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**GENERAL TERMS FOR PURCHASE OF  
EQUIPMENT/GOODS/MATERIALS AND APPURTENANT SERVICES**

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**1 GENERAL PROVISIONS**

**1.1 Definitions**

The Contract Document is the document signed by the Parties attesting to their entering into the Contract. If the Parties entered into a framework agreement, this becomes a part of the Contract Document for each individual Contract. If an agreement is entered into through an order and order confirmation in conformity with Item 1.2 second paragraph, the Client's order is the equivalent of the Contract Document.

General Terms of Purchase are the terms within the present document.

The Contract means the Contract Document, these General Terms of Purchase, and any appendices, addendums or changes that are agreed in writing.

The Client is The Institute for Energy Technology, org. no. 959 432 538.

The Supplier is the firm or person that will deliver something to the Client under the Contract.

The Party means the Client or Supplier under the terms of the Contract.

The Product is the object or objects that the Supplier shall deliver in accordance with the Contract.

The Deliverables means the total sum of all that is to be delivered by the Supplier in accordance with the Contract.

The Contract Sum means the total sum payable to the Supplier in accordance with the Contract.

The Installation Site is the site where the Product shall be finally installed, provided installation is agreed.

**1.2 Formation of contract**

The Supplier prepares tender at his own expense. Any deviations from the call for tender shall be clearly specified. The Client is free to accept or reject any and all tenders received.

If a separate Contract Document is not signed, only a written order from the Client is considered a binding agreement, followed by a written confirmation of the order by the Supplier. The order confirmation is to be sent immediately after the order has been received. The Client may cancel the order free of charge if the order confirmation is not received within reasonable time, and in any case after a lapse of more than 10 days.

**1.3 Conflict**

If documents comprised under the terms of the Contract contain provisions that are contradictory to one another, the documents shall take precedence in the following order of priority:

- Contract Document
- Invitation to tender/Call for tender with appurtenant tender documents
- General Terms of Purchase
- Tender/Offer

If deviations from the Client's call for tender occur in the offer/tender from the Supplier, the deviations apply only to the extent that they are included in the Contract Document. If the Contract is entered into through order and order confirmation as described in Item 1.2 second paragraph, the

Supplier cannot claim any deviations from the order that may appear in the order confirmation unless the Client has accepted the deviations in writing.

In the event of conflict within each of the above-mentioned documents, specific conditions apply before general conditions. Descriptions of technical specifications and requirements apply before drawings.

#### **1.4 General**

These General Terms of Purchase apply for all deliveries of equipment, goods and materials and any appurtenant services to the Client, including its individual departments and companies owned by the Client. Exempt are purchases covered by the Client's terms of purchase of, respectively, standard products and services.

The Supplier accepts the General Terms of Purchase upon entering into the Contract. Any deviating conditions have no effect for the Parties unless the Client has accepted these in writing. The Supplier's own conditions that may be included in accompanying documents, order confirmations or invoices are not accepted, to the extent that they deviate from these General Terms of Purchase.

#### **1.5 The Parties' contact persons**

Each Party may require that contact persons be appointed and authorized to act on behalf of the Parties in all matters concerning the Contract.

If installation is agreed, each Party may additionally require appointed a person who will be in charge, on behalf each Party, of performing the installation work and to be available to the other Party during the installation phase, up until such time as delivery actually has taken place.

#### **1.6 Communication, meetings and reporting**

Communication pertaining to the Contract shall be addressed to the relevant Party's contact person. Enquiries shall be answered without undue delay. Communication, even when "in writing" is mandatory, may be performed by e-mail, unless otherwise agreed.

The Parties shall maintain regular contact to ensure correct compliance with the contractual obligations. The Contract Document may indicate any special requirements to meetings, agenda, and the guidelines pertaining to procedures for conducting meetings.

The Supplier shall report in compliance with the requirements and guidelines laid down in the Contract Document or as deemed expedient.

#### **1.7 Reporting to government authorities**

It is the Supplier's responsibility to see to it that government authorities and institutions acting on behalf of government authorities receive information mandated by law related to the Deliverables. The Supplier is obligated to ensure that subcontractors report to government authorities in compliance with currently applicable laws and regulations.

The Client shall be indemnified from any costs suffered by the Client as a result of the Supplier's failure to comply with laws, regulations or contracts. The Client reserves the right to set off such costs and to charge an administrative fee by deduction from any amount the Supplier may have on account with the Client.

#### **1.8 Subcontractors and sub-suppliers**

##### *1.8.1 Selection of subcontractors or sub-suppliers*

Provided the Client gives his consent, the Supplier has the right to have parts of his obligations according to the contract be performed by subcontractors or sub-suppliers. The Client may not refuse to give consent without reasonable grounds. The Supplier's contractual responsibility to the Client remains unchanged when subcontractors or sub-suppliers are used.

Before sub-contractors or sub-suppliers are contracted, the Supplier shall inform the Client which parts of the Deliverables he intends to have performed by sub-contractors or sub-suppliers, and

shall identify the sub-contractors or sub-suppliers he intends to use. When requested to do so, the Supplier shall see to it that the Client receives the information regarding the subcontractors or sub-suppliers' financial status, capacity and competence deemed necessary for the Client to exercise his right under Item 1.8.2.

#### *1.8.2 The Client's approval of subcontractors and sub-suppliers*

The Client may refuse to approve the Supplier's choice of subcontractors or sub-suppliers if he provides notice of this within 14 days following receipt of the Supplier's notification or information requested by the Client, cf. Item 1.8.1. Refusal must have reasonable grounds. The same applies if the Supplier wishes to replace approved subcontractors or sub-suppliers. Subcontractors or sub-suppliers specified in the Contract Document are considered approved.

## **2 SUPPLIER'S GENERAL OBLIGATIONS**

The Supplier shall complete the Deliverables with the degree of professional competence that is expected of acknowledged suppliers within the equivalent or comparable business sector. The Deliverables shall be in conformity with the requirements of the Contract and shall meet all requirements pertaining to the nature, amount, quality, properties and packaging as laid down in the provisions of the Contract. The Deliverables shall be suitable for its intended purpose and shall be free of defects in title of all kinds.

The Supplier shall familiarize himself with the environment in which the Deliverables are to be used and shall specify, no later than the date the Contract is entered into, any special requirements the Deliverables poses for the environment.

If the Deliverables are intended to be used along with other equipment, including equipment delivered by another supplier, the Supplier is responsible for ensuring that the Deliverables can be used as intended in combination with other equipment. To the extent necessary to enable the Supplier to satisfy this requirement, and upon request of the Supplier, the Client shall provide the information about the other equipment.

The Deliverables shall be performed in compliance with currently applicable laws and regulations and shall be executed professionally, documented and/or controlled by qualified and authorized personnel when so mandated. The Supplier shall obtain and maintain all necessary permits in related to performance of the Deliverables and, at the Client's request, shall produce documentation showing that the necessary permits have been obtained.

When laws, regulations and government mandates relevant to the Deliverables are amended, and the amendments enter into force before the agreed delivery date, the Supplier is obligated to make whatever changes are necessary in accordance with the guidelines in Item 13.

## **3 THE SUPPLIER'S PERSONNEL**

### **3.1 Government requirements etc.**

The Supplier is responsible for ensuring that the assigned professional personnel have the government authorizations, education, machine-operator driving licence and certificates etc. that are necessary to complete the Deliverables. When the Client requests to do so, the Client has a right to inspect such documentation.

The Supplier shall see to it that all personnel performing work under this Contract possess valid work permits.

### **3.2 Employer responsibility**

The Client shall not be considered to be the employer of the Supplier's personnel even if these personnel are performing work in cooperation with the Client.

### **3.3 Replacement of personnel**

If the Contract nominates key personnel at the Supplier's, replacement of such personnel shall be approved by the Client. Approval cannot be refused without reasonable grounds. Training of new personnel shall be at the expense of the Supplier.

The Supplier, at his own cost, shall see to it that personnel who perform in a blameworthy manner or who are deemed unfit to perform the work pursuant to the Contract, are replaced immediately.

## **4 INSTALLATION, PREPARATION FOR INSTALLATION**

The Supplier shall perform installation, provided this is agreed between the Parties. The provisions of these General Terms of Purchase regulating conditions pertaining to installation apply if installation is agreed as a part of the Deliverables.

If the time of installation has not been agreed, the latter shall begin within two –2– weeks following written notification from the Client and shall be carried out on a continual basis until completion within reasonable time.

Installation shall be performed at the site designated by the Client, unless otherwise agreed.

The Supplier shall notify the Client in writing of any need for preparation/adaption of the Installation Site as well as of any needs associated with access to and storage of materials and equipment.

The Client is responsible for all practical adaptation of the Installation Site in accordance with the Supplier's specifications, and that the work can be performed in compliance with applicable laws and regulations in terms of the working environment and the external environment. The Client's obligations also include preparatory construction-related work (groundwork/foundation work, plumbing, carpentry work etc.), unless otherwise agreed by separate agreement. This does not apply to raising scaffolding and procurement of additional labor and crane equipment, which fall under the responsibility of the Supplier.

The Client shall ensure that necessary preparatory work in connection with the installation is performed to the extent that this is agreed between the Parties.

The Client shall notify the Supplier in writing when the preparatory work at the Installation Site is completed.

## **5 PROGRESS SCHEDULE**

The Deliverables shall be delivered by the deadline indicated in the Contract Document. The Client may require that the Supplier produces a progress schedule for completion of the Deliverables. Unless otherwise agreed, installation, function testing and other trial procedures shall also be completed within the agreed delivery deadline so that the Deliverables can be taken into use as intended by the Client.

## **6 REQUIREMENT TO EQUIPMENT AND MATERIAL**

Unless otherwise agreed, the Supplier is responsible for all necessary equipment and materials for completion of the Deliverables.

## **7 ACCESS TO THE CONSTRUCTION SITE AND FACILITIES**

The Supplier and Supplier's personnel have access only to that part of the Client's premises that is necessary for completing the Deliverables.

## **8 TERMS OF DELIVERY**

Delivery shall take place at the premises of the Client within the agreed deadline, at the Supplier's expense and risk. The Deliverables shall be properly packaged, labelled and delivered free of cost DDP to the Client (INCOTERMS 2010).

## 9 QUALITY ASSURANCE

The Supplier shall have a satisfactory quality assurance system that is adapted to the nature of the Deliverables. When requested to do so, the Supplier shall document the system for the Client.

When so requested, the Supplier shall prepare a separate quality plan adapted to the Deliverables.

The Client shall have the right to conduct an audit of the Supplier and any of the Supplier's subcontractors. The Supplier is obligated to assist in the execution of the audit. If the audit should reveal deviations, the Supplier is obligated to implement corrective measures without undue delay. The Client may set a reasonable deadline for execution of the corrective measures. Failure to implement corrective measures constitutes material breach of contract.

The Client is obligated to make provisions that grant the Supplier access to quality documents relevant to completing the Deliverables. Likewise, the Client may require test reports, certificates and calculations.

## 10 HEALTH, SAFETY AND ENVIRONMENT

The Supplier shall satisfy all statutory requirements to HSE, as well as the Client's specific HSE requirements, including plant regulations and work rules at the site. The Supplier is obligated to inform personnel covered by the Contract of the Client's HSE requirements and guidelines applicable at any given time, and ensure that these are complied with. The Client's specific HSE requirements will be made available to the Supplier on request.

When chemical substances are delivered, HSE data sheets mandated by statutory regulations shall follow the Deliverables.

The Supplier is responsible for ensuring that his own personnel at all times possess and uses the mandatory personal protective and safety equipment, as well as equipment to prevent unintended emissions into air, ground and water. Special requirements associated with personal protective and safety equipment, as well as environmental security equipment are listed in the security documents for the Deliverables and/or Installation Site, and will be made available to the Supplier on request.

The Client may require that the Supplier's personnel sign a declaration of responsibility confirming that they are familiar with the regulations applicable for the work to be performed.

The Supplier guarantees that general principles of environmental and corporate social responsibility are taken into account, including the mandates that

- Children or forced labor are not used as labor during production or distribution of Products covered by the Contract.
- Supplier's and subcontractors' employees contributing to fulfilling the Contract, have wages and working conditions in accordance with § 5 of the Norwegian administrative Regulations for Wages and Working Conditions within Public Procurement. The Client may demand information according to § 6 of the same regulations.
- Suppliers and subcontractors contributing to fulfilling the Contract, does not discriminate employees or others in any way, thereunder regarding race, religion, gender or sexual orientation.
- The supplier, or sub-contractors contributing to fulfilling the obligations under the Contract, does not pollute their environment beyond the limits of Norwegian or local legislation.

Any breach of warranties regarding corporate social responsibility entitles the Client to terminate the Contract.

## 11 DOCUMENTATION AND BASIS DOCUMENTS. RIGHTS TO RESULTS

All necessary documentation and software for installation, start-up, use, maintenance and disposal of the contractual object are integrated parts of the Deliverables. This includes certificates, descriptions, drawings, instructions and licences etc. Documentation indicated in the Contract Document is always considered necessary. Insufficient or lacking documentation triggers the Supplier's liability for defects.

The Supplier guarantees that he has the right to use all factor inputs, including third party's patented solutions, and that the rights of others will not be infringed upon by execution of the Contract. Patents or other rights used in the completing the Deliverables are not subject to extra payment.

The Supplier is responsible for the consequences of an infringement on the rights of a third party. The Supplier shall hold the Client harmless from claims resulting from encroachment on patents or other intellectual property rights.

The Client gains exclusive rights to the result of the Deliverables, thereunder all intellectual property rights, irrespective of format. The Client also retains exclusive rights to his own basis for the Deliverables. The Client's basis may not be used for purposes beyond those of this Deliverables without the Client's consent. The Client's basis shall not be entrusted to a third party without the Client's written consent. The Client shall have the right to inspect and to use the basis used by the Supplier in connection with the Deliverables, whether these are the property of the Supplier or a third party.

The Supplier retains the rights to his own tools and technological methods. Both parties may also use general know-how that is not subject to confidentiality and that they have acquired in connection with the Deliverables.

## **12 CANCELLATION OF ORDER**

Until the actual delivery has taken place, the Client may cancel a delivery partially or wholly by giving written notice. The reason for cancellation must be explained, and the notice should set a termination date as well as specify what the Supplier must do in connection with the cancellation.

If delivery of a Product made especially for the Client, is cancelled, and the Supplier is unable to sell the Product to another party without incurring a loss, the Client shall cover the Supplier's documented direct loss limited to the agreed price for the delivery in question. The Supplier is obligated to implement reasonable measures to limit loss as a result of the cancellation.

After cancellation, the Client may require to receive that part of the Deliverables that has been completed as of the time of cancellation, provided remuneration will be paid for the part that has been completed.

## **13 VARIATIONS**

Within the margin of what the Parties could have reasonably anticipated when the Contract was entered into, the Client may require variations in the quality and/or quantity of the Deliverables as well as changes to the progress schedule. Likewise, the Client may require changes in the place of delivery or installation.

If the Supplier has proposals to variations, the Client shall be notified of these in writing as soon as the Supplier becomes aware of them.

Any changes shall be approved by a written variation order issued by the Client. The variation order must be issued by the Client's contact person (cfr. Item 1.5) or by a person in writing authorized to issue variations orders. The variation order must specify that a variation is requested, and what the variation involves.

If the Service Provider wishes to invoke that the Client's requirement represents a variation entitling him to additional payment or an extended deadline, in the absence of a variation order, he shall submit a written variation order request. If the Service Provider fails to submit such request within reasonable time, and no later than implementation of the variation, the right to invoke the variation as grounds for additional payment or an extended deadline is lost. The Client shall answer the Service Providers request within reasonable time, otherwise the request is deemed accepted.

Compensation or price reduction for variations is to be calculated in accordance with the original unit prices and price level of the Contract. If variations entails cost increase or cost reduction, the

Parties shall negotiate the consequences of this, on the basis of previously agreed unit prices, when applicable.

Upon receipt of an imposed performance, the Supplier shall implement this without undue delay, even though the effect on payables, the progress schedule and other conditions in the Contract have not yet been clarified.

Disputed variation orders are processed in accordance with the guidelines in Item 31, Choice of law and settlement of disputes.

#### **14 POSTPONEMENT**

By giving written notification, the Client may postpone all or parts of the Deliverables for up to 90 days. After such notification, the Supplier shall, without undue delay, inform the Client of the effects that postponement may have on the Deliverables. The Supplier shall resume the Deliverables as soon as he is notified by the Client to do so.

If the period of postponement lasts more than 60 days beyond what is notified, the Supplier has the right to terminate the Contract by written notification to the Client. The notification shall inform the Client that termination can be avoided by sending notice, within 7 days, that the Deliverables are to be resumed.

During the period of postponement, the Supplier may require coverage by the Client for documented and necessary expenses in connection with any reassignment of work personnel.

#### **15 INSPECTION PRIOR TO DELIVERY**

By notifying the Supplier in writing in reasonable time, the Client may require to inspect the Product during manufacturing at the Supplier's premises. The Supplier is obligated to make provisions so that this inspection can take place. The Client is responsible for his own costs related to the inspection.

#### **16 FUNCTIONAL TEST PRIOR TO DELIVERY**

The Parties can agree that functional testing of the Product is to be conducted. If such testing is agreed, it shall be conducted at the Supplier's premises, and unless otherwise agreed, the test shall be conducted in accordance with procedures and trade sector standards that are approved beforehand.

The test shall be conducted at the expense and risk of the Supplier. The Client has the right to be present during the functional testing, and must be informed of the test in reasonable time before it is to be conducted. The Client is responsible for his own costs associated with the participation.

The Supplier shall keep records from the test. The records must describe the method of execution as well as the results. The records are to be sent to the Client for approval.

If the test reveals deviations from what the Parties have agreed, the Supplier is obligated to correct these without undue delay. Unless the deficiencies are of a less substantial nature, the Client may require that a new functional test be conducted.

#### **17 COMPLETION**

The Supplier shall provide the Client with written notification when the Deliverables has been completed.

#### **18 ACCEPTANCE TEST**

Within a reasonable time after the Supplier notifies that the Deliverables has been completed, each of the Parties may require that an acceptance test be conducted to ensure that the Deliverables are in conformity with the Contract. The acceptance test is conducted at the Installation Site and in accordance with accepted trade sector standards.

Both Parties shall be represented during performance of the acceptance test. The Client is obligated to make provisions for execution of the acceptance test and shall make necessary materials and resources for performing the test available to the Supplier. The test shall be conducted at the expense and risk of the Supplier, but the Client shall cover his own costs associated with participation.

The Supplier shall keep records of the test, and the records shall indicate the method used for, and the results of the test. The records are to be sent to the Client for approval.

If the acceptance test reveals that the Deliverables are not in conformity with the Contract, the Supplier is obligated to correct the irregularities without undue delay. Unless the deviations are of a less substantial nature, the Client can demand that a new acceptance test be conducted after corrective action has been taken.

## **19 CERTIFICATE OF COMPLETION. DELIVERY**

Following completion of an approved acceptance test, the Client shall issue a written certificate of completion. The certificate of completion shall indicate the time of issue confirms that delivery has taken place.

If no acceptance test is to be carried out, no certificate of completion is issued. In that case, delivery is considered to have taken place by the Client signing for receipt of delivery at the agreed delivery site.

The risk for the Deliverables passes from the Supplier to the Client once delivery has taken place.

## **20 PRICES**

The Contract Sum is indicated in the Contract Document and is listed in NOK excluding VAT. Contract Sum covers all Supplier's expenses upon completion of the Deliverables, including packaging, administration and invoicing costs, customs, taxes and fees etc. The sum also includes installation if this is part of the delivery.

Unless otherwise agreed in the Contract, the prices and hourly rates remain fixed during the contract period. Changes in currency exchange rates, prices of commodities or fees/taxes shall not entail any change in contractual prices.

If a fixed price has not been agreed for the Deliverables, the Supplier shall, on a continual basis, strive to keep production costs as low as possible, including reduced procurement and consumption costs for input factors that affect the price that the Client is to pay. If the Contract Document cites a target price, the final price shall not deviate from this by more than 10 %.

To the extent that services are priced by the hour, the Client shall not pay overtime or compensation for work during evenings, nights or holidays, unless overtime is especially required by the Client.

When the Deliverables or parts thereof is compensated according to actual time spent, the Supplier's personnel shall keep timesheets on a daily basis. If a timesheet is signed by a representative for the Client, the signature is only a confirmation of time spent related to the Contract, and does not indicate any approval of the cost.

## **21 TRAVEL EXPENSES**

The Parties cover their own costs associated with travel/meetings related to execution of the Contract.

For assignment-related travel required by the Client, the Supplier is compensated at the agreed hourly rate limited to a maximum of 7.5 hours per day.

Costs associated with travel, accommodation and subsistence for work-related travel required by the Client are refundable in accordance with Norwegian Government's Travel Allowance Scale.



## **22 INVOICING AND TERMS OF PAYMENT**

Unless otherwise agreed, invoicing takes place after the Client's acceptance of delivery, with payment due within 30 days. The payment due period does not begin to run until after delivery has taken place and the invoice has been received.

All invoices must include the relevant and agreed reference data and must clearly indicate the items being invoiced. The Client reserves the right to return invoices that do not satisfactorily meet labelling requirements.

Payment of invoices does not indicate acceptance of the basis for the invoice. Disputed claims will not become due for payment until agreement has been reached, or if need be, until an enforceable legal ruling on the case has been handed down.

The Client may make deductions from a received invoice for advance payments, due liquidated damages and disputed or insufficiently documented items in the invoice.

In the event of breach of contract, the Client may withhold payment, but not unreasonably more than the breach appears to amount to in proportion to the total compensation.

## **23 DELAYED PAYMENT**

The Client is responsible for paying interest on late payment in compliance with the Norwegian Act relating to Interest on Overdue Payments of 17 December 1976, no. 100.

Late payment does not give the Supplier the right to stop work, unless there is deemed to be material default of payment and the Supplier has given 14 days prior written notification that work will cease.

## **24 BREACH OF CONTRACT**

### **24.1 Delays**

There is a delay if the Supplier does not deliver within the agreed time or if the Deliverables are not in qualitative or quantitative conformity to the Contract, unless this is due to Client-related causes.

If the Supplier's performance of the Deliverables has defects such that the Client's purpose for the Deliverables will be substantially breached, the Client may choose to equate this with a delay.

### **24.2 Consequences of delay**

Irrespective of the Client's loss, a delay will entail liquidated damages of 0.2 % of the total compensation that is to be paid under the terms of the Contract, for each day the Supplier is in delay.

The liquidated damages shall amount to a minimum of NOK 1 000 per calendar day from the agreed delivery date until the date on which delivery is made. The aggregate sum shall not exceed 10 % of the total sum to be paid pursuant to the Contract.

If the delay applies to only a part of the Deliverables, the liquidated damages are calculated by that portion of the Contract Sum that represents the part of the Deliverables that cannot be used as a result of the delay.

The Client may claim compensation for loss he suffers as a result of the delay. Compensation is limited to direct loss, unless the Supplier or someone for whom he is responsible, has acted intentionally or with negligence. The compensation shall not entail that the aggregate compensation exceeds the Client's real loss.

If the maximum liquidated damages are due, this constitutes a material breach of contract. The same applies if it is clear that delays will occur that entitle maximum liquidated damages.

In the event of a delay or anticipated delay, the Supplier shall inform the Client of this in writing without undue delay. The notification shall reveal the cause for the delay and state the time when delivery will be made. If the Client does not receive such a notification within reasonable time after the Supplier became aware of the hindrance, or should have become aware of it, the Client may claim compensation for the loss that could have been avoided if the notification had been sent in time.

### **24.3 Defects**

The Supplier is responsible for any defect in the Deliverables that occurs during the warranty period, provided the defect is not caused by the Client or circumstances for which the Client is responsible. The warranty period expires 24 months after delivery has been taken place. The warranty period is extended by the period of time during which the Deliverables cannot be used because of defects. In terms of changed or repaired parts, an equivalent new warranty period commences from the time the changes or repairs were completed.

The Customer shall notify the Supplier in writing within reasonable time after a defect has been discovered, and not later than the expiry of the warranty period. The notification must contain a description of how the defect manifests itself. Expiry dates for complaints are postponed equivalent to time spent on repairs or other activities necessary to ensure correct fulfilment of the Contract.

### **24.4 Consequences of defects**

If the Client gives notice of a defect, the Supplier shall remedy the defect without undue delay.

Repairs shall be made without cost to the Client and without imposing inconvenience on the Client's ordinary business activities more than is necessary. Repairs shall be conducted at the site where the Product is located, unless otherwise agreed between the Parties. If the Product is sent to the Supplier for repairs or replacement, the Supplier is responsible for the costs associated with this.

If the defective Product is integrated with the Client's existing equipment, the Supplier is responsible for all costs associated with disassembly and reassembly of this.

The Client may demand that repairs be postponed if this is considered to reduce the inconveniences to the Client, and this does not entail substantial inconveniences for the Supplier. If repairs cannot be made without causing substantial inconveniences for the Client, the Client may require that the Supplier replaces the Deliverables.

If the Supplier has not remedied the defects or replaced the Deliverables within a reasonable time, the Client himself, or others acting on his behalf, is entitled to make provisions necessary to remedy the defect, or to purchase replacement, at the expense and risk of the Supplier, or to claim a price reduction. The same applies if waiting for the Supplier's remedial actions will result in substantial inconvenience for the Client. The Supplier shall be informed in writing before repairs are implemented or replacement items are purchased.

The Client may claim compensation for the loss he suffers as a result of defects. Compensation is limited to direct loss, unless the Supplier or someone for whom he is responsible, has acted intentionally or with negligence. Liability for damages also includes indirect loss if the Deliverables already at the date of the Contract differed from what was guaranteed by the Supplier.

### **24.5 Joint provisions on compensation**

The Client's right to compensation is independent of any other claims the Client may make as a result of breach of contract, or of whether such claims are valid.

### **24.6 Material breach of contract**

Either Party may terminate the contract if there is a material breach of contract by the other Party, or if it is clear that there will be a breach of contract which is considered material. In such cases, the Client may refuse the Supplier's offer to undertake remedial measures.

The Supplier's bankruptcy, insolvency, breach of other material economic conditions, repeated breach of instructions or breach of legal statutes and regulations, fraud, negligence or other factors that are destructive to the Client's trust, or delays or defects that entail that the Client's purpose

for the Contract is not achieved, always constitute material breach of contract. However, what constitutes material breach of contract, is not limited to the above-mentioned.

## **25 FORCE MAJEURE**

A party is not liable for a failure to perform any of his obligations if he proves that the failure was due to an impediment beyond his control, that he could not reasonably be expected to have taken into account at the time of the conclusion of the contract or to have avoided or overcome it or its consequences.

If a delay or defect is due to a third party to whom the Supplier has engaged to perform whole or part of the the Deliverables, the Supplier is exempt from liability only if the third party as well would have been absolved under the preceding paragraph. The same applies if the delay or deficiency is caused by another supplier that the Supplier has engaged, or someone else at an earlier stage in the sales chain.

The Party wishing to claim Force Majeure shall immediately provide the other Party with written notification of the obstacle. Item 24.2 last paragraph applies likewise.

If the Force Majeure situation lasts longer than 30 days, the each Party have the right to terminate the Contract by notifying the other Party in writing.

## **26 TITLE TO DELIVERABLES**

Title to the Deliverables shall pass to the Client at delivery. If advance payments have been agreed, however, the title to the Deliverables passes to the Client progressively as the work is performed, even if the Deliverables or parts thereof are located at a site other than the agreed place of delivery. The Supplier nevertheless bears the risk for the Deliverables until delivery has taken place.

The Supplier shall mark the Deliverables and any other items belonging to the Client as property of the Client, keep this separate from other items, and see to it that no part of this is encumbered as security for the benefit of the Supplier or a third party.

## **27 INSURANCE**

The Supplier is obligated, at his own expense, to provide and maintain insurance policies adapted to the Supplier's business activity and nature of the Deliverables up until the Client has accepted delivery. The Supplier provides and maintains insurance policies for the damage and liability events that may occur during fulfilment of the Contract, including insurance of the Deliverables during assembly/installation.

The Client may require that the above-mentioned insurance policies state the Client as beneficiary. The Client may also require documentation of insurance coverage.

## **28 INDEMNIFICATION**

The Supplier shall indemnify the Client from and against any claim concerning loss of or damage to the Supplier's property, and claims made by his own or third party's personnel.

The Supplier shall indemnify the Client from damage to objects or persons due to the Deliverables not being in conformity with the level of safety that the Client reasonably can expect. In assessing the safety that could be expected, all circumstances are taken into account that have a bearing on the Deliverables, its presentation, marketing and anticipated use.

The Parties shall mutually inform one another when claims involving the other Party are raised by a third party.

## **29 CONFIDENTIALITY**

The Supplier and Supplier's personnel are obligated to treat all information associated with the Client and the Contract as confidential in compliance with the Norwegian Act of 20 March 1998 No. 10 relating to Protective Security Services (the Security Act) and related regulations, including subsequent amendments, and must not be duplicated or used for any purpose other than performing the Assignment, even after the contractual relationship has ended. Without

the Client's written consent, the Supplier shall not make it known publicly that the Contract has been entered into, or use the Client as a reference. Such consent cannot be refused without reasonable grounds. The Client may require that the Supplier's personnel sign a declaration of non-disclosure.

Breach of this provision will be considered a material breach of contract.

### **30 ASSIGNMENT OF CONTRACT**

The Client may assign his rights and obligations under the the Contract, wholly or partially, provided the Client can demonstrate that the assignee has the financial means needed to successfully fulfil the Client's duties pursuant to the Contract.

The Supplier cannot transfer or mortgage the Contract, a part thereof or interest in it, without the Client's consent. Such consent cannot be refused without reasonable grounds.

### **31 CHOICE OF LAW AND SETTLEMENT OF DISPUTES**

The Contract shall in all respects be governed by Norwegian law, and legal disputes pertaining to the contract shall be resolved pursuant to Norwegian rules of court procedure.

Efforts will be made to resolve disputes through negotiation. If a solution is not reached, the matter shall be referred to ordinary court proceedings.

The chosen legal venue is Nedre Romerike District Court.