



## General Terms and Conditions

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### Art. 1 Definitions

**Company** means ..... ( a FOWIC entity)

**Force Majeure** means any event outside the control of the party affected, provided that such party could not reasonably have foreseen the event at the time of entering into the Purchase Order and could not reasonably have avoided or overcome it or its consequences.

**Guarantee Period** means a period of 18 months after the Supply has been taken into use by Company for its intended purpose, or a period of 24 months after Company has accepted delivery of the Supply, whichever is shorter.

**Purchase Agreement** means the contract between Company and Supplier for the sale and purchase of the supply, formed by the terms set out in the Purchase Order and the General Conditions of Purchase set out herein.

**Purchase Order** means the Purchase Order Form and any documents described or referenced therein.

**Purchase Price** means the total compensation payable to Supplier for the Supply as specified in the Purchase Order, as the same may be varied in accordance with the Purchase Agreement.

**Supply** means all items and ancillary Services to be supplied by Supplier under the Purchase Agreement, complete with any required drawings, certificates and other documentation.

**Supplier** means the company or person named as such in the Purchase Order.

**Variation Order** means a written order issued by Company in accordance with Art. 4.

**Work** means all work which Supplier shall perform or cause to be performed in accordance with the Purchase Order.

### Art. 2 Representatives of the Parties

Each of the parties shall in writing nominate a representative who shall be authorized to act on behalf of that party in all matters concerning the Purchase Order. Each of the parties may substitute a representative by notifying the other party in writing.

Supplier shall, during working hours, afford Company's representative access to the Work and any site where the Work is performed.

### Art. 3 Performance of the Work

Art. 3.1 Supplier shall perform the Work in a professional and careful manner. As part of such performance Supplier shall:



#### General Terms and Conditions

- a) Search for defects, discrepancies and inconsistencies ("errors") in the documents (if any) received from Company as the basis for the Work. Supplier shall without undue delay notify Company of any such "errors" discovered and initiate corrective action. Supplier shall be liable for any costs which arise from such "errors" that he should have discovered
- b) Keep himself informed of and comply with applicable laws and regulations requirements and orders of classification societies and public authorities; current trade union and wage agreements and Company 's guidelines including all requirements relating to health, environment, safety and quality when performing Work at Company's premises
- c) Actively contribute to the transfer of experience throughout the performance of the Work.
- d) Ensure that tax deductions, duties and other payments are made in accordance with legislation and associated regulations
- e) Plan and execute his activities in such a manner that the Work is performed without loss of life, injury, or damage to property or the environment
- f) Upon completion of the Work, return all items which Supplier has received from Company
- g) Ensure that his personnel are in possession of necessary training certificates required by Company. Only personnel with said certificates will be allowed access to Company's vessels and offshore premises.
- h) The Supply shall be delivered properly packed and marked with reference to the Purchase Order and other relevant date and in accordance with the time limit and the place specified in the Purchase Order. Where the supply consists of several parts, each part shall be marked and identified showing also the total number of parts of the Supply.

Art. 3.2 Supplier shall, upon Company's request submit written résumés for all personnel who will be performing the Work. Company reserves the right to approve such personnel and to have replaced immediately without cost to Company personnel who, in Company's opinion, fail to perform satisfactorily in the work situation, or fail to attain a satisfactory standard in executing the Work. Supplier shall not replace approved personnel without Company's prior approval in writing.

Art. 3.3 Supplier shall not subcontract all or parts of the Work without prior approval from Company. Such approval does not relieve Supplier of his responsibilities and obligations under the Purchase Order. Supplier shall ensure that subcontractors comply with the Supplier's obligations set out in the Purchase Agreement.

Art. 3.4 Suppliers shall have established and in force a Quality Assurance System in accordance with ISO 9001/2/3 / ISO 14001 whichever is applicable to the Supplier's trade. The Supply shall be manufactured in accordance with such system and Company shall have the right to audit the Suppliers compliance with it at any time during the terms of the Purchase Agreement.

Art. 3.5 Supplier shall perform all inspections and test described in the Purchase Order and in its Quality Assurance System. Company shall have the right at any time to inspect and test the supply or any part thereof, and Supplier shall assist in the performance of the inspections and tests and shall furthermore provide samples and related certificates as required.

Art. 3.6 Company shall also have the right to require Supplier to perform additional tests and inspections in addition to those described in the Purchase Order. The costs of such tests and inspections shall be borne by Company unless the results



#### General Terms and Conditions

of the tests show that the supply does not meet one or more of the requirements of the Purchase Agreement, in which case the costs shall be borne by Supplier.

- Art. 3.7 Any inspections and tests by Company shall not in any way reduce or otherwise affect the liabilities and obligations of Supplier under the Purchase Agreement.
- Art. 3.8 If required by Company, prepare a quality plan, and a health, environment and safety (HES) plan for the performance of the Work. The quality plan shall be prepared in accordance with ISO 9001 / ISO 14001.
- Art. 3.9 The Supplier shall, within two weeks after receipt of the Purchase Order, issue an Engineering, Procurement and Manufacturing Schedule as applicable. The Supplier shall also on a monthly basis issue a progress report detailing the progress of the Supply. This report should minimum include planned/actual progress, planned/actual costs including man-hours, invoiced amount(s) if applicable, activities performed last month, activities planned for next month and a description of challenges.
- Art. 3.10 In the event Suppliers should have reason to believe that any part of the Supply may not be delivered within the agreed date, it shall immediately notify Company in writing giving necessary details of cause and effect together with the actions Supplier will take in order to avoid, mitigate or recover the delay. Should Company consider that the said actions are not adequate, Company shall have the right to require Supplier to take such actions as specified to Supplier in writing which Company deems necessary in order to avoid or mitigate the delay. All costs of such measures shall be for Suppliers account unless Suppliers can establish that the delay is due to Force Majeure or Company has authorised such costs in writing pursuant to clause 4 (Variations) hereof.
- Art. 3.11 If the Delivery is delayed beyond the delivery date specified on the Purchase order, Supplier shall pay to Company liquidated damages as stated in the Purchase order.
- Art. 3.12 Title to and risk in the Supply shall pass to Company on the date upon which Company accepts delivery. Delivery shall be made in accordance with the Purchase Order, and Company shall take delivery of the Supply if no deficiencies are discovered in the preliminary inspections of the Supply being made at the time of delivery.
- Art. 3.13 Company shall have the right to reject the Supply if the Supply does not satisfy the requirements of the Purchase Agreement. Should Company reject the Supply, Company may elect to terminate the Purchase Agreement pursuant to clause 5 (Cancellation) or by written notice, require Supplier, without delay, to take such steps, whether by repairing, replacing or otherwise, as are necessary in order to deliver the Supply within the grace period specified by Company.

#### **Art. 4 Variation Orders**

- Art. 4.1 Company has the right to order such variations to the Work as in Company's opinion are desirable, and which cumulatively do not exceed that which the parties could have reasonably expected when the Purchase Order was entered into. Variations may include an increase or decrease in quantity, character, kind or execution of the Work, or part thereof, as well as changes to the contract schedule.
- Art. 4.2 Supplier shall without undue delay submit a written cost estimate, together with an indication of other consequences that the Variation Order will have for the performance of the Work. The variation work shall not commence until a written order has been issued by Company.



#### General Terms and Conditions

Upon receipt of a Variation Order, Supplier shall implement it without undue delay, even if the effect of the Variation Order on the provisions of the Purchase Order has not yet been agreed.

Art. 4.3 Compensation for variation work is to be determined in accordance with the following principles:

- a) By utilising existing agreed rates for the Work.
- b) Where comparable rates have not been determined, compensation shall be agreed between the parties reflecting the general level of pricing in the Purchase Order.

#### **Art 5. Cancellation**

Company may cancel the Purchase Order or parts thereof by giving Supplier written notice with the consequence that the performance of the Work ceases immediately. In such event, Company shall pay Supplier for work performed, together with reasonable documented costs connected with the cancellation.

#### **Art. 6. Compensation**

Company shall pay the rates or compensation specified in the Purchase Order. Unless otherwise expressly agreed, all costs which are relevant to the performance of the Work shall be deemed to be included in the agreed rates, and these shall remain fixed for the duration of the Purchase Order.

Unless otherwise expressly agreed, Supplier shall submit its invoice to Company upon delivery of the Supply. Such invoice shall be in respect of the Purchase Price less any amount specified in the Purchase Order to be retained by Company as security. The amount to be retained may be invoiced on expiry of the Guarantee Period, provided Supplier then has complied with all its guarantee and other obligations under the Purchase Agreement.

The invoice shall be addressed as shown and forwarded in one (1) original bearing the reference of the Purchase Order number.

Unless otherwise specifically agreed, Company shall within thirty (30) calendar days after receipt of invoice effect payment of all undisputed portions of the invoice.

Company shall have the right to audit Suppliers records pertaining to reimbursable charges. The right of audit shall remain valid for a period of three (3) years after the delivery date.

Notwithstanding the above, business travel which is approved in advance by Company shall be reimbursed in accordance with documented costs. Travel time will not be reimbursed by Company.

#### **Art. 7 Invoicing and Payment**

Unless otherwise prescribed in the Purchase Order, the following rules shall apply to invoicing:

- a) Supplier shall invoice Company on a monthly basis for that portion of the Supply that has been performed during the preceding month. Claims which are submitted later than 60 days after the completion of the Supply will not be paid.



#### General Terms and Conditions

- b) The invoice shall be identified by the Purchase Order and Cost Code number and shall contain the documentation required to substantiate the invoiced amount. For reimbursable work, the invoice shall include approved timesheets/man hour reports.
- c) Company shall pay the approved invoice amount within 30 days after receipt of a correct invoice
- d) Company may, by giving written notification, withhold payment of any disputed or undocumented amount. In the event that it is subsequently established that Company had an obligation to pay the disputed sum withheld, Company shall pay interest in accordance with the **Norwegian** Law on Interest on Arrears (Morarenteloven) if claimed by Supplier.

Payment does not constitute approval of the invoiced work.

#### **Art. 8 Title**

Title to the results of the Supply shall pass to Company progressively as the work is performed. Equipment and materials that are procured or manufactured in connection with the Supply are the property of Company, if paid for by Company. Supplier shall mark such equipment and materials with "**Property of Company (name to be inserted)**" and shall maintain it. Company's equipment and materials shall not be used for purposes other than the performance of the Supply, without Company's prior written approval. Within 3 months of completing the Supply, Supplier shall return Company's equipment and materials, unless otherwise agreed.

#### **Art. 9 Delay on the part of Supplier**

Art. 9.1 Delay occurs when the Supply is not performed in accordance with the contract schedule.

Art. 9.2 If the Supply is delayed in relation to the completion date for the Supply or to penalty milestones, Supplier shall pay liquidated damages to Company. The daily liquidated damages shall be **0.35%** of the Purchase Order value, with a minimum of NOK 2,000 per day. Supplier's total liability for liquidated damages under the Purchase Order is limited to **10%** of the total value of the Purchase Order unless otherwise agreed.

Art. 9.3 Company may, in accordance with Art. 11 (Breach of Purchase Order) terminate the Purchase Order in the event that Company is entitled to the maximum amount of liquidated damages.

#### **Art. 10 Supplier's Defects and Guarantee Liabilities**

Art. 10.1 Supplier guarantees performance of the Supply, and that the Supply is fit for their intended purpose and application according to the Purchase Order. The guarantee period commences upon acceptance of delivery of the Supply and expires 18 months after the Supply has been taken into use by Company or in any event after 24 months after Company's acceptance of the Supply.

Art. 10.2 When Supplier is responsible for a defect, he shall rectify it as soon as possible at his own cost. If Supplier is unable to rectify a defect within reasonable time, then Company is entitled to rectify the defect or to engage a third party to do so. In such case, Supplier shall pay the necessary costs of rectification, provided Company acts in a reasonable manner. In addition, Company may claim damages for defects according to law.

Art. 10.3 Supplier's total liability under this Article shall not exceed the total value of the Purchase Order.



#### General Terms and Conditions

Art. 10.4 Company is entitled to terminate the Purchase Order on the basis of any defects, in accordance Art. 11 (Breach of Purchase Order).

#### **Art. 11 Breach of Purchase Order**

In the event that Supplier fails to fulfil his obligations according to this Purchase Order, Company may choose to:

- a) Cease all payments until obligations are fulfilled
- b) Terminate the Purchase Order with immediate effect, in the event that Supplier is in substantial breach of his obligations
- c) Claim compensation for losses to Company which are directly related to the breach of Purchase Order. However, Supplier shall not be liable for any consequential damage.

#### **Art. 12 Force Majeure**

Art. 12.1 Neither of the parties to the Purchase Order shall be considered to be in breach of an obligation under the Purchase Order, to the extent the party can establish that fulfilment of the obligation has been prevented by Force Majeure.

Art. 12.2 The party invoking Force Majeure shall, as soon as possible, notify the other party of the Force Majeure situation.

Art. 12.3 In the case of Force Majeure, each party shall cover its own costs resulting from the Force Majeure situation.

Art. 12.4 If a Force Majeure situation lasts without interruption for 60 days or more, or it is evident that it will do so, then each party shall have the right to cancel the Purchase Order by written notice to the other party.

#### **Art. 13 Indemnification and Insurance**

Art. 13.1 The parties shall indemnify each other against loss of or damage to their own property, injury to or death of personnel and any consequential damage that might arise in connection with the Work. This shall apply irrespective of any circumstances that might condition either party's liability.

The parties shall indemnify each other against similar claims from their respective contractors, subcontractors and the employees of such contractors and subcontractors.

Art. 13.2 Supplier shall indemnify Company against any claim that might arise from the infringement of patent or other incorporeal rights in connection with the Supply. Nevertheless, this does not apply where such infringement is the result of the use of Company's drawings, specifications or deliveries, or a third party's process licence nominated by Company.

Art. 13.3 Supplier shall indemnify Company against any claim arising from the non-payment or insufficient payment of taxes, duties and all other claims which are based on law and associated regulations.

Art. 13.4 Supplier shall, at his own cost and for the duration of the Purchase Order, maintain adequate insurance cover in respect of his responsibilities under the Purchase Order. Supplier's insurer shall waive any rights of subrogation against Company. Confirmation of Supplier's insurance shall be submitted to Company on request.



## General Terms and Conditions

### **Art. 14 Inventions and New Technology**

Art. 14.1 Supplier shall promptly notify Company of any inventions or development of new technology that arise from Supplier's performance of the Work, and which are based on or derived from information:

- a) Mainly provided by Company, or
- b) Provided by both parties, but where it is impossible to establish which of the parties has provided the majority of the information.

Any such inventions and/or new technology shall be Company's property.

Supplier shall perform all activities that are necessary in order that Company obtains patents for such inventions and/or new technology. Company shall reimburse Supplier for all reasonable expenses incurred in performing such activities.

Art. 14.2 Supplier shall immediately notify Company of inventions or new technology which Supplier or his personnel may produce in connection with the Work and which are based on or derived from information mainly provided by Supplier. In such instances Supplier shall allow Company an irrevocable, royalty-free, and non-exclusive licence to use such inventions or new technology for use in Company's normal operations.

### **Art. 15 Confidentiality**

Art. 15.1 Supplier shall not publish, advertise, or make known in any other manner, information, data or results relating to the Work, without Company's prior written approval. This confidentiality obligation also applies in respect of Supplier's personnel who are not engaged in the Work.

Art. 15.2 During the Purchase Order period, the parties may receive information relating to the other party's plans and business affairs. Each of the parties shall treat such information as confidential, unless written notice has been given to the contrary, or it can be proved that such information has been acquired from a third party who has a legitimate right to distribute such information, or such information is available in the public domain.

Art. 15.3 Confidential information shall be handled in a secure manner, documentation shall be filed in locked storage and electronically stored information shall be inaccessible to unauthorised personnel. Each party shall notify the other, in writing, of the names of authorised personnel.

Art. 15.4 Confidential information and all material to which Company has title, shall be kept separately from Supplier's files and data registers to which Supplier's employees have unrestricted access.

Art. 15.5 Supplier shall ensure that subcontractors sign a confidentiality agreement which contains the same provisions as are contained in this Article.

Art. 15.6 Nevertheless, the provisions of this Article shall not prevent a party from disclosing confidential information to the Norwegian Ministry of Oil and Energy or the Norwegian Petroleum Directorate. The same applies in respect of a third party to the extent required by applicable law.

Art. 15.7 This obligation to observe confidentiality shall remain valid after the Purchase Order is completed.



## General Terms and Conditions

### **Art. 16 Notifications**

All notifications, claims and other communications shall be submitted in writing to the relevant party's representative. All correspondence shall be identified with the contract number.

### **Art. 17 Audit**

Art. 17.1 Company is entitled to undertake audits of all routines and systems associated with the Work and the use of such routines and systems. The right of audit is limited to a period of 3 years from the date on which the final payment is made. In the case of financial settlements, the entitlement to audit is restricted to those parts of the Work where payment is on a reimbursable basis.

Art. 17.2 Supplier shall during audits provide reasonable assistance at no cost to Company.

Art. 17.3 In the event that an error is revealed during an audit, the error shall be rectified without undue delay, irrespective of previous approval, payment, etc.

### **Art. 18 Norwegian Law and Disputes**

Art. 18.1 The Purchase Order shall be governed by and interpreted in accordance with Norwegian law. Disputes arising in connection with the Purchase Order and which cannot be resolved by mutual agreement between the parties, shall be settled by court proceedings brought before Stavanger City Court.