performance of inspections, tests or analyses, even if to RED ELÉCTRICA's satisfaction, does not mean that the object of the Contract meets all the agreed specifications nor that it shall necessarily be accepted by RED ELÉCTRICA; nor does it release the CONTRACTOR from its liabilities if it is not accepted.
- Neither shall such liability be excluded or reduced, nor release the CONTRACTOR from its duty to perform what has been agreed, any recommendations or observations that RED ELÉCTRICA engineers or inspectors may have made during the performance of the Contract or on occasion during inspections, tests or analyses, unless these expressly modify the agreed specifications.
- 7.5.** If the outcome of an inspection, test or analysis performed was not satisfactory, or the object of the Contract should not comply with the agreed specifications or the established quality guarantees, RED ELÉCTRICA may demand that the CONTRACTOR proceed in accordance with section 10.2 without waiting for completion of the services contracted. RED ELÉCTRICA shall also have open to it the option as envisaged in section 10.4.
- 7.6.** The authorised inspectors or representatives of RED ELÉCTRICA shall try to ensure that the performance of inspections, tests or analyses do not hinder the normal execution of the Contract; however, the requirement, time and conditions required for the performance of these, shall in no case be invoked as a cause to justify delays.

8. PERIOD FOR COMPLETION

- 8.1.** The contracted work or services must be completed on the date stipulated in the Contract. The Contract may be extended for successive years by express agreement of both Parties, provided that this is anticipated in the Bid Specifications or the contractual documentation.

The CONTRACTOR undertakes not only to comply with the completion date stipulated in the Contract, but also with each and every one of the partial dates established therein for determined stages of the work or services.



8.2. If the Contract does not specify a particular termination deadline and indicates only a period for completion, this period shall be counted as commencing from the signing of the Contract, unless otherwise expressly agreed.

8.3. Any early delivery or reduction in the period for completion as defined in the Contract shall require RED ELÉCTRICA's prior consent. In the event that this is given, it shall not entitle the CONTRACTOR to demand that the payment of all or part of the price be brought forward, in accordance with the rules laid down in the Contract and these General Conditions.

8.4. Termination dates may not be delayed, nor periods for completion extended, except for reasons attributable to and recognised by RED ELÉCTRICA or due to force majeure.

In order for the delay determined by such events or causes to be taken into account, it is an essential prerequisite that the CONTRACTOR notify their start and end date to RED ELÉCTRICA in writing within forty-eight (48) hours after they occur.

8.5. The CONTRACTOR undertakes to use all the means available to it, at its sole expense, to make up, as soon as possible, any delay in the specified deadlines or completion periods, even when such delay is justified.

8.6. Should the completion period need to be extended due to any cause related to force majeure, for a period in excess of one-fourth part of the agreed period, or should it be reasonably foreseeable that it shall be necessary to extend it beyond this period of time, this shall entitle RED ELÉCTRICA to terminate the present Contract.

8.7. Upon completion of the period for the work or services contracted, and once the agreed tests or analyses are performed to the satisfaction of RED ELÉCTRICA, the CONTRACTOR must inform RED ELÉCTRICA as soon as possible, and a final acceptance document for the works performed shall be subscribed to by both Parties, if and when RED ELÉCTRICA acknowledges the satisfactory completion of the works.

9. ORGANISATION OF WORKS

9.1. The CONTRACTOR shall be obliged to verify the conditions of the workplace where the work will be performed prior to presenting their bid, and as such they shall be considered as knowing the conditions where work will be carried out, and any other condition which may affect the organisation and execution of such work.

9.2. The personnel of the CONTRACTOR shall be required at all times to wear their identification in a clearly visible manner, access to the work site shall not be permitted for personnel not clearly identified.

9.3. Throughout the duration of the Contract, RED ELÉCTRICA shall continue establishing internal organisational and disciplinary standards as deemed necessary for the correct running of the work. Such standards shall be mandatorily complied with by all personnel of all contractors on the work site.



- 9.4.** The representative of the CONTRACTOR or Site Foreman shall be responsible for the discipline of their direct and subcontracted workforces, although RED ELÉCTRICA reserves the right to be able to demand the replacement of any undisciplined personnel and to expedite the demand in the shortest period possible.
- 9.5.** The CONTRACTOR shall be obliged to follow the established work schedule at the place where the work or services are performed. In any case, the work schedule shall be adequate to fulfil the contractually agreed periods for executing the works and in accordance with current Collective Bargaining Agreements and applicable legislation, or agreements between RED ELÉCTRICA and the workforce, with the special permission of the competent labour authorities.
- 9.6.** The time invested by personnel in travelling to and from the site shall, in no case, be calculated as working hours, for the purpose of the contractual arrangement with RED ELÉCTRICA.
- 9.7.** Before starting their activities, the CONTRACTOR shall submit for approval by RED ELÉCTRICA the work schedule they intend to establish. Any modification to the aforementioned work schedule, such as night working, Saturday or Bank holiday working, should be authorised by RED ELÉCTRICA.
- 9.8.** The CONTRACTOR shall not have the right to claim economic compensation in the case an official regulation or Collective Bargaining Agreement reduces the normal weekly work schedule.
- 9.9.** RED ELÉCTRICA reserves the right to vary the normal weekly work schedule of the contractor, when the needs of the work justify it, establishing shifts or ordering normal daily work be carried out on Saturdays or Bank holidays. In these cases, RED ELÉCTRICA shall compensate the CONTRACTOR for the increased cost of unsociable working hours, in accordance with the cost-plus price scales set out in the Contract.

10. GUARANTEES

10.1. The CONTRACTOR guarantees RED ELÉCTRICA that:

- a) All works or services performed fulfil the agreed specifications and the applicable regulations and law, or the good practice regulations, are suitable for the intended use and comply with the demanded quality requirements.
- b) The works performed are free of design defects, labour defects (both own and subcontracted) and operation defects.

The CONTRACTOR shall not be responsible for faults or on-site work damages attributable to improper use by RED ELÉCTRICA.

10.2. In order to fulfil its guarantee, the CONTRACTOR must again carry out those tasks which were incorrectly performed and should this not be possible, it shall return the cost which was charged for them.

10.3. The obligation established in the prior paragraph shall be fulfilled solely by the CONTRACTOR, with no expense or disbursement by RED ELÉCTRICA. The CONTRACTOR shall also assume the costs of fulfilling the obligation (also in adjoining facilities).



- 10.4.** RED ELÉCTRICA shall also have the option to accept the works incorrectly done, at a lower price and/or with an extension of the guarantee period, if RED ELÉCTRICA reaches an agreement with the CONTRACTOR on the issue.
- 10.5.** The fulfilment of the guarantee obligation shall be carried out in the period established by RED ELÉCTRICA, this being the least prejudicial to its interests and without generating delays in the works or paralysing the facilities or, when this is not possible, minimising the delays or the total or partial unavailability of the facilities.
- 10.6.** If the CONTRACTOR fails to fulfil, with the required promptness, its guarantee obligation, or fails to carry out contracted works in the agreed period, RED ELÉCTRICA can do it on its own or with third parties at the CONTRACTOR's expense and without voiding the guarantee. The CONTRACTOR is obliged, also, to compensate RED ELÉCTRICA for any damages and losses it may have caused.
- 10.7.** The guarantee period of the contracted works or services starts from the issue date of the acceptance document established in section 8.7, and covers the period of time stipulated in the Contract or for one year by default if not stipulated.
- 10.8.** The period of such guarantee shall be interrupted, and consequently extended for the period of time given over to repair and corrective work pursuant to the guarantee coverage.
- 10.9.** Such repairs or corrections shall in turn be guaranteed as from its completion for a period equal to the guarantee period.
- 10.10.** The end of the guarantee period does not release the CONTRACTOR from any liability for latent faults or defects nor from any other liabilities under applicable law.

11. PRICE, DEPOSIT, INVOICING AND PAYMENT

- 11.1.** The Contract price includes everything within the scope of the Contract, in accordance with these General Conditions, and everything the CONTRACTOR has to supply or do for its fulfilment, with the sole exception of the items or services expressly excluded.
- 11.2.** The price includes all taxes and fees that may have an impact on the Contract, or may accrue under the Contract, with the exception of VAT.
- 11.3.** The Contract prices are invariable. There shall be no increase in the prices established in the Contract or any additions thereto, except in the event that such increase is expressly stated herein.
- 11.4.** Works or services not included in the Contract shall not be paid for unless their execution had been previously submitted in writing by the CONTRACTOR, clearly stating the price, and accepted, also in writing, by a duly authorised RED ELÉCTRICA representative.



- 11.5.** RED ELÉCTRICA can demand that the CONTRACTOR put up a deposit (performance bank guarantee), in order to guarantee the fulfilment of all the obligations derived from the Contract and/or of those that may arise from future contracts between the Parties, including, but not limited to: payment of penalties that may be attributable to it, repairs or replacements carried out at the CONTRACTOR's expense pursuant to the warranty obligation, compensation for damages that any breach of Contract or delay in its fulfilment may be caused to RED ELÉCTRICA, and compensation for any damages that, in the execution of the Contract, may be caused to third parties and may be filed or claimed against RED ELÉCTRICA by such parties, and the fulfilment of the terms and conditions of the deposit as set out in the document 'Policy for Performance Bank Guarantees in favour of Red Eléctrica de España, S.A.U.'.
- 11.6.** The requirement for and type of deposit to be formalised shall be in accordance to that set out in the document 'Policy for Performance Bank Guarantees in favour of Red Eléctrica de España, S.A.U.', referenced in section 11.5, in force at the time of acceptance of the purchase order; said document is attached as an annex to these General Conditions and are an integral part thereof.
- 11.7.** The payment of a deposit does not imply that the CONTRACTOR's liabilities are confined to the amount or duration thereof; it is merely a means to facilitate the meeting of such liabilities.
- 11.8.** The CONTRACTOR's deposit shall be forfeit in the events of termination of the Contract, in accordance to that set out below in section 13.
- 11.9.** In general, invoicing shall be made in full (100 per cent) after provision of all contracted services.
- 11.10.** In particular cases where partial invoices are accepted, the invoicing periods shall be linked to the milestones of those works actually performed, and that shall have been determined by both Parties and in agreement with the established programme.
- 11.11.** All payments, corresponding to partial invoices, made to the CONTRACTOR before the reception of the works object of the Contract, shall be considered payments on account of the Contract price.
- 11.12.** In order for the price to be paid, the CONTRACTOR shall submit RED ELÉCTRICA an invoice for the total amount of the Contract or for each of the partial periods established in the Contract, stating both the purchase order number as well as the certification number generated by the IT system of RED ELÉCTRICA.
- 11.13.** Payments shall be made respecting the maximum payment periods established by the current legislation.
- 11.14.** At all stages of the service, the invoice payment shall be conditioned by the CONTRACTOR's fulfilment with the established regulations on quality control. Also, it shall be conditioned by the submission of all the documentation stated in section 5.13 b) of these General Conditions to RED ELÉCTRICA.
- 11.15.** Payment of the Contract price does not mean that RED ELÉCTRICA deems that the CONTRACTOR has properly performed or fulfilled the Contract or that it waives any of the rights and actions to which it may be entitled in respect of the CONTRACTOR. Such rights are expressly reserved, notwithstanding the payment made.



12. PENALTIES

- 12.1.** Without prejudice to that established in section 13.1, paragraph c) regarding the termination of the Contract for reasons attributable to the CONTRACTOR, any default on the execution periods or the completion dates of the contracted services shall be sanctioned with the imposition of a penalty. In the case where no penalty has been established, the penalty shall be 1 per cent of the Contract amount per calendar week of delay. If the delay persists for more than four weeks, from the fourth week onwards this shall be increased to 5 per cent.
- 12.2.** Penalties for delay shall be automatically applied as and when applicable, without the need for prior notification. Should penalties reach 10 per cent at any point, RED ELÉCTRICA shall be able to terminate the Contract.
- 12.3.** If within the guarantee period RED ELÉCTRICA is unable to make use of the works or any of RED ELÉCTRICA's installations, due to defects in the execution thereof or in the works necessary to repair or correct such faults pursuant to such guarantee, the CONTRACTOR shall be sanctioned with the penalty as stated in the Contract, or if not specified, with 0.1 per cent of the total price of the Contract per day the aforementioned works or installations of materials are unavailable.
- 12.4.** The CONTRACTOR must compensate for other possible damages caused by the delay, when the breach of its obligations amounts to fraud or negligence or otherwise contravenes them
- 12.5.** RED ELÉCTRICA will collect the penalties payable either by deducting the amount thereof from the first payments due under any concept (even for another contract) or by enforcing any guarantees that have been put up, or by both means, or by any other legal means at RED ELÉCTRICA's discretion.

13. TERMINATION OF THE CONTRACT OWING TO CAUSES ATTRIBUTABLE TO CONTRACTOR AND OTHER MEASURES AGAINST BREACH OF CONTRACT

- 13.1.** RED ELÉCTRICA may terminate the contract in the events provided for by law or in any of following cases:
- a) Mutual agreement between the Parties, with the effects as stipulated in the Contract.
 - b) The filing of bankruptcy proceedings of either contracting Party, without prejudice to the rights and actions that each may be entitled to, provided that it is established that the bankruptcy situation precludes the proper performance of the contract subject to the terms and conditions established in the contractual documentation.
 - c) Extinction of either contracting Party's legal personality.
 - d) Decease of the CONTRACTOR or change in their capacity to act, or physical or mental health conditions that might impair or prevent the execution of the contract, when the CONTRACTOR is an actual physical person; or in the case of RED ELÉCTRICA liquidation, transformation, capital reduction or major changes in the structure of its capital stock, if the CONTRACTOR is a corporate person.
 - e) Relinquishment, interruption or suspension by the CONTRACTOR in the execution of the Contract.



- f) Delay in the delivery of completion of the contracted works or assemblies by more than half of an interim period of execution and foreseeably unrecoverable in its totality, or for a period longer than one third of the total period; or for defaulting on completion dates essential for the satisfactory conclusion of the Contract or for having incurred delay penalties reaching 10 per cent of the total Contract price, as established in section 12.2.
- g) Major breach of the safety regulations or any mandatory legislation as established in these General Conditions.
- h) Any other non-compliance by the CONTRACTOR that might prevent or affect the satisfactory conclusion of the Contract, or that is expressly stipulated as the cause of termination in the Contract.

13.2. If any of the aforementioned circumstances occur, the Contract shall be deemed terminated and void as of the date RED ELÉCTRICA communicates its decision to the CONTRACTOR or his assignees.

13.3. Should the above decision be based on paragraph d) of section 13.1, the CONTRACTOR or his assignees may avoid such resolution if, within five days of notification, they provide enough guarantees, in RED ELÉCTRICA's sole opinion, regarding the normal Contract execution.

13.4. Should RED ELÉCTRICA's decision be based on paragraphs b), c), d) or e) of the same section, the CONTRACTOR accepts as valid all the causes put forward by RED ELÉCTRICA and gives its consent if, within five days of notification, it does not formulate in writing any justified and duly documented claim.

13.5. In the case of termination of the Contract, RED ELÉCTRICA shall proceed to the settlement of the services provided by the CONTRACTOR thus far, in accordance with the regulations in following paragraph.

13.6. In the settlement of the services provided up until the termination of the Contract, RED ELÉCTRICA will not value or pay for the unfinished services.

The balance following the settlement shall be paid according to the established payment conditions, if it is in favour of the CONTRACTOR; and without any postponement or delay if it is in favour of RED ELÉCTRICA.

13.7. Except when paragraph a) of section 13.1 applies, the Contract termination shall also imply loss of the deposit (economic guarantee) the CONTRACTOR may have put up, which shall go entirely to RED ELÉCTRICA as compensation for damages, whatever their cost.

In this case, the CONTRACTOR is also obliged to immediately return to RED ELÉCTRICA the total amount it has received as payments on account of the Contract price.

13.8. Without prejudice to the above, RED ELÉCTRICA expressly reserves the right to demand the applicable compensation, if the amount for the caused damages is higher than the deposit or if the deposit has not been requested, RED ELÉCTRICA is entitled to obtain the compensation through deducting it from outstanding payments to the CONTRACTOR (even those related to another contract).



- 13.9.** Even when any cause for termination of the Contract applies, RED ELÉCTRICA may also choose to demand the fulfilment of said Contract, meaning the CONTRACTOR is obliged to comply with the Contract until RED ELÉCTRICA notifies its termination.
- 13.10.** In the cases where the termination of the Contract is applicable, RED ELÉCTRICA may adopt, along with the decision to terminate the Contract, or alternatively to ensure Contract fulfilment, to take all or some of the following measures against the CONTRACTOR:
- a) Suspend outstanding payments (even related to another contract).
 - b) Executing the deposits, bank guarantees or any guarantees the CONTRACTOR may have (even for another contract).
 - c) Contracting of a third party, at the CONTRACTOR's expense and in substitution of it, the execution of what has been left unfinished or is difficult to finish in order to achieve total contract fulfilment and to stipulate with the third party that the payments shall be made directly by RED ELÉCTRICA in the name of the CONTRACTOR and at CONTRACTOR's expense. The amount by which these payments exceed RED ELÉCTRICA's outstanding payments with the CONTRACTOR shall remain the CONTRACTOR's debt to RED ELÉCTRICA until its full return within the guarantee period of the Contract.

14. TERMINATION OF THE CONTRACT OR SUSPENSION OF ITS EXECUTION AT RED ELÉCTRICA'S WILL

- 14.1.** RED ELÉCTRICA may at any time, solely and unilaterally, suspend the execution of the Contract or terminate it, totally or partially, simply by properly notifying the CONTRACTOR.
- 14.2.** When the suspension lasts longer than six months, and in the cases of termination at RED ELÉCTRICA's will before expiration of the contractual period, RED ELÉCTRICA is obliged to compensate the CONTRACTOR for direct damages that may be originated; in no case shall the compensation exceed in 10 per cent of the Contract part whose execution was suspended or was pending when the termination took place.
- Indirect damages and lost profits are expressly excluded from said compensation.
- 14.3.** When the suspension lasts for more than six months or the termination at RED ELÉCTRICA'S discretion takes place during an extension of the contractual period, once this has expired, and after a minimum of two month's advanced notification, the CONTRACTOR shall not have any right to compensation.
- 14.4.** Once RED ELÉCTRICA's communication suspending the execution of the Contract or terminating it has been received, the CONTRACTOR shall immediately stop its work from the specified termination date.
- 14.5.** In those cases of termination of the Contract, immediate settlement of the services provided up until that point shall be carried out.



14.6.In those cases of suspension of the Contract execution, settlement of the provided services shall be carried out immediately upon request by the CONTRACTOR, provided more than six months have elapsed from the suspension date.

15. INDUSTRIAL AND INTELLECTUAL PROPERTY

15.1.The CONTRACTOR guarantees to RED ELÉCTRICA, and must provide document proof if so required, that it has the patents, licences and other necessary industrial property documents required to carry out the object of the Contract.

15.2.In compliance with the previous guarantee, the CONTRACTOR releases RED ELÉCTRICA from all liability for infringements of industrial property that it (the CONTRACTOR) may commit, and undertakes to do all that is necessary to protect RED ELÉCTRICA and release it from any claims or demands to which such infringements may give rise, and to procure at its sole expense any patents, licences or rights that may be required, and to indemnify RED ELÉCTRICA for any damages that it sustains, directly or indirectly, as a result of such claims or demands.

16. CONFIDENTIALITY

16.1.The CONTRACTOR shall treat any kind of verbal or written information in relation to the Contract as confidential, and undertake to keep it as such and not to disclose it or supply it to third parties or use it for purposes other than those of the Contract without the prior written consent of RED ELÉCTRICA. Such requirement of confidentiality shall apply both to the Contract itself and to any technical documents, drawings, information, procedures, patents and licences related to the execution of the Contract.

17. LIABILITY

17.1.The CONTRACTOR shall be directly responsible for damages and administrative penalties derived from any accident its own personnel attached to the services contracted may have had whilst the Contract was in force.

17.2.The CONTRACTOR is responsible for the thorough compliance of its legal and contractual obligations with its suppliers and subcontractors and, particularly, for the ownership, non-restricted use, availability and free from any charges and encumbrances in favour of third parties for the materials and equipment supplied under the Contract.

17.3.The CONTRACTOR also undertakes to fully observe and fulfil, in a timely manner, all obligations related to administration, taxation or labour applicable under the Contract.

17.4.The CONTRACTOR is particularly obliged to ensure all personnel at RED ELÉCTRICA's work sites or facilities are part of its own staff or are properly contracted, affiliated to the Social Security and is up to date with regard to payment of salaries, social insurances and other legal obligations.



- 17.5.**The CONTRACTOR must justify, by providing documented proof to RED ELÉCTRICA as often as deemed necessary by RED ELÉCTRICA, that there is full compliance with the contents in the aforementioned paragraphs. Failure to submit the justifying documentation or not submitting enough documentation constitutes a serious contractual non-compliance.
- 17.6.**The CONTRACTOR shall release RED ELÉCTRICA from any liability for non-compliance with the above obligations, as well as for actions or omissions on its part or by its personnel under the Contract; and, consequently, is obliged to carry out whatever necessary to protect RED ELÉCTRICA from any claims and lawsuits that might be brought against it for that reason, and to compensate RED ELÉCTRICA for all damages which may be filed against it, directly or indirectly, due to said claims or lawsuits.
- 17.7.**When the CONTRACTOR is constituted by two persons or more, or a grouping thereof, each and every one of them are jointly liable for the Contract compliance and also jointly answerable for the obligations established in the Contract and in these General Conditions.
- 17.8.**RED ELÉCTRICA may penalise the CONTRACTOR by executing the applicable deductions by those means established in section 12.4 of these General Conditions, as well as charge the CONTRACTOR by the aforementioned means for the amount demanded to RED ELÉCTRICA, should it be for damages caused by the CONTRACTOR to its employees or for any other reason. This shall be done especially in the case of any non-compliance or breach of Contract by the CONTRACTOR or its employees or supervisors regarding social legislation, work accidents, risk prevention failure, objective corporate responsibility or employer's responsibility, etc. Should it be through legal or administrative settlement, even if RED ELÉCTRICA is penalised or declared jointly or subsidiary responsible, under labour, administrative, civil, commercial, or criminal law.

18. INSURANCE

- 18.1.**The CONTRACTOR and its subcontractors shall subscribe to and maintain for the duration of the Contract herein, and at its expense, the following insurance policies:
1. Work Accidents and social insurances under current legislation for all workers assigned to the works.
 2. Civil Liability against third parties through mandatory and voluntary insurances for own vehicles or vehicles contracted to third parties involved in the works object of the Contract.
 3. Civil Liability guaranteeing payment of compensations which the CONTRACTOR, its subcontractors or vendors or RED ELÉCTRICA should be obliged to pay against third parties and also deriving from civil liability for accidental damages caused to the said third parties and/or to RED ELÉCTRICA, in their persons or properties, by action or omission, being such liability either directly or subsidiarily as a consequence of the execution of the Contract.
- 18.2.**The Civil Liability insurance shall expressly include the guarantees of Employer's Civil Liability, Crossed Civil Liability, Civil Liability Post-Work and, if applicable, Professional Civil Liability (e.g. Engineering, consulting...); the policy shall envisage a sublimit per victim no lower than 200,000 €.



Additionally, this Civil Liability insurance shall expressly include the Civil Liability guarantee covering pollution or environmental damages for activities which may entail environmental hazards.

Also, the Civil Liability insurance shall expressly include a Civil Liability guarantee covering Products for those services which entail the supply of equipment or materials.

- 18.3.** Any other insurance required by current law that is applicable to the works and services carried out by the CONTRACTOR under the Contract.
- 18.4.** In the insurance policies required in the above paragraphs, it must be established that the insurance company shall pay directly to RED ELÉCTRICA the compensation due to be received.
- 18.5.** The insurance policies shall include abandonment by the insurance company of any repetition and/or subrogation right against RED ELÉCTRICA and its employees, managers, members of the Board, and shareholders.
- 18.6.** The CONTRACTOR shall submit when required by RED ELÉCTRICA the policies and payment receipts (original receipts) proving the policies are in force.

19. FORCE MAJEURE

19.1. Only the causes listed below shall be considered as force majeure, of sufficient significance to prevent the Parties from complying with the obligations derived from the Contract:

- a) Earthquakes, seaquakes, fires of catastrophic character or floods officially declared to be catastrophic.
- b) Damage caused by terrorist acts or produced during wartime or by insurrection or disturbances.
- c) Legal strikes that exceed the sphere of the CONTRACTOR's company and the ending of which does not depend on the decision of the latter.
- d) Whatever others of analogue magnitude that were unforeseeable, or that being foreseeable were beyond the control of the Parties or were not avoidable and that impede complying with the obligations of the Contract.

19.2. On the assumption that an event considered to be of force majeure should occur, the affected Party shall inform the other Party in writing as soon as possible, or in any case within forty-eight (48) hours after it has been detected, providing details of the causes, as well as the possible duration and the repercussion on the work or services contracted, and providing, where applicable, those documents that duly accredit it.

The other Party shall likewise be informed of the moment in which the force majeure event has ceased, complying with the aforementioned period of time.



19.3. In the event of a delay resulting from one of these causes, the periods stipulated in the Contract, shall be extended by a period equal to that for which the CONTRACTOR was prevented from performing, continuing in effect the compliance of the remaining obligations that are not affected by the circumstance which occurred.

19.4. The CONTRACTOR shall not be entitled to claim compensation whatsoever as a result of the eventual application of whatever cause of force majeure and the delay caused, where applicable, shall not represent any additional cost for RED ELÉCTRICA.

20. CORPORATE SOCIAL RESPONSIBILITY

20.1 By means of these General Conditions of Contract the CONTRACTOR acknowledges, accepts and agrees to comply with that set out in Red Eléctrica Group "Supplier Code of Conduct"- of which RED ELÉCTRICA is an integral part- in force at the time of acceptance of the contract on his part.

Evidence of non-compliance with the provisions of the aforementioned document may constitute grounds for cancellation of the Contract.

21. DATA PROTECTION

21.1. EXECUTION OF SERVICE WITHOUT ACCESS TO PERSONAL DATA: Access to any personal data for which RED ELÉCTRICA is responsible, is strictly prohibited. However, should, as a result of the contractual relationship established with RED ELÉCTRICA, the CONTRACTOR unintentionally have access to any data of a personal nature, the CONTRACTOR shall undertake to guarantee the security and protection of such data.

21.2. EXECUTION OF SERVICE WITH ACCESS TO PERSONAL DATA: Under other circumstances, the CONTRACTOR may have access to personal data for which RED ELÉCTRICA is responsible, as a result of the execution of the present Services Contract. This data shall be used for the sole purpose of carrying out the obligations and services being the object of the Contract and may not be used for any other purpose unless expressly authorised in writing by RED ELÉCTRICA.

Access by the CONTRACTOR to such data does not constitute a transfer of data in accordance with the concept established by article 12 of Spanish Organic Law 15/1999 of 13 December regarding Personal Data Protection ('LOPD'), but access to personal data on behalf of a third party subject to the provisions of article 12 of the LOPD.

The data to which the CONTRACTOR accesses by virtue of this clause may only be managed by the CONTRACTOR, as the entity given the right to its handling and protection, in accordance with the instructions given by RED ELÉCTRICA, in its capacity as the company responsible for the handling and protection of such data.



The CONTRACTOR undertakes neither to disclose nor manipulate the aforementioned data, which shall be deemed confidential information. Additionally, the CONTRACTOR undertakes neither to publish, assign, transfer, nor disseminate the data in any way whatsoever, be it directly or indirectly by means of third parties or companies, nor make the data available to third parties in any way or for any reason.

The CONTRACTOR expressly assumes the obligation to implement all the security measures regarding personal data pursuant to the provisions set out in art. 9 of the Spanish Organic Law 15/1999 of 13 December regarding Personal Data Protection and its development regulations.

Similarly, the CONTRACTOR undertakes to destroy or return the personal data following the termination of the present Contract.

On the other hand, the CONTRACTOR shall be obliged to inform RED ELÉCTRICA of the need to subcontract the agreed Services or any part thereof.

- 21.3.** In the event of non-compliance by the CONTRACTOR regarding the regulations on personal data protection, RED ELÉCTRICA shall not be held liable or accountable for any administrative or civil liabilities that may be derived from its non-compliance.
- 21.4.** Lastly, Red Eléctrica informs the CONTRACTOR of the possible use of video cameras in the common areas in which the services are to be rendered in order to guarantee the security of the goods and personnel. The images, should they be recorded, shall be incorporated into a file that is under the responsibility of Red Eléctrica. At any time, the owner of the personal data may exercise his/her rights to access, rectification, cancellation and opposition, by writing to Red Eléctrica de España, P.^o del Conde de los Gaitanes, 177, 28109 Alcobendas Madrid.

22. JURISDICTION AND ARBITRATION

- 22.1.** The Contract and any disputes that may arise between the Parties in relation thereto shall be governed exclusively by Spanish law, to which the CONTRACTOR and RED ELÉCTRICA expressly submit themselves.
- 22.2.** Waiving any other jurisdiction to which they may be entitled, the Parties expressly submit themselves to the jurisdiction and competence of the courts and tribunals which correspond to the registered office address of RED ELÉCTRICA for the settlement of any disputes, issues, incidents or litigation that may arise out of the interpretation, performance and fulfilment of the Contract.
- 22.3.** If the Contract specifies an arbitration clause, it shall be pursuant to what is provided in it. The execution and fulfilment of the Contract shall not be interrupted during the processing of the arbitration proceedings.