



GENERAL CONDITIONS OF THE IBERDROLA GROUP FOR THE SUPPLY OF

EQUIPMENT & MATERIALS IN MEXICO

CGC-OS-MX 01 (En)

1st EDITION
September 2013

GENERAL CONDITIONS OF THE IBERDROLA GROUP FOR THE SUPPLY OF EQUIPMENT AND MATERIALS

1. Purpose

This document sets forth the general contracting terms and conditions that regulate the contractual relationship between the companies that belong to the Iberdrola Group and have their domicile and are incorporated under the laws of Mexico (hereinafter, any of them referred to as "**Iberdrola**") and any third party (hereinafter called the "**Supplier**") for the purposes of supplying either Equipment or Materials.

2. Scope of application

2.1 These general terms and conditions ("**GTC**") shall apply to all the Equipment and Material Supply agreements whose specifications and complexity so require from Iberdrola's point of view. Therefore, any type of standard sale conditions that may be proposed by the Supplier (or which may be implied by trade, custom, practice or course of dealing) are hereby excluded.

2.2 These GTC shall form part of the relationship and the engagement between both parties in connection with the supply of the equipment and materials and shall, together with the other parts of the Contractual Documentation, set out the reciprocal rights and obligations of the parties..

2.3 The participation in a tender process organised by Iberdrola for the presentation of a Bid by the Supplier shall automatically imply the awareness and acceptance by the relevant Supplier of these GTC.

2.4 Any exception to any of these GTC by the Supplier shall be valid only if, once made in writing, it has been accepted also in writing by Iberdrola. The exceptions agreed in this way shall apply only to one specific Contract or Accepted Order and may not be extended to other past or future Contracts or Accepted Orders.

2.5 A copy of this document shall be provided to the Supplier when a Request for Bid is made and it shall be available on Iberdrola Group's website.

3. Definitions

In these GTC, the following terms shall have the meanings given to them below:

"Accepted Order" means the binding document issued by Iberdrola and accepted by the Supplier by virtue of which both parties set forth their respective obligations with respect a certain Supply, in the cases where the parties do not execute a Contract. An order shall be deemed to be an Accepted Order (a) by virtue of the parties' fulfilment of their respective obligations as per the order issued by Iberdrola or (b) by the Supplier sending the acceptance to Iberdrola by any means that can give evidence thereof.

“Associated Services” means those services to be provided by the Supplier that are related or ancillary to the Supply agreed by both parties, that form part of the Supply and are defined and detailed in the Contractual Documentation.

“Availability Notice” means the document to be issued by the Supplier to inform Iberdrola that the Equipment or Material or a part thereof is available for immediate withdrawal and delivery at the indicated location.

“Bid” means the proposal made by a Bidder in response to a Request for Bid, which shall be binding for the Bidder during the term set forth therein, and which shall not constitute a binding contract, document or give rise to any binding obligation or liability for Iberdrola unless and until a Contract or Accepted Order has been constituted in accordance with the terms of these GCT.

“Bidder” means the individual or entity submitting a Bid.

“Completion Notice” means the document to be issued by the Supplier to notify Iberdrola that the Equipment or Material or part thereof has been completely finished and ready for Iberdrola to issue, after the verification it considers appropriate, the relevant Shipment Authorisation.

“Contract” means the document signed by both parties which formalises the agreement between Iberdrola and the Supplier in relation to a specific Supply, in the cases in which such agreement is not reflected in an Accepted Order.

“Contractual Documentation” means the set of documents set forth in clause 5 below.

“Equipment and Materials” refers to the machinery, apparatuses, components, subcomponents, items, elements and materials included in the Supply.

“Letter of Intent” means the document which sets forth the general understandings of the parties and that formalises the intention of both parties to enter into the Contractual Documentation to be executed in the near future. Such Contractual Documentation shall be construed on the basis of the principles and understandings established in the Letter of Intent.

Its purpose is to enable the commencement of the Supply by the Supplier once the essential terms and conditions of the engagement have been agreed between both parties, so that the Supply is not conditioned to the negotiation of the detailed Contractual Documentation.

“Particular Conditions” means the document which sets forth for each particular case the additional terms and conditions, clarifications and exceptions to these GTC or to any other documents included in the Contractual Documentation.

“Personnel” means the workers and employees, including the managers and supervisors of the Supplier that will carry out or be involved in the execution of the Supply

“Quality Plan” means the document which details the set of activities, resources and actions that make up the quality management for Equipment or Materials and for a specific organisation.

“Request for Bid” means the invitation issued by Iberdrola to a possible Supplier to take part in a bidding process and which sets forth and specifies the documentation that the Bid must include.

“**Shipment Authorisation**” means the document to be issued by Iberdrola which authorises the Supplier to prepare or make the shipment, as applicable, of the relevant Equipment or Material according with the Contractual Documentation.

“**Shipment Notice**” means the document to be issued by the Supplier to inform Iberdrola that the Equipment or Material or a part thereof has been already sent.

“**Supplier**” means the individual or entity responsible for the Supply, who subscribes and executes the Contractual Documentation with Iberdrola.

“**Supply**” comprises the Equipment and Materials reflected in the Contractual Documentation, as well as the Associated Services, if applicable.

“**Technical Specification**” means the document or set of documents normally prepared for a specific Supply, detailing the required specific and particular technical requirements that the relevant Material or Equipment has to comply with and, where applicable, the procedures to check them.

In accordance with these GTC, the term " Prudent Industry Practices " refers to the practices, methods, techniques and standards, as they may be modified over time and which (a) are generally accepted in the supply of equipment and materials in Mexico for use in industrial installations in a legal, safe, efficient and economic manner, and (b) all of whose relevant aspects comply with the lines of supply of equipment and materials, in each case, as applicable to the execution of the delivery in question, taking into account the relevant size and type. The Prudent Industry Practices are not limited to the practice or optimum method, excluding the rest, but rather refer to the common methods and practices reasonably used. The parties agree that in the event of differences between the Prudent Industry Practices of the Supplier's country of origin and Prudent Industry Practices in Mexico, the latter shall prevail over the former.

“**Time Schedule**” means the document that contains the activities, milestones and deadlines the **Supplier** has to comply with for the fulfilment of the delivery terms established by Iberdrola.

“**Work Completion Notice**” means the notice to be sent by the Supplier to **Iberdrola** stating that the Equipment and Materials to be supplied are completed and ready for delivery.

4. Bids

4.1 Request for Bid

4.1.1 A Request for Bid shall comprise the following documents to be sent to the Bidders:

- a. Letter of invitation to tender, which, among other details, shall describe the Supply
- b. Technical Specification, where applicable
- c. Particular Conditions, where applicable
- d. These GTC

In the event of contradiction between any of the aforementioned documents, the provisions set forth in that which appears first on the aforementioned list shall prevail.

4.1.2 Should a Bidder find discrepancies or have any doubt about the meaning or intention of any part of the Request for Bid, it shall request a written clarification before sending the Bid. The answers to the questions from any of the Bidders shall be sent to all the other Bidders, without indication of the source of the question.

4.1.3 Iberdrola reserves the right to request, when deemed necessary, written confirmation from the Bidders of their intention to present a Bid within the established deadline.

4.1.4 Iberdrola reserves the right to partially award the Supply offered.

4.1.5 Iberdrola reserves the right to reject at its sole discretion the Bids which, in his opinion, do not comply with the requested terms and conditions.

4.1.6 Iberdrola shall not be responsible for the preparation of a Bid. Therefore, all the Bidders shall assume the costs associated therewith. In addition, Iberdrola shall not have any responsibility if one or all of the Bids presented are rejected or if the relevant Request for Bid is declared void.

4.2 Submission of Bids

4.2.1 All the Bids shall be valid for a minimum term of ninety (90) calendar days from the submission deadline.

4.2.2 When a Bidder anticipates that he cannot submit his Bid before the required deadline, it shall notify Iberdrola in writing with one calendar week's notice, indicating the reasons for the delay and the proposed date for the presentation of the Bid. Iberdrola reserves the right to award the required extension, answering such Bidder and notifying also the other Bidders of the new deadline agreed.

4.2.3 The date of reception of a Bid shall be considered as the date on which it is received at the address indicated on the Request for Bid. The Bids received after the submission deadline shall be rejected (with or without notice to the Bidder). The reception related in this provision can be done by e-mail or by other electronic means unilaterally accepted or decided by Iberdrola.

4.2.4 All the Bids shall meet all the requirements set forth in the Request for Bid and in these GTC.

4.3 Content of the Bid

4.3.1 The Bid shall include a complete proposal for the Supply and shall be structured into three sections: technical, economic-commercial and legal.

a) Technical section

This shall include the following sections:

1. Acceptance of and exceptions to the Technical Specifications.

This section shall start with a Bidder's firm statement declaring its awareness, acknowledgement and acceptance of and its commitment to comply with all the Technical Specifications of the Request for Bid. It shall then indicate, if that is the case, the list the exceptions with the relevant justifications and refer to the relevant sections and paragraphs in the Request for Bid.

Any technical exception not included in this section shall not be considered.

2. Safety measures and plans.

In accordance with the provisions set forth in the area of civil protection and in accordance with the type of Equipment and Materials to be supplied, the Bidder shall provide Iberdrola with the safety measures and plans required for the execution of the supply in the accurate format (preventive activity planning, health and safety plan, etc.), which shall comply with all applicable legislation governing industrial safety.

3. Full description of the Supply.
4. Technical data, plans, diagrams, schematics, procedures and methods.
5. Time Schedule.
6. Quality Plan, if applicable.
7. Background of the Bidder in Supplies similar to the one constituting the object of the Bid.
8. Possible technical variations proposed by the Bidder.

b) Economic-commercial section

It shall include the following topics

1. Acceptance of and exceptions to the economic-commercial aspects.

This section shall start with the Bidder's firm statement declaring its awareness, acknowledgement and acceptance of, and its commitment to comply with all the economic-commercial aspects of the Request for Bid. It shall then indicate, if that is the case, the list the exceptions with the relevant justifications and refer to the relevant sections and paragraphs in the Request for Bid.

Any economic or commercial exception not included in this section shall not be considered.

2. Price list with a detailed breakdown and, where applicable, price review formulas. The prices shall be reflected in Mexican \$.

3. Invoicing schedule.
4. Delivery terms and conditions.
5. Guarantees

The Fulfilment Guarantees required in accordance with the Request for Bid, where applicable, must be provided, together with the guarantees required for the relevant supply, where applicable.

6. Prices and estimates of the alternatives to the base Bid, as indicated in paragraph 8 of the technical section.

c) Legal information

A copy of the deed or similar legal binding document, duly granted and in force and effect, evidencing sufficient powers of the Bidder's representative signing the Bid, and a copy of a deed containing its current bylaws.

4.3.2 The Bidders shall adapt their respective Bids to the aforementioned structure so that when an information appears in the section other than the above indicated section, it shall be considered as inexistent, unless specific reference is made to it in the appropriate section.

4.3.3 The prices shall be understood fixed and not subject to review and shall include charges and direct taxes but not indirect taxes. If the prices were to vary in accordance with the volume of the Supply, such circumstance shall be expressly indicated in the Bid. When a quantity is to be indicated in numbers and in letters, in the case of contradiction, quantity indicated in letters shall prevail.

4.3.4 The Bidders shall verify the content of the Request for Bid documentation, notifying Iberdrola of the errors and omissions observed on the basis of his own experience and, consequently, he shall propose the modifications he considers necessary for the correct execution thereof.

4.3.5 Any change regarding the provisions set forth in the Request for Bid shall be expressly indicated in writing as an exception or alternative.

4.3.6 Under no circumstances shall any standard terms and conditions of the Bidder be accepted as exceptions or alternatives.

4.3.7 As part of his Bid, the Bidder shall indicate the work he proposes to subcontract, as well as the identity and qualifications of the possible subcontractors.

4.3.8 The explanations of any part of the Bid documentation requested by Iberdrola either verbally or in writing and shall be answered by the Bidder in writing within a maximum term of five (5) business days and shall form part of the Bid documentation.

4.3.9 The terms and conditions of the Bids may not be conditioned to the purchase of goods or services other than those set forth in the Request for Bid.

4.4 Assessment of Bids

Iberdrola shall assess and select the Supplier according with any the following criteria:

- a) Considering the best Bid on an commercial basis, taking into account several criteria whose importance shall vary according to the type of Supply requested. Such criteria may be, without limitation: delivery date, cost of use, technical suitability, finance, opportunity, maintenance, profitability, quality, aesthetic and functional specifications, after sales service, technical assistance, commitments to spare parts, supply safety and price.
- b) Considering only the Bid with the lowest price.

Besides the above mentioned criteria, Iberdrola may also consider and evaluate the capability of the Bidder to demonstrate due compliance with legislation and standards applicable to the exercise of his industrial activity.

Iberdrola reserves the right to choose the method he considers most appropriate for assessing the Bids and selecting the Bidder.

4.5 Acceptance of the Bid

4.5.1 Iberdrola shall select the Bidder or Bidders he considers appropriate at his entire discretion according with any of the criteria set forth in clause 4.4 above.

4.5.2 The acceptance of the Bid shall be formalised by virtue of either (i) a Contract signed by and between legal representatives of both parties or (ii) an Accepted Order signed by Iberdrola and accepted by the Supplier. Both shall incorporate these GTC.

Where considered necessary by Iberdrola, the acceptance of the Bid shall be formalised by means of a Letter of Intent, which will imply the acceptance and submission to these GTC subject to any exception expressly reflected in the Letter of Intent.

4.5.3 Once the Contractual Documentation has been sent to the selected Bidder, the Bidder shall return it signed within a maximum term of fifteen (15) calendar days following the day of its receipt as proof of its acceptance and agreement therewith. Once this term has elapsed without Iberdrola having received the executed Contractual Documentation from the Supplier, Iberdrola shall be free to select a new Bidder at its sole discretion.

4.5.4 As usual practice, Iberdrola shall notify the unsuccessful Bidders of the rejection of their Bids.

4.5.5 The selected Bidder shall present, within a term of ten (10) calendar days after he has been notified of the outcome of the Bid, certified copies of (i) financial statements audited for tax purposes of the last two financial years; (ii) a balance sheet of the last quarter of the current financial year; (iii) certification of registration in the Federal Taxpayers Register, the modifications to the said certificate presented before the tax authorities and certification of tax domicile; (iv) deed of incorporation with the current articles of association or, where applicable, an authorised copy thereof showing the details of registration in the Public Registry of Property and Commerce; (v) in the case of foreign Bidders, copy of his articles of association, certificate of good standing or any other similar document under the jurisdiction of the Supplier, duly legalised or, where applicable, certified; (vi)

certificate of tax residence issued by the competent authority if not a Mexican resident; and (vii) official copy of the identification document bearing a photograph of the representative.

Should the selected Bidder fail to deliver any of the above mentioned requirements within the stipulated term, Iberdrola may declare the relevant Request for Bid null and void with no responsibility any.

4.6 Iberdrola reserves the right to deviate from these bidding procedures set forth in this Section 4 with respect to any particular Request for Bid without notice to any Bidder, always complying with the applicable legislation. No Bidder shall have any claim against Iberdrola for any modification or deviation from such procedures or failure to perform any action specified within the procedures for any reason.

5. Contractual Documentation

The Contractual Documentation governs the relationship between the parties and, it shall comprise the following documents:

- a. Contract or Accepted Order with which the acceptance of the Bid is formalised.
- b. Technical Specifications
- c. Quality Plan, if applicable
- d. Time Schedule
- e. Particular Conditions, where applicable
- f. These GTC
- g. Bid

The Particular Conditions and the Technical Specifications shall include the exceptions and variations agreed by and between both parties. In the case of the Technical Specifications, such exceptions or variations can also be included in an annex thereto.

All the above-mentioned documents complement each other.

In the event of contradiction between any of them, that which appears first on the aforementioned list shall prevail.

The Contractual Documentation shall come into force and effect immediately upon (i) the Contract being signed by both parties or (ii) the Accepted Order is accepted by the Supplier.

6. Execution of the Supply

The Equipment and Materials, together with their Associated Services, shall be supplied at the risk of the Supplier, and the economic consequences or outcome thereof shall be exclusively on its account until such Supply is received.

The Supplier shall supply the Equipment and Materials in strict compliance with applicable legislation and standards, the Contract or the Accepted Order, the Contractual Documentation and with all the instructions of Iberdrola or its authorised contractors, consultants or agents.

The Supply date shall not be later than that required by Iberdrola, unless, due to a force majeure event, the Supplier cannot comply with the agreed term, in which case he shall notify Iberdrola in writing as soon as practicable, and in no case later than seven (7) calendar days after the force majeure event occurs.

Without prejudice to the specific events considered as force majeure set forth in clause 13.7 of these GTC, an event of force majeure is defined as the event that:

- (a) prevents or delays the affected party from complying with its obligations in accordance with the Contract, the Accepted Order or these GTC; and
- (b) is beyond the reasonable control of the affected party; and
- (c) is not the result of fault or negligence of any of the parties; and
- (d) could not be avoided by the affected party through the exercise of due diligence, including the spending of any reasonable amount of money taking into account the nature of the Supply.

The above-mentioned four conditions must be met for the relevant fact to be considered as an event of force majeure. The economic difficulties of either of the parties shall not be deemed to be an event of force majeure.

The party invoking an event of force majeure shall have the burden of proof.

As soon as practicable following after such notification, the parties shall consult with each other in good faith and the party affected by the force majeure event shall use all reasonable endeavours to mitigate the effects of the force majeure event and to facilitate the continued performance of the Contract or Accepted Order.

Should the parties not reach an agreement regarding the application of force majeure, the situation shall be resolved in accordance with clause 13.12 below.

The Supplier shall be responsible and shall be in charge of the maintenance, conservation, handling and transport of the Equipment and Materials delivered to Iberdrola for the execution of the Supply.

6.1 Scope

6.1.1 Within the limits set forth by the Contractual Documentation, the Supplier shall supply the Equipment and Materials in a complete unit capable of carrying out the relevant function, as well as the Associated Services to such unit.

6.1.2 Unless expressly indicated otherwise, the Supplier shall supply new and not pre-owned Equipment or Materials.

6.1.3 Should the supply of Equipment and Material include the provision of Associated Services at Iberdrola's location, the Supplier shall meet the requirements set forth in the general conditions of the Iberdrola Group Mexico for the engagement of works and/or services.

6.1.4 The Supplier shall supply the Equipment and Materials and perform the Associated Services in a timely and professional manner and it shall hold all materials, equipment and tools, drawings, specifications, information and data supplied by Iberdrola to the Supplier ("Iberdrola Materials") in safe custody at its own risk, maintain Iberdrola Materials in good condition until returned to Iberdrola, maintain adequate insurance cover in relation to Iberdrola Materials while in the Supplier's possession and not dispose of or use Iberdrola Materials other than in accordance with Iberdrola's written instructions or authorisation.

6.1.5 The Supplier shall not do or omit to do anything which may cause Iberdrola and/or any Iberdrola Group company to lose any licence, authority, consent or permission upon which it relies for the purposes of conducting its business, and the Supplier acknowledges that Iberdrola may rely or act on the Equipment and Materials and/or the Associated Services.

6.2 Supplier's organisation

6.2.1 The Supplier shall act as an independent business and supplier while carrying out the Supply and any other activity in relation thereof and shall be completely responsible for the selection and supervision of his Personnel involved in and dealing with the Equipment and Material supply and in rendering the Associated Services, exercising management and monitoring authority in accordance with current legislation, standards and regulations related with labor law. In particular, he shall undertake to comply with all the provisions set forth in applicable legislation and standards and in the Contractual Documentation.

6.2.2 When the activities established in the Contractual Documentation are directly and closely associated with the supply of electricity, the Supplier shall ensure that the aforementioned supply complies with all applicable legislation and standards.

6.2.3 Any approval by Iberdrola shall not mean nor be interpreted as a release of the Supplier from his responsibility for his obligations as per the Contractual Documentation

6.2.4 The Supplier shall be responsible for the damages caused to Iberdrola due to either the fulfilment or non-fulfilment of the provisions set forth in the Contractual Documentation.

6.2.5 The Supplier shall organise his Personnel allocated to the Supply execution so that their responsibilities and lines of action are clearly defined at all times and separate from those of Iberdrola.

6.2.6 The Supplier shall appoint one person from his organisation to act as the single representative before Iberdrola, who shall notify such representative of any possible variation that may arise with regard to the scope of the Supply.

6.3. Employment conditions

6.3.1 All personnel employed by the Supplier to execute the Supply shall be employed by it, and since the Supplier has sufficient resources to comply with the obligations arising from such employment relationship, in terms of Article 13 of the Federal Labour Act, the Supplier shall be solely responsible for the labour obligations that arises from such relationships, such as wages, compensation and labour risks, and an other resulting from the Federal Labour Act, the Social Security Act or any other applicable legislation.

6.3.2 Under no circumstance Iberdrola shall be considered as direct employer or its substitute with respect to the referred Personnel. Therefore, the Supplier shall be responsible for all individual or collective complaints that such Personnel may file, and liable for the potential penalties that the competent administrative or judicial authorities may impose. The Supplier shall indemnify and hold Iberdrola harmless (including attorneys fees) for any claim, action or penalty filed by any third party against Iberdrola related to such employment relationship. Likewise, no employment relationship, subordination, partnership or franchise exists between Iberdrola and the Supplier.

6.4 Quality management

6.4.1 The quality management system to be operated by the Supplier comprises the set of planned and systematic actions necessary to provide Iberdrola with assurance that the Equipment and Materials shall work and operate satisfactorily under service conditions.

The quality management system shall include the Supplier's Quality Plan, which shall specify the set of activities and techniques that make it possible to ensure that a specific Material or Equipment shall meet certain requirements.

6.4.2 Together with the detailed Time Schedule (to be submitted to Iberdrola according with clause 6.5.1. below) the Supplier shall submit a detailed Quality Plan. It shall be prepared in accordance with the terms reflected in the aforementioned detailed Time Schedule and with the Quality Plan contained in the Bid.

The detailed Quality Plan, which shall be subject to Iberdrola's approval, shall comply with at least the following requirements:

- a) Inclusion of the requirements under applicable legislation and, in general, all those set forth in the Contractual Documentation.
- b) Identification of the elements and materials to be used.
- c) Establishment of a manufacturing, inspection and test programme.
- d) Description of the qualification of Personnel and laboratory.
- e) Definition of storage, handling, conservation and transport conditions.

6.4.3 The Supplier shall be responsible for carrying out the required inspections and tests on the Equipment and Materials in accordance with the terms of the Quality Plan and the contractual documentation.

6.4.4 Iberdrola and his representatives shall have access to the Supplier's facilities and those of its suppliers and subcontractors to carry out the relevant quality monitoring activities.

6.4.5 Accordingly, the Supplier shall notify Iberdrola in writing, with at least ten (10) days prior notice, of the dates programmed for the tests or manufacturing phases previously defined by Iberdrola in the manufacturing, inspection and test programme and which have to be presented to Iberdrola as part of the detailed Quality Plan, according to clause 6.4.2 above. The definitive confirmation of the relevant date shall be notified with at least three (3) days prior notice. In addition, the Supplier shall provide the name of the person acting as its representative.

The fact that Iberdrola has completed the aforementioned inspection visits does not release the Supplier of his responsibilities as per the Contractual Documentation and should not be understood as an approval or acceptance of the supply.

6.4.6 The Supplier shall supply Iberdrola with the examination and test procedures at least forty- five (45) days prior to the date scheduled for being carried out. Such procedures shall be subject to Iberdrola's approval.

6.4.7 The Supplier shall provide Iberdrola with all the certificates, test reports, non conformity reports and notices of major repairs in the shortest possible term after the relevant operation has been performed.

6.4.8 Once the manufacture of an item has been completed and prior to each shipment, the Supplier shall issue a certificate of compliance with the applicable specifications, codes and standards. This certificate shall be sent to Iberdrola and shall be required for Iberdrola issuing the Shipment Authorisation for the relevant item.

6.4.9 Based on the documents drawn up within the scope of the detailed Quality Plan and regardless of the documentation supplied as per sections 6.4.6, 6.4.7 and 6.4.8, the Supplier shall prepare and send to Iberdrola a technical report that shall be sent to Iberdrola, together with the Equipment and Materials, for its approval and filing.

6.4.10 Once the Work Completion Notice has been received, Iberdrola shall perform a final inspection of the Equipment or Material or part thereof in order to issue the relevant Shipment Authorisation. In order to perform such final inspection, where applicable, Iberdrola and the Supplier shall follow the procedure set forth in clause 6.4.5.

6.4.11 Iberdrola may require additional tests or examinations besides those laid down in the Contractual Documentation. Such additional examinations or tests shall be considered, where applicable, as changes, in accordance with the provisions of clause 13.2.

6.4.12 If, during the tests, any result fails to comply with the provisions contained in the applicable Technical Specifications and/or any other part of the Contractual Documentation, the Supplier may choose to replace the affected Equipment or Material or repair it, on his own account, as long as such repair is allowed by applicable legislation and standards and the new schedule meets Iberdrola's requirements.

6.4.13 Neither the implicit or explicit acceptance or approval nor the omission of the indication of defects in the components of the Equipment and Materials by Iberdrola or his representatives shall release the Supplier from any of his responsibilities.

6.5 Delivery terms and conditions

Delivery terms and conditions shall be agreed in the Time Schedule that forms part of the Contractual Documentation and/or the date specified by notice to the Supplier.

Any partial deliveries agreed shall be made in accordance with the Time Schedule, where Iberdrola shall reserve the right of accepting advanced, unprogrammed, deliveries when he considers it appropriate.

The following two sections shall not apply for the supply of Equipment or Materials available in the Supplier's warehouse or terms of delivery below three (3) months.

6.5.1 One month after the Bid acceptance, the Supplier shall provide a detailed Time Schedule in accordance with the Time Schedule submitted in the Bid, comprising at least the following activities and the relevant dates:

1. Information and data to be supplied by Iberdrola.
2. Delivery of plans, calculations, inspection procedures, instruction books and other documents for Iberdrola's approval.
3. Stock of subcontracted raw materials and parts.
4. Workshop manufacturing plan and final tests.
5. Transport and deliveries.
6. Assembly at site.
7. Preliminary tests and provisional reception at site and final acceptance.
8. Sending of final dossier.

Some of the above activities may not apply, depending on the scope of the supply covered by the Contract or Accepted Order.

The delivery sequence shall be logically associated with an ordered assembly sequence.

The beginning of the Time Schedule shall be the date agreed in the Letter of Intent or in the Contractual Documentation the date specified by notice to the Supplier.

6.5.2 On a monthly basis and as from the issue of the detailed Time Schedule, the Supplier shall send Iberdrola a progress report showing the work carried out during the preceding month and a comparison with the agreed planning. Such report shall list the components and services included in the scope of the Supply, indicating the anticipated delivery dates.

Iberdrola and his representative shall have access to the Supplier's facilities and its respective sub suppliers' facilities to carry out any monitoring activity they consider necessary to ensure fulfilment with the planning.

6.5.3 The delivery procedures that shall be followed are these set forth below:

- a) The Supplier shall send to Iberdrola the Work Completion Notice, indicating the Equipment or Material or part thereof to which the said notice refers.
- b) When the Equipment or Material or part thereof has to be removed by Iberdrola from the Supplier's facilities, the Supplier shall issue the Availability Notice, which shall contain the following information:
 - a. Reference number of the Contract or the Accepted Order.
 - b. Number of packages available, indicating for each package: Material or Equipment contained, size, weight.
 - c. Estimated value of the goods with regard to storage and transportation insurance.
 - d. Indications to be considered with regard to transportation due to the specifications of the Materials or Equipment.
 - e. Reference number of the Equipment or Material if provided by Iberdrola.
 - f. Specific address of the place of collection of the goods.
- c) When the Equipment or Material or part thereof are to be delivered by the Supplier to Iberdrola's facilities, the Supplier shall issue the Shipment Notice, indicating the following:
 - a. Reference number of the Contract or the Accepted Order.
 - b. Number of packages sent, indicating the material contained in each package, as well as the estimated value of the goods for purposes of the storage insurance.
 - c. Reference number of the material if provided by Iberdrola.
- d) The Supplier shall not ship the Equipment or Material or part thereof until it receives the Shipment Authorisation from Iberdrola.

This Shipment Authorisation issued by Iberdrola shall contain at least the following information:

- a. Reference number of the contract or Iberdrola's order.
- b. Name of the Supplier and the subcontractor, if applicable.
- c. Authorised Equipment or Materials.
- d. Signature or signatures of the persons responsible for the acceptance.

In any case, a copy of the Shipment Authorisation shall be attached by the Supplier to the delivery note of each of the items delivered and covered by the aforementioned authorisation.

6.5.4 If a Material or Equipment or part thereof cannot be delivered for any reason once it has been finished, the Supplier shall store it in accordance with Prudent Industry Practices until it can be delivered, and the storage expenses incurred shall be on the account of the Supplier.

6.6 Packaging and marking

6.6.1 The Equipment and Materials shall be prepared by the Supplier for transport in accordance with Prudent Industry Practices, taking as many precautions as required (maritime transport packaging, etc.).

6.6.2 The Supplier shall be responsible for any damage resulting from defective or inappropriate packaging.

6.6.3 All the Equipment and Materials shall be duly marked, referenced and labelled for correct and easy identification and reception. The marking and labels to be put on each Equipment or Material or part thereof shall be those indicated in the Contractual Documentation and, in any case, they shall indicate the number of the Contract or Accepted Order they relate to.

6.6.4 Iberdrola reserves the right, for himself or his representatives, to inspect all the packages prepared for the shipment. Such inspections shall not release the Supplier of his responsibility regarding the packaging.

6.6.5 The Contractual Documentation of each supply shall specify the packaging requirements for the requested Equipment or Material.

6.6.6 The shipments of the Equipments and Materials shall include a delivery note detailing the goods included in the shipment and the price of them, each with the quantity that is still to be delivered and indicating the Contract or Accepted Order number and the relevant item in a very visible place.

6.7 Transportation

6.7.1 Transportation shall be carried out in accordance with the provisions set forth in the Contractual Documentation or specifically notified by Iberdrola.

Should it be on the account of the Supplier, it shall be carried out under the best conditions of safety and speed.

6.7.2 Should the transport be on the account of Iberdrola, the delivery shall be deemed to have occurred when the Equipment or Material is placed in the element of transport. If it is also classified as "special", due to the size or weight of the Equipment or Material, the Supplier shall send Iberdrola a description thereof indicating weights, size and any other information required at least ninety (90) days prior to the foreseen availability date so that Iberdrola can organise transportation accurately.

6.8 Transfer of ownership and risk of loss

The ownership and risk of loss or damage to the Equipment and Materials shall be understood as transferred from the Supplier to Iberdrola when the Supply has been effectively delivered to Iberdrola and unloaded at the point of destination agreed in the Contractual Documentation. The Supplier shall be responsible for taking out insurance policies in accordance with clause 6.10 below to cover the risk set forth in this clause.

The Supplier warrants and undertakes that, immediately prior to title in the relevant Equipment and Materials passing to Iberdrola in accordance with this clause, all Equipment and Materials are the absolute and unencumbered property of the Supplier and are not subject to any liens, charges and/or other third party rights of any nature.

6.9 Acceptance of the Supply

6.9.1 The Supply shall be accepted on delivery, if the requirements set forth in the Contractual Documentation are met.

6.9.2 The Supplier shall provide Iberdrola with all the information or documentation required in accordance with applicable legislation, evidencing the legal importation of the Equipment and Materials of the Supply, and it shall be fully responsible for the payment of any taxes, duties, fees, contributions, etc. due as a result of the importation or re-exportation of the relevant goods.

6.10 Guarantees

6.10.1 The Supplier shall guarantee (i) the ownership and title of both the Equipment and Materials supplied and the intellectual and industrial property thereof, (ii) the inexistence of both apparent and hidden burdens or defects, and (iii) the correct operation, according with the terms set forth in the following sections. The warranties set forth in this section are not intended as a limitation, but are in addition to all other express warranties set forth in the Contract or Accepted Order and such other warranties as are implied by law, custom, and usage of trade.

6.10.2 The guarantee of ownership and title shall establish that the Equipment and Materials covered by the Supply are owned by the Supplier, transferred free and clear of any kind of encumbrances and are legally and freely transferable. In addition, the transfer of the intellectual or industrial property necessary for the correct use of the items supplied shall likewise be guaranteed. Should these guarantees be breached, the Supplier shall indemnify and hold Iberdrola harmless from any damage, claim, loss or expense, and shall defend the validity of the sale of the Equipment and Materials according with the applicable legislation and standards.

6.10.3 The guarantee for apparent defects shall allow Iberdrola to choose between either (i) the return or repairment of the Equipment and Material or (ii) a reduction in the price, where the Supplier shall be responsible for all the arising expenses whatever Iberdrola's option is. Iberdrola shall have a term of ninety (90) business days from the effective delivery of the supply to inform the Supplier of the existence of such apparent defect.

6.10.4 The guarantee of operation shall determine the accurateness of the Equipment and Materials of the Supply for the specified function. This guarantee shall be in force and effect until the first to occur of (i) twelve (12) months following the date on which such Equipment and Materials enters into operation and (ii) eighteen (18) months from the delivery.

If, during the term of this guarantee of operation, Iberdrola notifies the Supplier a defect, the Supplier shall repair, replace, adjust or modify the relevant Equipment or Material as required for the fulfilment of the guarantee on his own account. The choice between the alternatives given and the appropriate moment for implementing them shall be determined by Iberdrola.

If, within a reasonable time, in accordance with the date indicated by Iberdrola, the Supplier does not complete the required correction, Iberdrola shall be authorised, after notifying the Supplier, to carry out the repair on his own account or through third parties, where all the relevant expenses shall be on the Supplier's account, in which case, Iberdrola shall be authorised to execute any existing Fulfilment Guarantee (as defined below).

The parts of the Equipment and materials that have been repaired, replaced, adjusted or modified by virtue of the guarantee, shall be covered by the operation guarantee for an additional until the later of (i) twelve (12) months from the date on which the defective Equipment or Material become available again and (ii) the end of the initial term of guarantee of such Equipment or Material.

The aforementioned guarantee shall be conditioned to the appropriate reception, handling, storage and installation of the Equipment and Materials when such activities are not the responsibility of the **Supplier** and to the fulfilment of the following three conditions:

- The Equipment and Materials have been operated and maintained in accordance with Prudent Industry Practices;
- The Equipment and Materials have not suffered accidents, alterations, abuse or misuse; and
- The Equipment and Materials have been operated within the reasonable limits set forth in the Contractual Documentation.

6.10.5 Once the guarantee of operation has expired, the guarantee for hidden defects shall entitle Iberdrola to request and obtain from the Supplier the repair, substitution, adjustment or modification of any part or component with a hidden defect during a minimum term of three (3) years from the delivery of such part or component, all without prejudice of any indemnification for damages applicable.

6.11 Remedies

6.11.1 If the Supplier fails to supply any Equipment and Materials and/or perform any Associated Services by the applicable delivery date required by Iberdrola, Iberdrola shall, without limiting its other rights or remedies, be entitled to exercise one or more of the following rights:

to terminate the Contract or Accepted Order with immediate effect by giving written notice to the Supplier;

to refuse to accept any subsequent supply of the Equipment and Materials and/or the Associated Services which the Supplier attempts to make;

where Iberdrola has paid any sums in advance for Equipment and Materials and/or Associated Services that have not been supplied or performed by the Supplier in accordance with the Contractual Documentation, to require the Supplier to refund such sums; and/or

to require the Supplier to reimburse Iberdrola for any additional costs, loss or expenses incurred by Iberdrola which are in any way attributable to the Supplier's failure to supply the Equipment and Materials and/or Associated Services in accordance with the Contractual Documentation, including the additional costs of obtaining replacement goods and/or services.

6.11.2 If the Supplier has supplied Equipment and Materials and/or performed Associated Services that do not comply with any of the undertakings and/or warranties set out in the Contractual Documentation, then, without limiting its other rights or remedies, Iberdrola shall be entitled to exercise one or more of the following rights (whether or not it has accepted the Equipment and Materials and/or Associated Services):

to reject any Equipment and Materials (in whole or in part) whether or not title has passed to Iberdrola and to return them to the Supplier at the Supplier's own risk and expense;

to require the Supplier to repair or replace any rejected Equipment and Materials and/or re-perform the relevant Associated Services; and/or

to exercise any or all of the rights set out in clauses 6.11.1. a) to d).

6.11.3 These GTCs shall also apply to any substituted or remedial services and/or repaired or replacement goods supplied by the Supplier.

6.11.4 Iberdrola's rights and remedies under this clause 6.11 are in addition to its rights and remedies under the remainder of the Contractual Documentation and any rights and remedies that are implied by statute and/or common law.

6.12 Insurance

6.12.1 The Supplier shall take out and maintain in full force and effect with reputable insurance companies of a financial strength reasonably acceptable by Iberdrola that have authorisation to operate in the scope of the Contract or Accepted Order, the following insurance coverages:

- a) Liability Insurance in a broad form including all liabilities arising out of property damage, bodily injury and consequential damage to third parties, including Iberdrola and its personnel and the Comisión Federal de Electricidad and its employees and civil servants, and/or caused by and /or related to and/or attributable to the Contractor, his Personnel, subcontractors or representatives or any individual or entity involved in the execution of the Supply with a minimum insured limit of USD 750.000 per claim (or equivalent amount in local currency).

This Liability Insurance shall include coverage for Comprehensive General Liability, Products Liability and Completed Operations Liability, and Sudden and Accidental Pollution. This insurance shall also include a motor third party liability cover in excess of the specific motor third party liability insurance for those vehicles entering Iberdrola's facilities.

This insurance policy shall name the Supplier, Iberdrola, the Comisión Federal de Electricidad, their Personnel, subcontractors or representatives and any individual or entity involved in the execution of the Supply as insured parties. Furthermore, all parties involved in the execution of the Supply shall be considered as third parties with regards to Iberdrola. The insurance companies shall waive their right to subrogate against Iberdrola, the Comisión Federal de Electricidad, their Personnel, subcontractors and representatives.

- b) Motor Third Party liability insurance for those vehicles entering Iberdrola's facilities.
- c) If the scope of the Supply includes the transport of equipment or materials under liability of the Supplier, the latter shall contract a cargo liability insurance policy.
- d) Other compulsory and/or statutory insurances to be in force according to the applicable legislation or statutory requirement.

6.12.2. Before starting the execution of the Supply or the Accepted Order, the Supplier shall furnish Iberdrola an evidence (through the corresponding certificate by the insurance company) of the full validity, scope of insurance coverage and adequacy of the insurances to the conditions contained herein,. The Supplier shall engage with Iberdrola if in the opinion of Iberdrola it considers it necessary for the Supplier to extend or increase the scope of the insurance cover held by it at any time. The fact that the Supplier has sent a copy of the required insurance policies shall not imply that Iberdrola has approved such policies.

The Supplier shall notify Iberdrola of any modification or renewal of the policies indicated in the abovementioned sections and provide a copy thereof. In addition, when so required, he shall also provide Iberdrola with the receipt of payment. The Supplier shall need the prior approval by Iberdrola in order to cancel the policies indicated in the above mentioned sections.

6.12.3 The risks, obligations and responsibilities of the Supplier under and/or pursuant the Contract or Accepted Order are not limited to taking out the insurance policies referred to in this clause. For avoidance of doubt, the Supplier's liability shall not be limited or restricted to the amounts insured and/or recovered and/or coverages insured under any insurance policies maintained by the Supplier.

This insurance policy shall name the Supplier, Iberdrola, the Comisión Federal de Electricidad, their Personnel, subcontractors or representatives or any individual or entity involved in the execution of the Supply as insured parties. Furthermore, all parties involved in the execution of the Supply shall be considered as third parties with regards to Iberdrola. The insurance companies shall waive their right to subrogate against Iberdrola, the Comisión Federal de Electricidad, their Personnel, subcontractors and representatives.

7. Economic conditions

7.1 Prices

7.1.1 Prices set forth in the Contractual Documentation shall be considered as the total and final price and shall include any kind of expenses and charges directly or indirectly necessary for the Supplier to carry out the Supply.

All the prices shall be indicated in Mexican Pesos.

7.1.2 Prices shall be broken down into (i) the price of the Equipment and Materials, (ii) the price of the Associated Services and (iii) the relevant VAT and taxes, where applicable.

The price of the Equipment and Materials shall include the design and engineering, as well as the resulting plans, graphs, instruction books, lists of spare parts and other documents to be supplied by the Supplier.

7.1.3 The prices of the Supplies shall adopt the modality of transport, packaging and insurance paid by the Supplier up to the installation required by Iberdrola and, in the case of Supplies abroad, in accordance with the DDP modality (INCOTERMS of the International Chamber of Commerce)).

With regard to the delivery, ownership and insurance, etc., the terms and conditions shall be those established by the International Chamber of Commerce, except where such provisions are in contradiction with the terms and conditions set forth in the Contractual Documentation, in which case the latter shall prevail.

7.2 Price review

7.2.1 Prices set forth in the Contractual Documentation shall be considered fixed and not subject to review. However, for supplies with a contractual term of delivery of more than twelve (12) months, Iberdrola may accept review clauses in accordance with the criteria set forth below, as long as they are expressly agreed.

7.2.2 The formulas shall be as follows:

$M \quad M' \quad S \quad S'$

$P = P_0 (A + B - + C - + \dots + U - + V - + \dots) M_0 M'_0 \quad S_0 S'_0$

where:

P=Reviewed price.

P_0 =Base price to be reviewed.

A= Fixed part of the price expressed as a fraction, which may never be lower than

0.15.

B,C,..=Parts of the price, expressed as fractions, that can be varied in proportion to certain material indexes M_0 , M'_0 ,... used in the manufacture of the Equipment and Materials.

U,V,=Parts of the price, expressed as fractions, that can be varied in proportion to certain labour indexes S_0, S'_0, \dots used in the manufacture of the Equipment and Materials.

As all these coefficients are expressed in fractions, the following should be true:

$$A + B + C + \dots + U + V + \dots = 1$$

$M_0, M'_0, \dots, S_0, S'_0, \dots$, are, respectively, the material and labour indexes for the date taken as the base for the review, which may not be prior to the date of the Supplier's Bid under any circumstances. $M, M', \dots, S, S', \dots$ are the same indexes as the above for the date of the review.

The agreed review formula shall be incorporated into the Contractual Documentation.

7.2.3 Price shall not be modified when the result of the abovementioned formula is between 1.03 and 0.97 of the initial price.

7.2.4 The date of application of the indexes for the review of materials and labour shall correspond to the centres of gravity, in time, of the material stock activities and labour use in accordance with the Supplier's time schedule.

“Centres of gravity” means the date resulting of the following formula. Centres of gravity= $F+D$, where:

F =issuing date of the Accepted Order (or the date in which the Supplier order the supply to his subcontractors).

D = average of the days between the date F of each partial supply (d_i) multiplied by the Price of that partial supply (p_i). $D = \frac{\sum(d_i * p_i)}{\sum(p_i)}$.

Any delay with regard to the Time Schedule shall not be used as a base to justify price reviews unless they are due to actions or omissions by Iberdrola.

7.2.5 The indexes used for revisions shall always be official indexes. In the case of national supplies, they shall be published by the Bank of Mexico, the Department of Economy, the Department of Taxes and Public Credit or the National Institute of Geography and Statistics. The indexes used shall be included in the Contractual Documentation.

Should the publication of any of the agreed indexes stop or should their calculation bases be substantially modified, the affected index shall be replaced by another appropriate index to be agreed by and between the parties.

However, changes to the base year (index reference year), sources of the indexes and minor changes to the weighting of the components of an index shall not be understood as substantial modifications to such indexes as long as the referred changes affect the initial indexes for the month relevant to the review.

7.2.6 Changes in currency exchange rates shall not allow any variation or review on the agreed prices.

7.3 Invoicing

7.3.1 Original invoices shall be sent to Iberdrola's address indicated in the Contractual Documentation and they shall meet the requirements set forth in applicable legislation and shall expressly include the Contract or Accepted Order reference number to which they correspond and the taxable amount, retention, and where applicable, VAT amount.

The invoices which include total or partial cancellations of advance payments shall be detailed as follows:

- a. Amount of the Supply excluding taxes
- b. To be deducted: advance payment applied, excluding taxes
- c. Resulting amount
- d. % of VAT of the resulting amount
- e. Amount due

7.3.2 Under no circumstances may invoices be issued based only on the execution of the Contract or Accepted Order.

7.3.3 The date of each invoice shall be the effective receipt date of the relevant Supply by Iberdrola, and shall not be prior to the date on which, in accordance with the Contractual Documentation, it is to be issued. Invoices may only be issued for the items received and registered in accordance with the abovementioned conditions of delivery.

7.3.4 A single invoice shall be issued by the Supplier on the completion of the Supply. For the Supplies to be completed by means of partial deliveries, no invoice may be issued until the order has been completed.

However, the issue of partial invoices and advance payments may be accepted as long as they comply with the following conditions:

- There shall be no advance payment invoices associated with the signing of the Contract or the Accepted Order.
- Invoices shall be based on the actual progress of the work carried out by the Supplier and not on dates set regardless of such progress. In addition, the invoiced amount shall be in proportion to the amount invested by the Supplier during the process and shall comply with the hypotheses used to set the centres of gravity used in the price review formulas, where applicable.
- Invoices shall be conditioned to the delivery or execution by the Supplier of the Equipment and Materials, Associated Services or documentation whose contractual dates precede each invoice in accordance with the Time Schedule.

7.3.5 In invoices corresponding to Associated Services, where applicable, the Supplier shall attach the relevant certificates for the services provided, duly accepted by Iberdrola.

7.3.6 The invoices generated by the price review, where applicable, shall be issued separately and they shall include details of the application of the agreed review formulas, as well as their official documentary evidence and justification.

Unless specified otherwise on the Contractual Documentation, provisional reviews or reviews on account shall not be invoiced. Therefore, until the final official indexes are available for the respective contractual review date, no invoice shall not be issued.

7.3.7 Invoices that do not meet any of the above requirements or the requirements set forth in the Contractual Documentation shall not be accepted and shall be returned. The partial non-fulfilment of any of the relevant obligations shall be considered as a failure to comply with all of them.

7.3.8 Items may be invoiced through the auto- invoicing system as long as the parties so agree in the Contractual Documentation.

7.3.9 The payment of the invoices shall not release the Supplier from any of his responsibilities or obligations under the Contractual Documentation.

7.4 Payments

7.4.1 All payments shall be made in accordance with the terms and conditions set forth in the Contractual Documentation. The effective date of payment of the invoice shall be the first payment date so established in the Iberdrola Group Mexico's administrative calendar after the invoice becomes due. The aforementioned administrative calendar shall establish at least one (1) payment day every month.

Such payments shall only be made to the Supplier. At Iberdrola's convenience, it will be done by transfer or check. If payment is made by transfer, it shall always be made to a bank account owned by the Supplier and opened, either in the country where the Supplier or the company of the Iberdrola group that hired the Supply have its registered office, or in the country where the delivery of the Supply has been made. If payment is made by check, it shall be the nominative and the Supplier undertakes to deposit it in a bank account opened under its name in a country that does not have the consideration of tax haven according to applicable law.

7.4.2 Should Iberdrola realise that the Supplier is in breach of his obligations in such a way that it may lead to liability or other direct action against Iberdrola, regardless of whether or not the Contract or the Accepted Order is executed, and as soon as he is aware of such circumstance, Iberdrola may retain all the payments pending to be made to the Supplier in an amount that is sufficient to cover such liabilities; he may also pay such liabilities on the account of the Supplier.

This right of retention and payment on account of the Supplier shall extend to any damages resulting from the Supplier's breach referred above.

7.4.3 Iberdrola shall be entitled to withhold and offset any pending payment to the Supplier, from the amount that the Supplier owes to Iberdrola or any of the companies of the Iberdrola Group. These shall comprise any company directly or indirectly controlled by Iberdrola, S.A.

7.4.4 Payment of the price does not imply Iberdrola's acknowledgment of the Supplier having fulfilled all its obligations under the Contract or Accepted Order or any waive of any rights Iberdrola might hold hereunder.

7.4.5 The Supplier shall only be entitled to assign its obligations or collection rights previous consent of Iberdrola.

7.5 Fulfilment Guarantee

The Supplier and Iberdrola hereby agree that as security for the Supplier complying with and fulfilling all its obligations against Iberdrola under the Contractual Documentation, Iberdrola shall deduct from each payment not considered as an advance payment, ten per cent (10%) of the relevant amount (the “**Fulfilment Guarantee**”).

Iberdrola may accept to replace such deduction by the delivery of the Supplier to Iberdrola of either (i) a letter of credit or (ii) a deposit at the commencement of the Supply issued by a financial entity accepted by Iberdrola, where the relevant expenses shall be on the Supplier's account.

The letter of credit or the deposit terms and conditions shall expressly state the following:

- a. Its irrevocable character, excluding the benefit of discussion, division and order.
- b. Its first demand guarantee nature.
- c. The guarantor issuing the letter of credit shall be jointly and severally responsible with the Supplier should the guarantee be executed
- d. The term of validity in accordance with the Contractual Documentation.

Cancellations shall only be made after Iberdrola has issued his written consent.

7.6 Delay Penalty

7.6.1 The Time Schedule and delivery deadlines are an essential part of the Contract or Accepted Order. Without prejudice to Iberdrola's other rights and remedies under or/and pursuant to the Contractual Documentation and/or at applicable legislation, should the Supplier fail to fulfil such Time Schedule or delivery deadlines established in the Contractual Documentation or notified by Iberdrola, the Supplier shall pay to Iberdrola, as a penalty for the delay (the “**Delay Penalty**”), an amount equal to one per cent (1%) of the final total price of the supply for each full calendar week's delay.

Such Delay Penalty shall never exceed fifteen per cent (15%) of the final total price of the Supply, defined as the initially agreed price of the Supply plus any adjustments or reviews carried out according with the terms hereunder.

The Delay Penalty shall apply and be due immediately upon the Supplier failure to comply with the Time Schedule or the established deadlines.

Notwithstanding the foregoing, if the damages caused to Iberdrola as a result of the delay can be quantified and they represent an amount that is higher than the Delay Penalty calculated in accordance with the above, Iberdrola may choose between requesting payment of the Delay Penalty or the payment of damages.

Regardless of the application of the above paragraphs, should any part of the supply of the Equipment and Materials (and the performance of any Associated Services) not be completed within the timelines set out in or pursuant to the Contract or Accepted Order, any loss, penalty, claim or action suffered or incurred by Iberdrola to a

third party due to breach of applicable contractual commitments to third parties, which are directly related to the relevant supply of the Equipment and Materials (and the performance of any Associated Services), shall be fully met by the Supplier.

7.6.2 Iberdrola is allowed to deduct any Delay Penalty due from the payment of any pending invoices.

7.6.3 Iberdrola reserves the right to establish any other sort of penalty, provided that they are expressly set forth in the Contractual Documentation.

7.7 Taxes Duties

7.7.1 All the taxes, duties, compensation quotas, contributions and public prices resulting from the execution of the Contract or the Accepted Order shall be on the account of the Supplier, except for those which correspond to Iberdrola in accordance with applicable legislation.

7.7.2 The party responsible for a specific importation shall be responsible for all the duties, taxes and other encumbrances related to such importation.

7.7.3 Iberdrola and the Supplier shall co-operate on obtaining the exemptions and other tax benefits that apply to the Supply and they shall further undertake to jointly establish, together with Iberdrola, the best way for the determining thereof. When, due to the lack of diligence or any other reason attributable to the Supplier, Iberdrola loses a tax benefit applicable to the Supply, Iberdrola may discount the amount relevant to such benefit from the agreed price.

8. Assignment and subcontracting

8.1 Neither the Contractual Documentation nor any of the rights, interests or obligations hereunder shall be assigned, subcontracted or otherwise transferred by the Supplier without the prior written consent of Iberdrola. Iberdrola's prior approval shall be required with regards (i) the assignee or subcontractor and (ii) the scope of the Supply subcontracted or assigned.

Iberdrola is allowed to assign, subcontract or otherwise transfer the Contractual Documentation or any rights, obligations or interests thereunder to any other company belonging to its group.

8.2 The Supplier shall expressly indicate in the contract or other documentation executed with the assignee or subcontractor the latter's obligation of meeting all the requirements set forth in the Contractual Documentation, indicating the technical and quality requirements, terms of execution, as well as Iberdrola's right to have access to the assignee's or the subcontractor's facilities, and to obtain all the documentation that certifies the above.

In addition, the Supplier shall expressly include in the contract or other documentation executed with the subcontractor the latter's waiver of any action against Iberdrola derived from the Contract or Accepted Order or from the subcontracting agreement.

8.3 Should the Supplier wish to subcontract work additional to that set forth in the Contractual Documentation or modify the list of possible assignees or subcontractors, it shall need prior written authorisation from Iberdrola.

Any assignee or subcontractor shall have to prove and give evidence of the fulfilment of and compliance with relevant and required technical qualification for carrying out the subcontracted work, if so requested by Iberdrola.

8.4 The Supplier shall be the only party to which Iberdrola is responsible (in accordance with the terms of the Contractual Documentation) in connection with the supply of the Equipment and Materials (and the performance of any Associated Services).

In the event that Iberdrola provides its prior written consent to any proposed sub-contracting by the Supplier in accordance with this clause 8, the Supplier acknowledges and agrees that such consent shall not relieve the Supplier from any of its obligations under and/or pursuant to the Contract or Accepted Order and the Supplier shall remain responsible for all acts and omissions of its permitted sub-contractors and all Personnel, whose acts and omissions shall be deemed to be acts and omissions of the Supplier. An obligation on the Supplier under and/or pursuant to the Contract or Accepted Order to do, or to refrain from doing, any act or thing shall include an obligation upon the Supplier to procure that all sub-contractors and Personnel also do, or refrain from doing, such act or thing.

8.5 Should the Supplier subcontract or assign Associated Services, it shall require the subcontractors or assignees to comply with all the provisions set forth in applicable legislation and standards on social security matter, providing Iberdrola with all the relevant certifying documentation evidencing such compliance. The Supplier shall obtain from the relevant subcontractor or assignee written confirmation of his awareness of his provision, which shall be sent to Iberdrola on or before the date on which the subcontractor or assignee starts executing its work.

9. Confidential information

9.1 The Supplier undertakes keep absolutely confidential all the information obtained from Iberdrola (whether verbally or in writing) with regard to the Contractual Documentation, including, by way of example but not limited to, the request for Bid, the Bid, the Accepted Order or the Contract, these GTC, Iberdrola's customers, personnel, suppliers products, operations, methodologies, processes, developments, know-how, business affairs and any information related to the Contractual Documentation (the "**Confidential Information**"). All the information, to which Seller has access, will be considered as a trade secret pursuant to the Article 82 of the Industrial Property Law in force.

It will not be considered Confidential Information the information that:

- (i) is or becomes, through no improper action or inaction by the Supplier, generally available to the public; or

- (ii) was in the Supplier's possession or known by it, without restriction, prior to receipt from the Iberdrola, provided that the Supplier comply with restrictions imposed thereon by third parties; or
- (iii) was, to the best of its knowledge, rightfully disclosed to the Supplier by a third party without restriction; or
- (iv) was independently developed without use of any Confidential Information by the Supplier.

In the event the Supplier is requested or becomes legally compelled (including, without limitation, by oral questions, interrogatories, requests for Confidential Information or documents, subpoena, criminal, public or civil investigative demand or similar process) to disclose any of the Confidential Information, as far as legally permitted, it will provide Iberdrola with prompt written notice so that they may seek (in co-operation and assistance) a protective order or other appropriate remedy to prevent such disclosure and/or waive compliance with the provisions of this clause.

In the event that such protective order or other remedy is not obtained or the urgency of the matter does not allow to wait, the Supplier will furnish only that portion of the Confidential Information which its legal advisors advise is legally compelled to disclose and will exercise its best efforts to obtain an appropriate remedy or other assurance that confidential treatment will be given to the Confidential Information.

In the absence of any specific instruction from any appropriate administrative authority or court of competent jurisdiction, any decision as to what portion of the Confidential Information is legally required to be furnished will be made by the Supplier in consultation with Iberdrola.

9.2 The Supplier shall be liable in the event that any of its shareholders, directors, employees, managers, assignees, subcontractors and advisers (hereinafter, the "**Representatives**") who have access to the Confidential Information fail to comply the confidentiality obligation set forth in this clause, without prejudice of Iberdrola's right to file legal action against any of them to defend his interests .

The Supplier hereby ensures and guarantees (i) that the Confidential Information which has been provided to it or to its Representatives is protected with the highest security measures and (ii) that the Supplier shall, and procure that its Representatives shall, take the required degree of care and carry out all necessary actions for complying with the confidentiality undertakings assumed by virtue of these confidentiality provisions.

9.3 This obligation to confidentiality shall remain in force throughout the term of the Contract or Accepted Order and for a period of five (5) years after the termination of thereof.

The Supplier shall indemnify Iberdrola against all losses, expenses, costs, liabilities and damages that may arise directly or indirectly from any breach of this confidentiality obligation or the unauthorised disclosure or use of the Confidential Information or any part of it in breach of this provisions by the Supplier or its Representatives.

10. Personal data

10.1 The parties undertake to fully comply with all applicable rules a legislation concerning data protection with respect to that personal data of the other party they have access to, and shall either return or destroy such information and data upon termination of the Contractual Documentation.

10.2 The parties shall take all technical and organizational measures necessary, especially those established by applicable legislation and standards, for the protection of personal data and avoid their alteration, loss or unauthorized processing or access.

11. Suspension and termination

11.1 Suspension of the Contract or the Accepted Order

11.1.1 In the event that Iberdrola is entitled to terminate the Contract or the Accepted Order in accordance with its terms, Iberdrola may (at its sole option and without prejudice to its rights under clause 11.2, which shall subsist during any period of suspension) suspend the Supplier's performance of all or any part of the supply of the Equipment and Materials (and/or the performance of any Associated Services) for such period as Iberdrola may consider appropriate. Iberdrola shall not be obliged to pay the prices and/or any other costs, fees, charges or other amounts to the Supplier during any period of suspension pursuant to this clause 11.1.1.

11.1.2 Without prejudice to clause 11.1.1, if Iberdrola considers it necessary or is obliged to request the temporary suspension of a complete or a part of a specific Contract or Accepted Order, in any circumstances other than those set out in clause 11.1.1, Iberdrola shall notify the situation to the Supplier in writing, explaining the reason and the estimated time of the suspension. The Supplier shall immediately suspend the execution of the Supply in accordance with the terms of the notification provided by the Iberdrola pursuant to this clause 11.1.2.

Iberdrola shall pay the Supplier the finished work and that part which is at an advanced status when the suspension is notified.

The Supplier recognizes and accepts that the exercise of this right by Iberdrola shall not give rise to any additional payment or retribution for any concept.

11.2 Termination of the Contract or the Accepted Order

11.2.1 The Contract or the Accepted Order may be terminated, wholly or partially, by mutual agreement between the parties.

In this case, the parties shall execute the termination agreement in writing and the Supplier shall immediately interrupt all the work or Supply in progress in accordance with the aforementioned termination agreement, as

well as stocking up with new materials. Iberdrola shall pay to the Supplier the finished work or that part which is at an advanced status when the termination is notified.

11.2.2 The Contract or the Accepted Order may be freely terminated by Iberdrola, wholly or partially, by means of notice sent to the Supplier, and the Supplier shall not be entitled to any indemnification, penalty or liability, in the following cases:

- a) Bankruptcy proceedings, dissolution or death of the Supplier.
- b) Breach by the Supplier of the legislation and standards applicable to the Contract or the Accepted Order.
- c) Reiterated and continuing failure by the Supplier to comply with Iberdrola's instructions or any obligations or commitments set forth in the Contractual Documentation.
- d) The Supplier subcontracts all or part of the Supply without the prior authorisation of Iberdrola.
- e) When, for reasons attributable to the Supplier, the Supply is suspended or stopped or there is no continuity or due diligence in the execution thereof, including when such events are due to strikes or conflicts that are beyond the scope of the Supplier's company.
- f) When the Supplier fails to comply with the Time Schedule or the established deadlines for the Supply, causing damages to Iberdrola.
- g) For any other material or reiterated circumstance that represents the breach of the Supplier's contractual obligations or which prevents or hinders the completion of the Supply.
- h) When so ordered by any administrative or judicial authority or legally required by any third party.
- i) With at least six (6) months prior written notice, with no need of justification or cause, sent to the Supplier, provided that the Contract or Accepted Order so terminated have a term above six (6) months.
- j) Due to any breach by the Supplier of the provisions set forth in clause 13.9 or 13.10 of these GTC.
- k) the Supplier ceases, or threatens to cease, to carry on all or any part of its business;
- l) the Supplier disposes of, or threatens to dispose, of all or any part of its business; and/or
- m) Iberdrola, acting reasonably, considers that any conduct, act, omission or default of the Supplier (or any of its Personnel, staff or sub-contractors) is prejudicial to the commercial interests and/or reputation of Iberdrola.
- n) In the event of material changes in the financial, debt or capital markets, rating downgrade or similar circumstances or events which could affect the liquidity, solvency or networth position of Iberdrola, in such case with prior written notice sent at least fifteen (15) calendar days in advance of the proposed termination date.

On receiving termination notice issued by Iberdrola, the Supplier shall stop all the work and activity related to the relevant Supply, shall on request by Iberdrola return or supply to the other all documents, data and other material in its possession containing any Confidential Information.

Where applicable, Iberdrola shall evaluate the damages suffered due to the Supplier incurring in any of the causes set forth above, and the Supplier shall indemnify Iberdrola for such damages.

Expiry or termination of the Contract or Accepted Order for whatever reason shall not affect the accrued rights of the parties arising out of the Contract or Accepted Order as at the date of expiry or termination and, in particular, the right to recover damages from the other nor shall expiry or termination affect the continuance in force of any provision contained within the Contract or Accepted Order which is expressly or by implication intended to continue in force on or after such expiry or termination including clauses 2, 4.3, 4.6, 4.7, 5, 6, 8, 9, 10, 11.3, 12 and 14 which shall survive termination and/or expiry of the Contract or Accepted Order and shall remain in full force and effect.

12. Indemnity

The Supplier hereby agrees to defend, indemnify, and hold Iberdrola and its affiliates and their respective personnel harmless from any civil or criminal action, and any losses, liabilities, damages, injuries, costs, charges, claims and expenses (including all court costs and attorneys fees), caused by, arising from, or relating to Supplier's (including the Supplier's employees, contractors and agents) direct or indirect compliance with and/or breach of any of the Contractual Documentation, intellectual property rights or any applicable legislation, regardless of whether such breach is the result of Supplier's willful or negligent act or omission (or any of its subcontractors or assignees).

In any case, the Supplier shall be responsible for all damages suffered during the execution of the Supply either by the items related to the purpose of the Contract or the Accepted Order or those on which the Supply is being carried out, whatever their nature and size and whether owned by Iberdrola or third parties.

The Supplier shall indemnify and hold Iberdrola harmless from any damage or economic responsibility resulting directly or indirectly from the accidents that may occur as a consequence of the execution of the Supply.

13. Miscellaneous

13.1 Notices

All notices, requests and any other communications to any party hereunder shall be in writing and shall be deemed given if (i) delivered personally, (ii) sent by fax or e-mail (provided that it is confirmed), (iii) sent by courier (providing proof of delivery) to the address expressly authorised by the parties in the Contractual Documentation

13.2 Amendments or supplements

The Contractual Documentation or any part thereof may be amended or supplemented in any and all respects, by written agreement between the parties.

13.3 Publicity

Any use, publication or printing by the Supplier of the trade names, trade marks, emblems, logotypes, etc. of Iberdrola or its partners shall require prior approval in writing by Iberdrola.

13.4 Codes and standards

13.4.1 Except for the specific provisions set forth in the Contractual Documentation, the Equipment and Materials referred to therein shall be designed, manufactured, inspected and tested in accordance with the applicable legislation of the Mexican United States.

13.4.2 Prudent Industry Practices shall be followed for the design, manufacturing, inspection and test processes with regard to any provision not regulated by the applicable legislation and standards.

13.5 Language and units of measure

13.5.1 The Contractual Documentation, all the documents, plans and notifications by and between the Supplier and Iberdrola and the instructions and specifications plates shall be in Spanish.

13.5.2 The units of authorisation issued by the General Standards Department of the Department of the Economy shall be used in all the documents.

13.6 Licences, permits and authorisations

13.6.1 Each party shall obtain and maintain, on his own account, the licences, permits and authorisations required to fulfil his contractual obligations.

13.6.2 Each party shall provide the other with reasonable assistance for obtaining and maintaining such licences, permits and authorisations. In particular, the Supplier shall supply Iberdrola with the information and documents such as plans, diagrams, calculations, etc that may be required by the competent bodies to authorise the commissioning of the facility to which the Equipment and Materials are incorporated.

13.6.3 In the cases of importation, both parties, regardless of the established delivery condition, shall obtain and maintain, on their own account, any exportation and importation licences, permits and authorisations required by any government authority in their respective countries.

13.7 Force majeure

In any case, the events having the consideration of force majeure shall include, without limitation, the following:

- Earthquakes, tidal waves, fires floods or other natural disasters officially declared as catastrophes by the competent authorities and in accordance with applicable legislation.
- Destruction caused by terrorism or produced during war, sedition or riots.
- Legal strikes that surpass the scope of the Supplier's company and whose finalisation does not depend on his decision.

In all cases of force majeure, the affected parties shall notify the other party in writing not later than seven (7) days the event of force majeure occurs. In these cases, the parties shall be release of their respective obligations under the Contractual Documentation for so long as the force majeure event remains.

Iberdrola shall be entitled to terminate the Contract or Accepted Order (without Iberdrola having any liability to the Supplier) with immediate effect by notice to the Supplier in the event that a force majeure event affects the Supplier's performance of all or any significant part of its obligations under the Contract for a period of 7 days or more.

13.8 Severability. Waivers

13.8.1 If any term or provision of these GTC or the Contractual Documentation is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other terms, provisions and conditions therein shall nevertheless remain in force and effect. Upon such determination, the parties shall negotiate in good faith to modify these GTC or Contractual Documentation so as to achieve the original intention of the parties as closely as possible to the fullest extent permitted by law, to the end that the object of the agreement is fulfilled to the extent possible.

13.8.2 Any right, term or conditions of these GTC or the Contractual Documentation may be waived at any time by the party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by the party waiving such right, term or condition. Notwithstanding the foregoing, no failure or delay by any party in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise preclude any other further exercise thereof or the exercise of any other right hereunder.

13.9 Corporate social responsibility of the Supplier

In complying with the provisions of this GTC and the Contractual Documentation and carrying out the Supply, the Supplier shall procure:

- To promote good practices for support and respect for the protection of human rights;
- To avoid involvement of any kind in the abuse of the said rights;
- To respect the freedom of union membership and the right to collective bargaining, subject to applicable legislation;
- To eliminate all kinds of forced labour, understood as any work or service required of an individual under the threat of any penalty and for which the individual does not voluntarily offer his services;
- To avoid any form of child labour in his organisation, observing the minimum age for contracting Personnel in accordance with current applicable legislation and implementing the appropriate, reliable mechanisms for verifying the age of his employees;
- To eliminate all discrimination in employment and occupation. For these purposes, it shall be considered as discrimination any distinction, exclusion or preference based on race, colour, gender, religion, political

leaning, national or social origin whose purpose is to cancel or alter equal opportunities in employment and occupation;

- To keep a preventive focus on environmental issues in order to achieve sustainable development, limiting the activities whose impact on the environment is questionable;

The Supplier undertakes to comply with current applicable legislation governing the aforementioned principles.

The Supplier undertakes to notify Iberdrola of any situation in which the breach of the aforementioned principles is noticed, as well as the plan for correcting the situation. If such correction plan is not implemented by the Supplier in a reasonable term, Iberdrola reserves the right to terminate and cancel the Contract or Accepted Order with no liability or responsibility on its side.

Supplier shall establish the aforementioned principles as part of the terms and conditions of any agreement it enters into with any subcontractor or assignee.

At all times during the term of the Contractual Documentation, the Supplier shall allow Iberdrola's personnel to review the level of fulfilment with the principles established in this clause.

13.10 Business Ethics.

The Supplier represents, warrants and undertakes as follows:

a) General

- (i) The Supplier is duly organized and validly existing under the laws of the state of its organization and has all requisite legal power and authority to execute the Contractual Documentation and carry out its obligations thereunder.
- (ii) The Supplier is currently and will in the future be in compliance with all relevant laws and regulations applicable to its performance under the contract, including but not limited to any anti-bribery laws.
- (iii) The Supplier will maintain in full force and effect all licenses and permits required for its performance under the Contractual Documentation.
- (iv) The Supplier further agrees to cooperate fully in the collection, compilation and maintenance of data within its possession or control as may be required to be reported by Iberdrola under any statutes, regulations, orders or other contractual commitments.
- (v) No director, officer, employee or representative of the Supplier has (or will have during the term of the contract) any personal or business interest that would present an actual, potential or apparent conflict of interest with the performance of the Contractual Documentation as determined by Iberdrola in its sole discretion. Conflicts of interest include, but are not limited to: (i) gifts or payments made directly or indirectly to an existing employee of Iberdrola, its parents or affiliates, by the Supplier at any time prior to, during, or following the term of the contract; (ii) having an existing employee of Iberdrola serve as officer, director, consultant, advisor, representative or be an

employee of the Supplier; or (iii) any officer, director, employee, related legal entity or representative of the Supplier being related in any way (personal, business interest or otherwise) to an employee of Iberdrola without the Supplier first disclosing such relationship to Iberdrola in writing prior to the execution of the Contractual Documentation.

- b) **Standard of Conduct.** The Supplier will at all times employ the highest standards of honesty, integrity and fair dealing in rendering its services under the Contractual Documentation. Further, the Supplier will make no representations or guarantees concerning Iberdrola or its services that are false, misleading or inconsistent with Iberdrola's instructions to the Supplier or with representations contained in any promotional materials, literature, manuals or price lists published and supplied by Iberdrola from time to time and, further, will do nothing to damage the reputation of Iberdrola or its services.
- c) **Reviews of the Supplier.** The Supplier allows Iberdrola to carry out at any time of a background review of the Supplier including, but not limited to, financial and potential criminal matters, and it hereby expressly ratifies any such reviews conducted by Iberdrola prior to the execution of the Contractual Documentation. Upon Iberdrola's request, the Supplier agrees to provide Iberdrola written notice of the address, telephone number and contact information for its business offices.
- d) **Notification.** The Supplier will notify Iberdrola in writing immediately upon the occurrence of any of the following events: (1) any claim or notification made or threatened against or in relation to the Supplier, Iberdrola or any other party with respect to the supply; (2) any change in the ownership of the Supplier; or (3) any action or event that may cause the Supplier to become involved in a conflict of interest with Iberdrola.
- e) **Anti-Corruption.** The Supplier represents, warrants and undertakes that:
 - (i) it has and will continue to comply with all applicable anti-corruption laws. The Supplier agrees that it has not and will not, directly or indirectly, offer, promise, pay, authorize or give, money or anything of value to corruptly (1) influence any official act or decision, in any way relating to the Contractual Documentation or any related activity, of any Covered Party, any government, any government-owned or controlled entity or any government instrumentality; (2) secure any improper advantage in connection with the Contractual Documentation or any related activity; or (3) obtain or retain business, or to direct business to any person or entity, in connection with the Contractual Documentation or any related activity;

For purposes of the Contractual Documentation, a "Covered Party" includes any official, officer, employee or representative of any: (i) federal, state, provincial, county or municipal state government or any department or agency thereof; (ii) public international organization or any department or agency thereof; or (iii) company or other entity owned or controlled by any government, including state-owned, operated or controlled utilities or other energy-related concerns; as well as any political party or party official, or any candidate for political office.

- (ii) it has maintained and agrees that it will maintain complete and accurate books and records related to the Contractual Documentation or any related activity, including records of payments to any third parties, in accordance with generally accepted accounting principles. The Supplier agrees that it will grant Iberdrola access to such books and records for inspection from time to time upon reasonably

notice by Iberdrola. Such notice shall be deemed reasonable if it occurs at least fourteen (14) calendar days prior to the noticed inspection date.

- (iii) no political contributions or charitable donations or other payments of anything of value have been or will be given, offered, promised or paid by the Supplier or at the request of any Covered Party that is in any way related to the Contractual Documentation or any related activity, without Iberdrola's prior written approval.
- (iv) If Iberdrola reasonably and in good faith believes that the Supplier has violated any of the anti-corruption terms of this GTC, the Supplier will cooperate in good faith with Iberdrola to determine whether such a breach has occurred.

Non-compliance with any of the terms of this clause will constitute a material breach of for the purposes of these GTC.

13.11 Environmental Conditions

13.11.1 The Supplier undertakes to fulfil as many duties as fall to it by application of current environmental legislation, notwithstanding any modifications which may take place in the future concerning this area. In particular, the Supplier must comply with environmental legislation concerning packaging, labelling and return of packaging of products, and transport of hazardous substances and preparations. These examples are provided as illustrative, not exhaustive.

13.11.2 As far as possible, the Supplier must supply products or materials with ecologically-sound labelling, and must reuse and recycle waste resulting from the products or materials supplied.

13.12 Law and Jurisdiction

These GTC and the Contractual Documentation shall be governed and interpreted based on the applicable federal laws of the United Mexican States. Any dispute, claim or action are subject to the laws and courts of Mexico City, expressly waiving any other jurisdiction by reason of present or future domiciles may correspond.