

1. Definitions

Wherever used in the agreement;

1.1. Parties to the agreement

The term "*Buyer*" means Mekanisk Service Halden AS with business register number NO 966 561 696 VAT.

The term "*Seller*" means the entity specified in seller's quotation.

The term "*Contact Person*" means each of Buyer and Seller's personnel authorized to act on behalf and represent the parties in Buyer's inquiry and Seller's quotation respectively. Upon a party's request, the other party shall present a written power of attorney authorizing the Contact Person to enter and implement the agreement.

1.2. Delivery date

"*Delivery Date*" means the agreed date of delivery as specified in Seller's quotation.

1.3. Deliverables

The term "*Deliverables*" means the specific goods and services stated in Buyer's inquiry and confirmed to be included in the delivery by Seller in Seller's quotation.

1.4. Standard Terms and Conditions

"*Standard Terms and Conditions*" refers to the terms and conditions of this document. The Deliverables shall be consistent with and subject to the provisions of these Standard Terms and Conditions.

1.5. Written instrument

"*Written Instrument*" refers to the method of communication in the form of letter and e-mail to the respective Contact Persons specified in clause 2.1 (i) and (iii).

2. General terms

2.1. Agreement documents

The agreement regarding the Deliverables entered into between the parties consists exhaustively of the following documents also to be construed in the following order of precedence:

- i. Buyer's purchase order and inquiry
- ii. The Standard terms and conditions
- iii. Seller's quotation
- iv. Other documents referred to in the quotation

2.2. Background rules of law

Unless regulated differently by these Standard Terms and Conditions the Norwegian Sales of Goods Act and other non-mandatory Norwegian legislation pertaining to the purchase of goods and services shall apply.

2.3. Acceptance of the Standard Terms and Conditions

Together with Buyer's inquiry Seller has received these Standard Terms and Conditions. By issuing the quotation, Seller is deemed to have accepted these Standard Terms and Conditions as prevailing for the Deliverables upon receipt of Buyer's purchase order signed by Buyer's Contact Person. Seller shall not initiate any part of its performances under the agreement before Buyer's purchase order signed by Buyer's Contact Person is received.

2.4. Communication

Any communication between the parties relating to the performance of the agreement shall be carried out parties' Contact Persons by Written Instrument or as otherwise agreed in writing between the parties.

2.5. Amendments to the agreement

Any amendments to the agreement, including changes in the Deliverables and supplementary orders must be agreed in writing and attached to the agreement and shall have no effect unless signed by the parties' Contact Persons.

3. The assignment

3.1. Purchase order and specifications

The scope, requirements to and detailed specifications of the Deliverables are described in Buyer's inquiry and purchase order.

3.2. Requirements to the Deliverables

The Deliverables shall always comply with:

- i. current and prevailing security requirements and standards;
- ii. the volumes and quality requirements set out in Buyer's inquiry, provided that Seller has not made any explicit reservations according to the provisions of clause 3.3;
- iii. customary quality and skill requirements;
- iv. requirements to serve a particular purpose, in line with assumptions, needs and descriptions of intended use as presented by Buyer;
- v. samples, drawings, patents and other written documentation included or referred to in Seller's quotation.

It is Seller's obligation to ensure that the Deliverables are in compliance with all requirements set out in Buyer's inquiry and in line with Buyer's assumptions. Seller warrants that the Deliverables are fit for such use and particular purpose (i) designated by Buyer and/or (ii) known by Seller.

Subject to Buyer's request and/or requirements pursuant to law, it is the obligation of Seller to procure and obtain certificates and tests and to perform quality inspections and analyzes of the Deliverables.

Buyer shall, in its quotation, inform of particular security standards or requirements applicable for the Deliverables and Seller shall evaluate such and inform Buyer of any necessary changes to the quotation and other conditions or circumstances relevant in this respect.

3.3. Seller's reservations

In the event Seller is unable to comply with all of Buyer's requirements to the Deliverables as set out in Buyer's inquiry or elsewhere in the agreement or Seller wishes to present alternative solutions, this must be clearly indicated in Seller's quotation under a separate paragraph titled "Reservations and alternative solutions". By failing to do so, Seller shall be deemed to have accepted all of Buyer's requirements pursuant to Buyer's inquiry and purchase order.

Seller shall deliver any customary documentation, specifications and, if applicable, maintenance instructions as part of the Deliverables on the Delivery Date.

3.4. Seller's personnel

The Deliverables shall be performed by sufficiently qualified, certified and authorized personnel.

3.5. Dissuasion

It is an obligation of Seller to notify Buyer in the event Seller becomes aware that Buyer's requirements to the Deliverables are or may be in defiance of laws, regulations, standards or recommendations or that the Deliverables, as specified by Buyer, is or may appear as technically or professionally inadequate.

As a professional within its field and trade Seller is obliged to immediately notify Buyer in writing in the event Buyer's specifications are of general, unclear, imprecise or insufficient nature compared to specifications or descriptions set out in regulations, standards or recommendations. This shall include but not be limited to specifications of tolerance data or classes, margins, deviations and other quality classifications or classification groups. The same shall apply if Buyer has submitted any technical value, range or classification which, according to regulations, standards or recommendations, allows for deviations or alterations.

Should the Deliverables be of less quality or delivered with other specifications than what is stated or expected by Buyer and this is due to the same or similar circumstances as described in clause 3.5 first and second paragraphs, and Seller fails or omits to notify Buyer, Seller shall be committed to rectify such faults according to the provisions of clause 13.

4. Sub-contractors and other third party suppliers

The Seller shall not subcontract or let any third party supplier assume the performance of any of its obligations under the agreement without Buyer's prior written consent. Seller shall be responsible for all acts and omissions of its subcontractors as if they were its own.

5. Seller's quality assurance system and certificates

Unless otherwise agreed between the parties Seller warrants that it is certified under ISO 9001 or under another corresponding quality assurance system. Seller is required to disclose certificates upon Buyer's request.

6. Inspections and tests

Buyer or its appointed inspectors have the right to enter any premises of Seller or its sub-contractors to inspect and test the provision of the Deliverables.

Seller is committed, at its own expense, to carry out any tests of the Deliverables.

7. Changes and supplementary orders

7.1. General

Buyer has right to order changes, by way of increases or reductions of the scope, nature, type, quality or delivery of the Deliverables and may also submit supplementary orders. Buyer may require a change order or supplementary order to be executed by Seller without undue delay even if the conditions for the change order or supplementary order is not agreed. Both changes and supplementary orders are hereinafter referred to as a "change".

If Buyer gives instructions or requests the performance of certain specific work that Seller believes to constitute a change, Seller shall notify Buyer in writing within 5 days. The work and materials pursuant to such instructions or requests shall be deemed to be included in the Deliverables if Seller fails or omits to provide such notification.

7.2. Change requests

Seller shall, within a maximum of 5 work days from receipt of a change request submit a proposal, free of charge, stipulating change consequences. As a minimum, the proposal shall include 1) A description of the change and the work that has to be carried out to implement the change, 2) implications for the purchase price, and 3) a timetable for the implementation of the change including a Delivery Date.

7.3. Change orders

If Buyer accepts the proposal submitted by Seller, Buyer shall inform Seller by issuing a written notification that Seller wishes the change to be implemented in accordance with the proposal.

7.4 Adjustments to the purchase price

Unless otherwise clearly stated in Suppliers proposal, any changes to the purchase price shall be based on the general price level in the proposal.

Implementation of changes due to circumstances not associated with Buyer shall not have any adverse effect on the terms or prices prevailing for Buyer.

8. Delivery and transfer of risk

The Delivery Date is stated in Seller's quotation. Unless otherwise agreed in writing, delivery shall be made according to Incoterms DDP (2010).

The risk for the Deliverables shall be passed from Seller to Buyer on delivery. Seller is responsible to insure any freight.

Any agreed acceptance tests shall be carried out on dates set out in Buyer's inquiry. Results from acceptance tests shall be documented in an acceptance test protocol and include any non-conformity and defects and other deviations in the Deliverables. Delivery shall at the earliest be deemed to have occurred when the acceptance test is completed. If the acceptance tests reveal any non-conformity, defects or deviations acceptance shall be deemed to have occurred when the non-conformity, defects or deviations have been rectified pursuant to the provisions of clause 13.

9. Prices

All prices shall be quoted in NOK. Prices quoted by Seller shall include any and all fees, charges, duties, transport costs, insurances and other price additions/elements. Seller may not charge Buyer for any performances beyond the stated total price.

If the Deliverables shall be rendered over a period exceeding one calendar year, Buyer may require annual adjustments of agreed prices according to the development of the Norwegian Consumption Price Index (Konsumprisindeksen) (the "Index"). The basis for calculating the development of the Index shall be the Index on the date of the agreement.

10. Cancellation

Buyer may freely and at any time cancel the Deliverables in whole or part by submitting a written cancellation notice to Seller.

Upon receipt of Buyer's notice of cancellation Seller shall immediately terminate any work associated with the Deliverables or relevant parts thereof in order to prevent economic loss due to the cancellation.

In the event of cancellation Seller may require proportionate payment for the part of the Deliverables completed upon Buyer's receipt of the cancellation notice. Buyer is in such event entitled to physically collect the Deliverables or parts thereof against such payment.

11. Delay – penalty and compensation**11.1. Anticipatory breach**

Seller shall notify Buyer in writing if Seller has reasons to believe that the delivery of the Deliverables may occur on a later date than the Delivery Date. If completion within the Delivery Date is assumed to require remedies or assistance by third parties, Buyer shall have right to instruct Seller to deliver the Deliverables to Buyer in its current condition and status enabling Buyer to complete the Deliverables under its own direction. Seller shall in such event be liable for any extra costs incurred by Buyer.

11.2. Penalty – compensation - termination

There is a delay if Buyer has not received the Deliverables within the Delivery Date and this is not due to the Buyer or circumstances on its part.

In the event of delay Seller shall be liable to pay a penalty with an amount per calendar day corresponding to 0,5 % of the purchase price. Accrued penalties shall be limited upwards to 25% of the purchase price. Buyer may in addition claim compensation for such part of its loss exceeding the penalties paid by Seller. If the delay extends beyond the maximal penalty period Buyer is entitled to terminate agreement and claim compensation pursuant to the provisions of clause 13.

11.3. Retention right

Buyer is entitled to retain the purchase price or parts thereof to the extent necessary in order to prevent any loss due to Seller's breach of agreement.

12. Seller's warranties

Seller warrants that the Deliverables are and shall remain in conformity with the requirements set out in Buyer's inquiry and purchase order (cf. clause 3.1) for a period of 5 years from the Delivery Date. In the event of a warranty breach Buyer may require, and Seller shall be liable to provide, rectification and/or compensation. In the event of a material breach Buyer shall be entitled to terminate the agreement and claim compensation pursuant to the provisions of clause 13.5.

Seller warrants that it owns the right to use all intellectual property associated with the Deliverables, including any necessary patent rights, design right, trademarks and other rights enabling Buyer to purchase, use and exploit the Deliverables.

Seller hereby agrees that it shall, at its own expense, defend, indemnify and hold harmless Buyer from and against any and all damages, costs and expenses (including attorneys' fees) incurred as a result of any claim, suit or proceeding brought against Buyer that the development, production, Buyer's use or exploitation of the Deliverables infringes third party rights.

13. Lack of conformity**13.1. Complaints**

If Buyer is of the opinion that the Deliverables or parts thereof are in lack of conformity or suffers from defects Buyer is expected to make a written complaint to Seller's Contact Person within reasonable time following a discovery of the lack of conformity or defect. Otherwise Buyer will lose its rights to remedies for breach pursuant to these Standard Terms and Conditions.

13.2. Rectification

Buyer may require any non-conformity or defect to be rectified by Seller without undue delay. If Seller fails to rectify without undue delay and/or, Buyer is committed to certain timeframes towards its own customers in relation to the Deliverables and the non-conformity or defect prevents Buyer from fulfilling its obligations in that respect, Buyer shall be free to obtain assistance from third parties to ensure rectification of the non-conformity or defect.

In the event Seller has attempted rectification of a non-conformity or defect twice without achieving compliance, Buyer shall be entitled to terminate the agreement and claim compensation for its loss.

13.3. Retention right

Buyer is entitled to retain the purchase price or parts thereof to the extent necessary in order to prevent any loss due to Seller's breach of agreement.

13.4. Compensation

If Seller fails to rectify a non-conformity or defect, Seller shall be obliged to compensate any loss suffered by Buyer as a consequence of the non-conformity or defect.

13.5. Termination

In the event of a material breach of the agreement the non-breaching party shall notify the party in breach. Such notice shall be made in writing.

In the event of a material breach of the agreement the non-breaching party may terminate this agreement by giving the breaching party a written notice of termination, provided, however, that the breaching party fails to rectify the breach within a reasonable deadline. Failing to rectify the breach provides the non-breaching right party to claim compensation for its direct loss suffered as a consequence of the breach.

Should the agreement be terminated prior to the completion of the Deliverables, Buyer shall be entitled access to Seller's property (facilities containing the Deliverables) and take possession of the Deliverables or parts thereof.

14. Payment

Buyer shall pay for the Deliverables after the delivery unless the parties have agreed on payment by installments pursuant to Seller's quotation accepted by Buyer in writing.

Late payment penalty interests according to the Norwegian Act on Late Payments shall accrue in the event of late payment.

Seller's invoice shall as a minimum contain 1) the purchase order number, 2) the due date and 3) the name of Buyer's Contact Person.

If Seller is permitted to invoice for the Deliverables in installments a final invoice must be submitted no later than 30 days following the final delivery of the Deliverables.

The final invoice must be marked with "Final invoice" and contain a full account of any goods, materials, work, services and expenses. It is Seller's risk that all costs have been included in the final invoice and Seller shall not be entitled to claim additional payments for the Deliverables at a later stage.

15. Security for unpaid purchase

Buyer shall incorporate the Deliverables in its own productions and deliveries. Seller shall not have any claims of security for unpaid purchases or other reservations in the Deliverables.

16. Insurance

Seller is obliged to obtain and maintain all customary insurances, including comprehensive business insurances and product liability insurances and to disclose such upon Buyer's request.

17. Confidentiality

The parties hereby undertake that they shall keep secret and treat as confidential all information relating to each others businesses in connection with the implementation of the agreement. A breach of this clause shall be regarded as a material breach of the agreement.

18. Force majeure

If an extraordinary situation beyond the parties control should occur, rendering it impossible to fulfill any obligations under the agreement (force majeure), the party so affected shall give prompt notice to the other party. The parties corresponding rights and obligations shall be suspended until the extraordinary situation has ceased.

The other party may terminate the agreement by 14 days' notice if the force majeure situation has lasted or is expected to last more than 30 days.

19. Governing law and dispute resolution

This Agreement shall in all respects be governed by and construed in accordance with the laws of Norway and any dispute hereunder shall be subject to the jurisdiction of the courts of Oslo, Norway.