

## Management System (MS)- Governing Document

Document name: MAT-D-000659 Standard conditions of purchase NOREQ 1

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Valid from: 2011.10.25

Revision No.: 003

Owner (Role): Purchaser / Production manager

Validity Area: NoreqGroup



### 1 GENERAL

1.1 These conditions of purchase shall apply unless otherwise agreed in writing.

1.2 If the seller uses or refers to other general or special terms of delivery for instance in his order confirmations of invoices, such deviations shall be deemed not to apply, unless otherwise explicitly agreed in writing.

### 2 OFFERS

2.1 Offers shall be submitted free of charge. Any deviations from the buyer's inquiry shall be stated explicitly.

2.2 The buyer has the right to accept any offer or reject all offers.

### 3 ORDER AND ORDER CONFIRMATION

3.1 Only written orders are binding for the buyer.

3.2 The buyer's order confirmation shall be signed and returned electronic no later than 5 work days after receipt.

### 4 DELIVERY, TIME OF DELIVERY

4.1 The goods shall be properly packed, marked with serial number and buyer reference number and shall be delivered at the specified time at the agreed place of delivery.

4.2 Detailed packing list in 2 copies issued by the Manufacturer/Seller indicating the number, content, measurement, net and gross weight of each package shall be enclosed the transport. In addition the seller shall provide the Buyer with one electronic copy of Packing lists.

4.3 Delivery shall be DDP the agreed place of delivery (Incoterms 2000) unless otherwise specifically agreed or follows from clause 4.3.

4.4 If it has been agreed that the seller shall carry out installation or commissioning, or that functional testing shall be performed in connection with the delivery, delivery shall be deemed not to have taken place before installation, commissioning or testing have been completed, and the buyer has confirmed acceptance of delivery in writing.

4.5 The seller carries the risk of loss of or damage to the goods as well as all costs in this connection, until delivery has taken place.

### 5 REQUIREMENTS FOR QUALITY ASSURANCE AND HSE

5.1 The seller shall have a satisfactory quality assurance and HSE system appropriate for the purchase. Relevant system requirements based on ISO 9001, OHSAS 18001 and ISO 14001 or similar shall be complied with.

5.2 The buyer shall have the right to perform quality audits at the seller's and his suppliers' premises.

5.3 The buyer has, at any time, the right to perform inspections and controls at the seller's and/or the seller's suppliers' premises in order to verify that goods are made according to the agreed requirements, and the seller shall assist the buyer at such inspections. Furthermore, the seller shall provide test protocols, material certificates, calculations and other documentation which the buyer may request.

5.4 It is the seller's responsibility, immediately and on his own account, to rectify any errors or defects that are detected through the buyer's inspection, control and audit.

5.5 The buyer's performance or omission of inspections, controls or audits shall not relieve the seller from the responsibility to ensure that the delivered goods and services comply with agreed requirements.

### 6 DRAWINGS AND DOCUMENTATION

6.1 All documentation such as certificates, drawings, instructions etc. specified in the order, are considered to be part of the delivery. The same applies to documentation which is not specified in the order, but mandatory according to existing regulations or necessary for the use of the delivered goods and services.

6.2 If Applicable and/ or agreed the seller shall supply 1 paper copy and 1 transparent copy of general assembly drawings and detailed drawings of each part of the delivery, and 2 paper copies of all other documentation necessary for the installation, operation and maintenance, as well as material certificates and lists of spare parts with the manufacturers' identification. In addition the seller shall supply complete documentation in electronic version in open file format approved by the buyer. Unless otherwise agreed, such documentation shall be delivered at the same time as the main delivery. Foundation and arrangement drawings shall however be delivered in adequate time before the main delivery, in order not to delay the buyer's preparatory work at the installation site.

### 7 INSTALLATION

7.1 If installation is part of the seller's responsibility, the seller shall in due time provide an installation plan which shall also clearly state the buyer's duties according to the agreement.

7.2 Installation work shall be performed within the framework of the regulations for safety, working conditions etc. applicable at the installation site.

### 8 VARIATIONS

8.1 The buyer is entitled to prescribe such variations to the goods and services which he considers required, and the seller has a duty to carry out such variations provided that they are within that which the

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parties could reasonably have expected when entering into the agreement. Such variations may include, but are not limited to, changes in the scope or quality of the goods or service, changes in technical specifications as well as changes regarding the time of delivery.

8.2 If the seller finds that the notified variation will result in changes to the price or the time of delivery, he shall notify the buyer in writing prior to implementation of the variation. If the seller fails to do so, he loses the right later to claim price increase or extension of the delivery time as a result of the variation.

8.3 Compensation for variations shall be in accordance with the original price- and profit level in the agreement. Should the changes result in savings for the seller, these should automatically be credited to the buyer.

8.4 If the parties disagree on the effect on the price of a variation, the seller shall nevertheless implement it if the buyer requests so without awaiting a final solution of the dispute.

## 9 CANCELLATION

9.1 The buyer may cancel the purchase in whole or in part by written notice to the seller.

9.2 Following such cancellation the buyer shall pay the seller for all work already performed, and for all necessary and documented expenses resulting directly from the cancellation. Apart from this the seller has no right to compensation as a result of such cancellation.

## 10 PAYMENT

10.1 The buyer shall pay to the seller the price stated in the agreement. The price shall be fixed and exclusive of VAT. The agreed price includes complete delivery and comprises everything which has not been specifically excluded in the order.

10.2 Unless otherwise agreed, payable amounts are due 30 days after satisfactory invoice.

10.3 All invoices shall include buyer order number, buyer Contact person, seller contact person and other references required by the buyer and clearly state what the various amounts relate to. Invoice fees etc. are not acceptable. The buyer is entitled to return invoices which do not meet with these requirements.

10.4 If it has been agreed that the seller shall provide a bank guarantee, the buyer is not obliged to make payments until he has received such guarantee. The same applies if it has been agreed that the seller shall provide copies of insurance certificates or similar.

10.5 The buyer may make deductions in the received invoice for advanced payments made, disputed or inadequately documented amounts, or any amounts owed by the seller to the buyer or other companies in the NOREQ Group.

## 11 DELAY

11.1 If the seller has reason to believe that the agreed time of delivery will not be met, he shall immediately notify the buyer in writing. Such notification shall state the reason for the delay and the expected new time of delivery. If the seller fails to give such notification, he is, irrespective of the regulations in clause 11.3, liable for the loss suffered by the buyer and which could have been avoided had the seller notified the buyer in due time.

11.2 If delivery has not taken place at the agreed time, or it is clear that such delay will occur, the buyer has the right to maintain the order or terminate it or parts thereof. For items which the seller shall produce specially for the buyer in accordance with the buyer's specifications or descriptions, and which the seller cannot dispose of in any other way without a substantial loss, the buyer may only terminate if the delay represents fundamental breach of contract. When maximum liquidated damages have been reached, the buyer may always terminate irrespective of the type of purchase.

11.3 In case of delay which is not due to force majeure or circumstances for which the buyer is responsible, the seller shall pay the liquidated damages for each calendar day of delay. Liquidated damages per day shall amount to 0,1 % of the total order value. Total liquidated damages shall however not exceed 10 % of the total order value. Total order value means the sum of the amounts of the main order and any additional orders under the same order number.

11.4 If the delay is due to faults or negligence on the part of the seller, or someone for whom he is responsible, the buyer may instead of liquidated damages claim damages according to law for the full economic loss he may suffer due to the delay, irrespective of the limits stated in clause 11.3.

11.5 The seller undertakes to limit any delay and its adverse effects to the extent possible.

## 12 GUARANTEE AND DEFECTS

12.1 The seller guarantees that the delivered goods and services fulfils the agreed requirements, including agreed performance and consumption figures, and are without defects of any kind. In addition the seller guarantees that all work performed, including any engineering work, is carried out in a professional manner and suitable for its intended purpose.

12.2 The seller is liable for all defects which occur during the guarantee period. The guarantee period expires 12 months after delivery. However, the guarantee period shall be extended by the length of time the delivery cannot be used as a result of defects. For replaced or repaired parts an equivalent new guarantee period shall apply from the date the replacement or repair is completed.

## Management System (MS)- Governing Document

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12.3 If defects occur during the guarantee period, the seller shall immediately, or at a later date if the buyer has justifiable basis to demand such delay, rectify such defects on his own account.

12.4 If the seller fails to do what is necessary in order to bring the delivery in accordance with the agreement within reasonable time, the buyer is entitled to carry out the rectification himself or by others for the seller's risk and account. The same applies if it will be of substantial inconvenience for the buyer to wait for the seller's rectification.. In such cases the seller shall be notified before any rectification is carried out.

12.5 If the seller does not rectify the defect within reasonable time, or does not rectify the defect completely, the buyer is entitled to a proportionate price reduction.

12.6 The buyer is entitled to terminate the purchase agreement if the defects constitute fundamental breach of contract.

12.7 The buyer may also claim damages according to law for any loss suffered as a result of defects. If the defects are of such kind that the buyer cannot make use of the delivery as intended, he may instead of damages according to law choose to claim liquidated damages pursuant to clause 11.3 for the inoperative period.

### 13 FORCE MAJEURE

13.1 Either party shall be entitled to suspend performance of his obligations under the Contract to the extent that such performance is implemented or made unreasonably onerous by any of the following circumstances; Industrial disputes and any other circumstances beyond the control of the parties such as fire, war, extensive military mobilization, insurrection, requisition, seizure, embargo, restrictions in the use of power and defects or delays in delivery by sub-contractors caused by any such circumstances referred to in this Clause.

13.2 A circumstance referred to in this clause whether occurring prior to or after the formation of any PO shall give a right to suspension only if its effect on the performance of the order could not be foreseen at the time of the formation of the PO.

13.3 The Party claiming to be affected by force majeure shall notify the other party in writing without delay on the intervention and on the cessation of such circumstances. If force majeure prevents the Buyer from fulfilling his obligations, he shall compensate the Seller for expenses incurred in securing and protecting the Equipment.

13.4 Regardless of what might otherwise follow from any placed order, either party shall be entitled to terminate the order agreement by notice in writing to the other party if performance of the order is suspended under this clause for more than two (2) months.

### 14 RIGHT OF OWNERSHIP

14.1 The buyer becomes the owner of the delivered goods upon delivery.

14.2 If payment in advance has been made, however, right of ownership passes gradually to the buyer as payments take place, even if the goods or parts thereof remain with the seller or his suppliers. The seller shall nonetheless hold the risk for the goods until delivery has taken place, cf. clause 4.4.

14.3 Models, tools or equipment necessary for fulfillment of the delivery which are provided by the buyer, are the buyer's property. The same applies to for models, tools or equipment manufactured by the seller and paid by the buyer, either in the form of a separate purchase price or as part of the purchase price for the goods, and these become the buyer's property as soon as they are manufactured and ready for use.

14.4 The seller shall mark the goods and everything that belongs to the buyer as the buyer's property, keep them separate from the seller's or third party's property and ensure that no part thereof is subject to any liens to the benefit of the seller or third parties

### 15 PATENT INFRINGEMENT

15.1 The seller shall indemnify the buyer from any claim caused by the goods or the use of the goods or any part thereof representing an infringement of a third party's patent rights or other immaterial rights, except when this is the result of the buyer's instruction or specifications and the seller did not know or should not have known that such infringement existed.

### 16 CONFIDENTIALITY

16.1 All information regarding the buyer's business, products etc. to which the seller gains access through the co-operation with the buyer, shall be treated as trade secrets belonging to the buyer. Such information shall be kept confidential and not used for other purposes than the fulfillment of the purchase agreement. The seller shall be liable for any loss the buyer may suffer as a result of breach of these obligations.

### 17 GOVERNING LAW AND LEGAL VENUE

17.1 These general conditions and any agreement entered into on the basis of these conditions shall be governed by and construed in accordance with, Norwegian/ Danish law.

17.2 Any disputes regarding the agreement which are not settled amicably shall be settled by legal proceedings unless the parties agree otherwise. In such case the legal proceedings shall take place at the Sunnhordaland District Court.