

Seal Engineering AS General Conditions for Purchase

1. Definitions

- 1.1. Seal Engineering is hereinafter referred to as 'the Purchaser'.
- 1.2. The Seller is referred to as the 'company' or 'person' as stated on the Purchaser's Purchase Order.
- 1.3. A Purchase Order consists of the Purchaser's format for Purchase Orders, these General Conditions for Purchase and other documentation as stated on the Purchase Order and any Special Conditions.
- 1.4. Special Conditions are Special Conditions that have been agreed in writing and signed by authorized signatories of both Parties.
- 1.5. Product or the Product comprises the goods, products, materials, services, documentation and documents that the Seller is to supply to the Purchaser in accordance with the Purchase Order.
- 1.6. Order Confirmation is the Seller's written Order Confirmation.
- 1.7. Price is the total amount that the Purchaser must pay the Seller in accordance with the Purchase Order.
- 1.8. The Purchaser and Seller are hereinafter individually referred to as 'Party' and collectively referred to as 'Parties' or 'the Parties'.

2. Conditions

- 2.1. These General Conditions for Purchase apply to all deliveries of goods and services made to the Purchaser unless agreed otherwise in writing.
- 2.2. Any conditions presented by the Seller shall not be binding for the Purchaser unless such conditions have been agreed in writing and signed by authorized signatories of both Parties.

3. Purchases

- 3.1. Only written Purchases shall be binding for the Purchaser.
- 3.2. All purchases shall be made by the Purchaser by issuing a Purchase Order as referred to in Article 1.3.

4. Order Confirmation

- 4.1. The Seller shall confirm in writing that the Purchase Order has been received without undue delay and by no later than the day after receipt of the Purchase Order.
- 4.2. The Seller shall issue a binding Order Confirmation within five days after receipt of a Purchase Order. If the Seller should fail to do so, the Purchaser shall be entitled to cancel the Purchase Order.

5. Delivery, delivery time and consequences of delay

- 5.1. The delivery terms are Delivered Duty Paid (DDP) in accordance with the most recent version of Incoterms.
- 5.2. The delivery time and delivery place shall be as stated on the Purchase Order concerned. Unless agreed otherwise in writing, the most recent version of Incoterms shall apply.
- 5.3. The Product shall be appropriately packed and labelled, and shall be delivered to the agreed delivery place at the specified delivery time. In the event of transport damage, the Seller may be held liable if the damage is due to inadequate packaging.
- 5.4. For the use of pallets only EUR-pallets which can be reused shall be used. Disposable or other pallets may be used when EUR-pallets is not fit for the deliverance. Nevertheless, any wooden pallet must comply with ISPM No. 15.
- 5.5. Any wooden packaging that is used must comply with ISPM No. 15. In the event of a breach of this provision, the Seller shall be wholly and fully liable for any and all compensation claims that are brought.
- 5.6. If it is agreed that the Seller is to carry out installation or that function tests are to be carried out in connection with the Product, delivery shall not be deemed to have been made until the installation or tests have been completed in full, and the Purchaser has confirmed in writing that the Product has been accepted.
- 5.7. The Seller shall be obliged to immediately notify the Purchaser in writing if there is reason to believe that the agreed delivery time cannot be met. The notification must state the reason for the delay and the probable overrun of the delivery time. The Seller shall be liable for direct and indirect losses incurred by the Purchaser that could have been avoided had the Seller given the Purchaser such notification immediately.
- 5.8. If delivery has not taken place at the agreed time, the Purchaser shall be entitled to cancel or maintain the Purchase Order. In respect of Products which the Seller must manufacture specially for the Purchaser in accordance with the Purchaser's statements or wishes and which the Seller cannot otherwise make use of without incurring material loss, the Purchaser may only cancel if the delay results in a material breach of agreement. Once the maximum liquidated damages have been reached, the Purchaser shall be entitled to cancel under any circumstances, irrespective of the nature of the purchase. If the Product has defects which prevent it from being used for its intended purpose, this shall be deemed equivalent to delay.
- 5.9. If the Seller fails to meet the specified delivery time, the Purchaser shall be entitled to receive liquidated damages from the day on which delivery should have taken place. The liquidated damages shall amount to 0.5% of the Price for each week or part thereof by which delivery is delayed until delivery takes place or the Purchaser cancels. Notwithstanding the foregoing, the liquidated damages shall not exceed 10% of the Price. Claims for liquidated damages shall lapse insofar as the Seller is able to demonstrate that the delay is due to force majeure.
- 5.10. If the Seller or a party for which he is responsible has been guilty of negligence, the Purchaser may, instead of claiming liquidated damages, claim compensation for the direct and indirect losses that the Purchaser incurs as a result of the delay. The accrual of liquidated damages pursuant to Article 5.8 shall not impact on the Purchaser's right to claim compensation as referred to here, but such accrued liquidated damages shall be deducted from the compensation.
- 5.11. The Seller shall be obliged to endeavor to minimize the delay and the adverse consequences thereof. If the Seller cites force majeure, the Seller shall ensure that satisfactory documentation is presented.

6. Quality assurance and control

- 6.1. The Seller shall have a satisfactory quality assurance and HSE system which is appropriate for the nature of the purchase and the activities of the Seller. The Seller of a Product that forms part of the Purchaser's final product shall have a quality assurance system in accordance with ISO9001 or equivalent.
- 6.2. The Seller or a party for which he is responsible shall be responsible for ensuring that all materials that are used in production or processes fulfil the requirements concerning health, safety and environment that apply in the Seller's country and/or the country of the party for which he is responsible.
- 6.3. The Purchaser shall be entitled at any time to carry out investigations and audits on the Seller and/or any subcontractors in order to ensure that the Product or the delivery of the Product will be carried out in accordance with the agreed quality assurance system, and otherwise in accordance with the Purchase Order. The Seller shall be obliged to assist with the performance of such audits. Similarly, the Purchaser may require test reports, material certificates and calculations to be presented free of charge.
- 6.4. If it becomes apparent at any time that the performance is deficient or otherwise unsatisfactory, the Seller shall be obliged to carry out the rectifications that are necessary or which the Purchaser demands. The costs attributable to such rectifications and audits thereof shall be paid by the Seller.
- 6.5. Audits performed by the Purchaser shall not exempt the Seller from risk and responsibility for the contractual performance of the Product.

7. Documentation of insurance

- 7.1. The Seller shall be responsible for ensuring that the Product is insured until the Product has been unloaded at the agreed delivery place.
- 7.2. At the request of the Purchaser, the Seller shall hand over original insurance certificates and conditions for the insurance policies that the Seller is obliged to take out in accordance with the agreement or the Purchase Order.

8. Documentation

- 8.1. Packing slips shall be in accordance with the Purchase Order and shall correspond with the Purchase Order with regard to Purchase Order number, name of the Purchaser, method of transportation, labelling of the goods, number of consignments, contents, weight, date of dispatch, and the Purchaser's article number (if stated on the Purchase Order).
- 8.2. The Product shall be labelled in accordance with the packaging slip and any instructions given on the Purchase Order. If delivery of the Product consists of a number of consignments, each consignment shall have its own itemized list of contents unless otherwise stated clearly on the packing slip.
- 8.3. All documentation including, but not limited to, certificates, drawings, specifications, manuals, handbooks, data, datasheets and other technical, commercial or other documentation specified in the Purchase Order shall constitute part of the Product.
- 8.4. In the case of Products which originate from countries outside Norway, a certificate of origin and customs documents shall be sent to the Purchaser without delay. Costs incurred by the Purchaser as a result of delay to or deficiency of such documents shall be deducted from the Price.
- 8.5. All information and documentation including, but not limited to, drawings, specifications, models, formulae, data, calculations and other technical, commercial or other documentation which the Purchaser sends to the Seller, shall remain the property of the Purchaser and shall not be copied or disclosed or surrendered to any third party without the written consent of the Purchaser.

9. Ownership of the Product Release rights

- 9.1. The Purchaser shall become the owner of the Product and its constituent parts as the work to complete the Product is performed. Materials that are to be incorporated in the Product will become the property of the Purchaser when they arrive at the Seller or when the Purchaser has paid for them, whichever occurs first.
- 9.2. The Seller shall label all components, etc. that are the property of the Purchaser and keep them separate from other objects insofar as is possible. If it is possible to register the Purchaser's ownership in an official or other register, the Purchaser shall be entitled to do so.
- 9.3. Under no circumstances shall the Seller be entitled to withhold delivery of the Product, even if a dispute has arisen between the Parties.

10. Deficiencies, claims and consequences of deficiencies

- 10.1. The Product shall comply with the specifications set out in the Purchase Order, including the agreed performance and consumption figures, and the Product shall not have defects of any kind. The Seller is not allowed to make any changes to the Product or any change of subcontractors or sub suppliers to the Product after reception of the Purchase Order or in-between Purchase Orders (repeating purchases), without prior written notice and the Purchaser's possibly written consent.
The technical performance shall meet the requirements which may be imposed on construction and high-quality work based on modern techniques, and key spare parts for the Product shall be available for purchase throughout the entire normal life of the Product, limited to a maximum of ten years. The Purchaser shall be free to use and resell the Product as deemed appropriate. The Seller guarantees that the use and any resale of the Product shall not come into conflict with the provisions of administrative law or third-party patent and/or other intellectual property rights. If prior to delivery the Purchaser has conducted investigations in accordance with Article 6 or the Seller has sent drawings, goods or samples for review, this shall not limit the Seller's responsibility to ensure that the Product is in accordance with the contractual conditions.
- 10.2. After delivery, the Purchaser shall examine the Product as soon as he has reasonable opportunity to do so in the circumstances. The Purchaser shall not be entitled to examine the Product until it has arrived at the place where the Parties understand the Product is to be used, or before any installation has been completed. The Purchaser's obligation to examine the Product shall apply correspondingly when the Seller has carried out rectifications.

- 10.3. The Purchaser shall submit any claims within a reasonable period of time after he discovers a deficiency. The deadline for submitting such claims is 24 months after delivery, but for deliveries of semi-finished materials and materials for further processing by Purchaser the deadline for submitting claims is 60 months after delivery. In the case of replaced or repaired parts, a new deadline for the submission of claims shall begin to run upon replacement or repair. The deadlines for the receipt of claims shall not begin to run for as long as the delivered Product is non-operational as a result of rectifications that are necessary to ensure that the delivery fulfils the contractual conditions.
- 10.4. If deficiencies arise before the deadline for the submission of claims is reached, the Seller shall rectify such deficiencies immediately, or later if the Purchaser has objective reasons for requesting such deferment. This shall be done at no cost to the Purchaser.
- 10.5. Regardless of the deadlines for the submission of claims the Purchaser may make deficiencies applicable if the Seller has acted with gross negligence or contrary to integrity and good faith.
- 10.6. If the Seller fails to carry out the necessary rectifications to bring the Product into line with the contractual conditions, the Purchaser shall be entitled to carry out whatever the Purchaser deems necessary at the Seller's expense and risk either himself or through third parties. The same shall apply if waiting for the Seller to carry out the necessary rectifications would result in material inconvenience for the Purchaser. The Seller shall be notified immediately in such cases.
- 10.7. If the Product has deficiencies that are not fully rectified in accordance with the above provisions, the Purchaser may claim a reduction in price.
- 10.8. If it becomes apparent that the Product has material deficiencies which are such that they cannot be rectified within a reasonable period of time, the Purchaser shall be entitled to cancel the purchase and claim compensation for his direct losses. The same shall apply if the Product otherwise has material deficiencies which cannot be rectified within a reasonable period of time.
- 10.9. If the Purchaser incurs indirect losses as a result of deficiencies upon delivery, the Purchaser may claim reimbursement for such losses if the Seller or any party for which he is responsible has been guilty of negligence.

11. Invoices and payment terms

- 11.1. Invoices shall state the Purchase Order number, the Purchaser's article number (if stated on the Purchase Order), the Seller's article number, unit and price in accordance with the Purchase Order, currency, name of Purchaser, whether certificate requirements in accordance with the Purchase Order have been met and the payment due date of the invoice.
- 11.2. The Purchaser shall be entitled to return invoices which have incomplete information in accordance with Article 11.1. The Purchaser reserves the right to deduct NOK 1,000 from the Price for each invoice with an error.
- 11.3. The Seller shall not be entitled to charge the Purchaser any form of fees such as invoicing fees, etc.
- 11.4. The Purchaser's payment terms are 60 days net, following approved delivery and receipt of a correct invoice.

12. Cancellation

- 12.1. The Purchaser reserves the right to cancel a Purchase Order at any time for any reason by notifying the Seller in writing. The Seller shall be obliged to immediately cancel all activities associated with the Purchase Order, including those of any subcontractors.
- 12.2. If the Purchaser cancels as referred to in Article 12.1, the Purchaser shall pay the Seller the proportion of the Price that corresponds to the completed part of the Product which the Seller is able to demonstrate had been completed by the time of cancellation.
- 12.3. The Purchaser may not be held legally or financially liable except as referred to in Article 12.2.

13. Distribution of liability and risk

The Parties shall indemnify each other for any claim that is linked to:

- a. Personal injury or loss of human life, or
- b. Loss of or damage to property,
- c. which may arise in connection with the fulfilment of a Purchase Order or which is otherwise caused by the Product during its lifetime. The foregoing shall apply irrespective of any liability-triggering circumstances of any form in respect of the Parties.

14. Claims from third parties

The Seller shall be obliged to indemnify the Purchaser in respect of any and all claims from third parties, including claims concerning official charges and third party patent and/or intellectual property rights.

15. Confidentiality

- 15.1. All information, including information and documentation as referred to in Article 8.5 which the Seller receives from the Purchaser in connection with the Purchase Order and its performance, shall be kept secret and shall not be copied or used for any purpose other than the performance of the Purchase Order. The Seller shall be liable for losses incurred by the Purchaser as a result of a failure to fulfil these obligations. Upon request, the Seller shall immediately return information and documentation referred to here that it has received.
- 15.2. The Seller shall not take photographs on or of the Purchaser's property.
- 15.3. The Seller shall not issue press releases, announcements or carry out any other form of advertising concerning assignments given by the Purchaser or use the Purchaser's name or logo without the written permission of the Purchaser.

16. Document sequence

The following order of priority shall apply in the event of a contradiction between the conditions in a Purchase Order and the various contractual documents:

- a. Special Conditions
- b. Purchase Order
- c. These General Conditions for Purchase
- d. Any appendices to the Purchase Order in the order in which they are specified.

17. Choice of law and legal venue

Any and all disputes which may arise in connection with Purchase Orders and this agreement shall be subject to and interpreted in accordance with Norwegian law. The Parties shall endeavor to resolve any and all disputes through negotiations. If such negotiations prove unsuccessful, the dispute shall be brought before the ordinary courts through Oslo District Court.