

# General conditions of purchase



## 1 GENERAL PROVISIONS

*These General conditions of purchase form part of Company's order. Any deviating conditions to these General conditions of purchase shall only apply to the extent Company has accepted such deviating conditions in writing.*

**1.1** Contract shall mean Company's order, these General conditions of purchase, any amendments or variations to these conditions agreed in writing, Company's request for quotation and Contractor's offer.

Deliverables shall mean all items to be delivered or caused to be delivered by Contractor pursuant to the Contract.

**1.2** In the event of any conflict between the provisions of the Contract, the various contract documents shall be given priority in the following order:

- Company's order
- any amendments or variations to these conditions
- these General conditions of purchase
- Company's request for quotation
- Contractor's offer

**1.3** Notices, claims, etc. which the Contract requires to be presented in writing, shall be sent by letter or electronic mail to the other party's appointed representative.

## 2 GENERAL OBLIGATIONS OF CONTRACTOR

**2.1** The Deliverables shall in all respect meet the specifications of the Contract, and shall in addition be of high quality and fit for their intended purpose.

**2.2** The Deliverables and all activities Contractor perform in connection with the Contract shall be in compliance with applicable laws and regulations.

**2.3** Contractor shall not assign parts of the work related to the Deliverables to subcontractors without Company's written consent. Such consent does not relieve Contractor from any obligations pursuant to the Contract.

**2.4** Contractor shall have a satisfactory system for HES and quality assurance suitable for the Deliverables. Company is at any time entitled to carry out, and Contractor shall assist in carrying out, audits and inspections of the Deliverables at Contractor's or any subcontractors' premises.

**2.5** Whenever requested by Company, Contractor shall provide insurance certificates as well as the conditions of any insurance policies he is obliged to provide according to the Contract.

**2.6** In addition to complying with applicable laws and regulations regarding ethics, anti-corruption and human rights, Contractor shall also follow "Skagerak Energy's Supplier Code of Conduct", [https://www.skagerakenergi.no/getfile.php/1327424-1663232505/Konsern/Filer/skagerakenergys\\_supplier\\_code\\_of\\_conduct\\_engelsk.pdf](https://www.skagerakenergi.no/getfile.php/1327424-1663232505/Konsern/Filer/skagerakenergys_supplier_code_of_conduct_engelsk.pdf). Company will inform Contractor of any updates.

## 3 INSTALLATION. TESTS

*The provisions of this item 3 only apply to the extent the parties have agreed that Contractor shall perform installation work and/or tests at Company's premises.*

**3.1** Contractor shall ensure that installation work and/or tests at Company's premises are carried out in compliance with any applicable rules relating to safety, health and working conditions. Company will inform Contractor of such rules.

**3.2** Take-over occurs when the installation work and/or tests have been completed and Company has confirmed in writing that the Deliverables have been accepted. Such confirmation shall be given without undue delay.

**3.3** Contractor shall in due time prior to commencement of any installation work and/or tests at Company's premises issue a schedule to Company with the time and duration for any items and/or services which Company according to the Contract shall provide to Contractor.

**3.4** Unless otherwise agreed, the total contract price also includes costs of any installation work and/or tests at Company's premises.

**3.5** Contractor shall at his own costs procure and maintain liability insurance for damages caused to property and/or personnel of Company and any third party in connection with installation work and/or tests performed at Company's premises.

## 4 PROGRESS. TAKE-OVER

### 4.1 Progress

If Contractor at any time has cause to believe that he will not meet the agreed delivery date, he shall immediately notify Company in writing. The notice shall state the reason for the delay, the estimated effect on the agreed delivery date and a proposal as to how the delay can be recovered or limited. Contractor shall bear his own costs incurred to recover or limit the delay unless the delay is caused by Company or a force majeure event.

Contractor is liable for costs/losses that could have been avoided had Contractor given timely notice of the delay to Company.

### 4.2 Take-over

Unless otherwise agreed, take-over shall be deemed to have taken place when the Deliverables have been handed over to Company and any installation work and/or tests have been passed and completed.

## 5 VARIATIONS

*The provisions of this item 5 only apply to the extent the Deliverables are manufactured based on Company's specifications and for work mentioned item 3.*

**5.1** Within the scope of what the parties could reasonably have expected at the time the Contract was entered into, Company may require variations with regard to the quality and/or the quantity of the Deliverables, either additions or omissions, as well as the contract schedule/delivery date.

**5.2** Any variations shall be approved by Company by means of a written variation order before Contractor commences the variation work, unless Company notifies Contractor that he considers such work to be part of the Deliverables already.

**5.3** When Company requires a variation, Contractor shall without undue delay submit a written confirmation describing the variation work together with an estimate of any effects on the contract price and the contract schedule/delivery date.

**5.4** The compensation for variation work shall be based on the prices and rates contained in the Contract, and otherwise be in accordance with the Contract's price level. If a variation entails cost savings for Contractor, Company shall be credited accordingly.

**5.5** If the parties disagree as to the amount to be added to or deducted from the contract price or any other consequences of a variation, Contractor shall implement the variation work without awaiting the final outcome of the dispute.

## 6 CANCELLATION

**6.1** Company may cancel the Deliverables or any part thereof with immediate effect by written notice to Contractor. Following such cancellation Company shall only cover documented and necessary expenses incurred by Contractor as a direct consequence of the cancellation.

## 7 PAYMENT

**7.1** Unless otherwise agreed, payment shall be made by Company within 30 days following Company's take-over of the Deliverables, but in no event earlier than 30 days after Company's receipt of a correct invoice.

**7.2** All invoices shall include the contract number and any other agreed references, and shall clearly indicate what the invoiced amount relates to. Company is entitled to return invoices that do not meet these requirements.

**7.3** If the parties have agreed that Contractor shall provide a bank guarantee, Company shall not be obliged to make any payments prior to receipt of such guarantee.

**7.4** Company is entitled to deduct any prepayments, accrued liquidated damages, any disputed or insufficiently documented amounts and any amounts owed by Contractor to Company against Contractor's invoices.

## 8 BREACH OF CONTRACT

### 8.1 Delay

Delay exists when Contractor fails to comply with any milestone in the Contract, unless the delay is caused by Company or a force majeure event.

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If the Deliverables have such defects that they are not suitable for their intended purpose, Company may consider this as delay until the defects are remedied.

## 8.2 Liability for delay

Unless otherwise agreed, liquidated damages shall accrue at a rate of 0.3% of the total agreed contract price per calendar day by which the agreed delivery date is delayed. Liquidated damages shall, however, not exceed 15% of the total agreed contract price.

If the delay is caused by gross negligence or wilful misconduct on the part of Contractor or someone for whom he is responsible, Company may instead of liquidated damages claim compensation for the costs/losses suffered by Company due to the delay.

Company may terminate the Contract with immediate effect in case of delay. If the Deliverables are manufactured based on Company's specifications, and Contractor as a consequence thereof is unable to dispose of the Deliverables without incurring considerable losses, Company may only terminate the Contract if he has become entitled to be paid maximum liquidated damages for delay or it is evident that he will be so.

## 8.3 Defects

Company shall inspect the Deliverables within a reasonable time after take-over.

Company is under no obligation to inspect the Deliverables prior to arrival to their permanent destination. If Contractor shall carry out installation work, the obligation to perform any inspection does not arise until the Deliverables have been taken-over pursuant to item 3.2.

Company's obligation to perform inspection of the Deliverables applies to the same extent in case Contractor has performed rectification work.

If a defect is discovered Company shall issue a written notice within reasonable time and in no event later than 24 months after take-over. The same time limit applies in respect of any replaced or repaired parts, calculated from the time the replacement or repair was performed. The time limit for making a notice of defect does not commence until rectification work or other activities necessary to comply with the contractual requirements have been completed.

Neither Company's inspection pursuant to item 2.4 nor that Contractor has issued drawings, goods or samples to Company for its review/inspection shall limit Contractor's responsibility for ensuring that the Deliverables meet the contractual requirements.

## 8.4 Liability for defects

If Company notifies Contractor of a defect, Contractor shall commence rectification of the defect without delay. The rectification work shall be postponed upon Company's justified request to Contractor to do so. Rectification work shall be performed at Contractor's account.

If Contractor fails to remedy the defect within reasonable time or if awaiting Contractor's remedy will cause substantial inconvenience to Company, Company shall be entitled to remedy the defect himself or to employ a third party to do so at Contractor's account. Alternatively, Company shall be entitled to a price reduction or to demand redelivery.

Company shall be entitled to compensation for costs/losses suffered by Company due to defects. Such compensation is limited to cover direct costs/losses, unless Contractor or someone Contractor is responsible for has acted with gross negligence or wilful misconduct.

Company may terminate the Contract if the defect constitutes a substantial breach of contract. In such event, Company is entitled to reject Contractor's offer to remedy the defect, redeliver the Deliverables or provide price reduction.

## 8.5 Other breach of contract

Any substantial breach of contract by Contractor, including any substantial breach of the Contract's provisions regarding HES or Company's Code of Conduct, shall entitle Company to terminate the Contract.

## 8.6 Indemnification

Contractor shall indemnify Company for any claims brought against Company if the Deliverables constitute an infringement of third party patent rights or other intellectual property rights.

## 9 FORCE MAJEURE

9.1 Force majeure means an occurrence beyond the control of the party affected, provided that such party could not reasonably have foreseen such occurrence at the time of entering into the Contract and could not reasonably have avoided it or overcome its consequences.

9.2 A party shall not be considered to be in breach of contract to the extent it is documented that he was unable to fulfil his contractual obligations due to force majeure. Each party shall cover its own costs resulting from a force majeure event.

9.3 The party invoking force majeure shall without undue delay notify the other party thereof. Such notice shall also include the cause of the delay and its presumed duration.

9.4 Each party is entitled to cancel the Contract if the force majeure situation continues, or it is evident that it will continue, for more than 60 days.

## 10 PROPRIETARY RIGHTS TO DELIVERABLES MANUFACTURED BASED ON COMPANY'S SPECIFICATIONS. CONFIDENTIALITY

### 10.1 Proprietary rights to Deliverables manufactured based on Company's Deliverables

If the Deliverables are manufactured based on Company's specifications, the Deliverables become the property of Company as and when the Deliverables are performed. All reports, drawings, specifications and similar documents, including computer programs prepared in connection with the work/manufacturing constitute part of the Deliverables.

### 10.2 Confidentiality

All information exchanged or otherwise transferred between the parties shall be treated as confidential and shall not be disclosed to any third parties without the written consent of the other party.

A party may nevertheless make such information available to third parties provided that the information was already known to that party at the time the information was received, the information is or becomes part of public domain other than through a fault of either of the parties, the information is rightfully received from a third party without an obligation of confidentiality or disclosure is required due to applicable laws.

Information may also be disclosed to third parties to the extent necessary for execution of the Contract or use of the Deliverables, provided that the receiver of such information shall be bound by a confidentiality obligation similar to this item 10.2.

Without Company's written consent, Contractor shall not issue any press release or otherwise advertise that this Contract has been entered into.

## 11 ASSIGNMENT OF THE CONTRACT

11.1 Company is entitled to assign his rights and obligations pursuant to the Contract to a third party. Contractor may not assign his rights and obligations pursuant to the Contract without Company's written consent which shall not be unreasonably withheld.

## 12 APPLICABLE LAW AND LEGAL VENUE

12.1 The Contract shall be governed by and interpreted in accordance with Norwegian law.

12.2 The parties shall seek to settle any disputes arising in connection with the Contract. If the parties are not able to settle the dispute by mutual agreement, the dispute shall be settled by court proceedings. Any court proceedings shall be brought before Nedre Telemark district court.