

**GENERAL CONDITIONS FOR PURCHASE OF GOODS****1 GENERAL PROVISIONS**

1.1 Contract shall mean the separate contract document, these General conditions of purchase and any appendices, agreed amendments or variations to said documents.

Deliverables shall mean all goods, services and documents, as appropriate, 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:

- the separate contract document
- these General conditions of purchase
- all appendices in the order they are listed

1.3 Notices, claims, etc. which the Contract requires to be presented in writing, shall be sent by letter, fax or confirmed 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 its intended purpose.

2.2 The Deliverables 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 Buyer's written consent. Such consent does not exonerate Contractor from any obligations pursuant to the Contract.

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

2.5 If delivery has been agreed according to INCOTERMS, the version in force at the time the Contract was entered into shall apply.

2.6 Whenever requested by Buyer, Contractor shall provide original insurance certificates as well as the conditions of any insurance policies he is obliged to provide according to the Contract. Supplier shall upon request promptly ensure similar cooperation from its subcontractors.

3 INSTALLATION TESTS

The provisions of this Article 3 only apply if it has been agreed that the Deliverables shall include installation work and/or tests to be carried out at Buyer's premises.

3.1 Contractor shall ensure that installation work and/or tests at Buyer's premises are carried out in compliance with any rules in force relating to safety and working conditions. Buyer will, upon Contractor's request, inform of its own rules.

3.2 Delivery occurs when the installation work and/or tests have been completed and Buyer 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 before commencement of the installation work and/or tests provide a schedule for any goods and/or services which Buyer shall provide according to the Contract.

3.4 Unless otherwise agreed, the contract price to be paid for the Deliverables includes costs of installation work and/or tests.

3.5 Unless otherwise agreed, Contractor shall provide a liability insurance with a minimum coverage of NOK 3 million per incident for damages caused on Buyer's or any third party's property or personnel in connection with installation work and/or in performance of tests at Buyer's premises.

4 PROGRESS DELIVERY**4.1 Progress**

If Contractor should have cause to believe that he will be unable to meet the agreed delivery date, he shall immediately notify Buyer in writing stating the reason for the delay, the effect on the agreed delivery date and furthermore include a proposal on how the delay can be minimised. Contractor shall bear own costs incurred to minimise the delay unless the delay is caused by Buyer.

Contractor is liable for losses suffered by Buyer which could have been avoided if Contractor had given notice of the delay in due time.

4.2 Delivery

Unless otherwise agreed, delivery shall be deemed to have taken place when the Deliverables have been handed over to Buyer and agreed installation work and tests have been passed and completed.

5 VARIATIONS. CANCELLATION

The provisions of Article 5.1 - 5.6 shall only apply to the extent the Deliverables are manufactured especially for Buyer and for work mentioned Article 3.

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

5.2 If Contractor finds a variation required, Buyer shall be notified, in writing, without undue delay.

5.3 Any variation shall be approved by Buyer by means of a written variation order before Contractor initiates the variation work.

5.4 When Buyer 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 work schedule.

5.5 Compensation for variation work shall be in accordance with the prices, norms and rates contained in the Contract, or otherwise in accordance with the original price level of the Contract. If a variation entails cost saving for Contractor, Buyer shall be credited accordingly.

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

5.7 Buyer may cancel the Deliverables or parts thereof with immediate effect by written notification to Contractor. Following cancellation, Buyer shall only pay documented and necessary expenses incurred as a direct result of the cancellation.

6 PAYMENT DETAILS

6.1 Unless otherwise agreed, all payments to the Contractor by the Buyer will only be made within 60 days after Buyer's receipt of a correct invoice.

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- 6.2** The invoices shall set out the contract name; contract number, Deliverables provided and other agreed references shall be quoted on all invoices which shall also clearly indicate what the invoiced amount relates to in reasonable detail, as well as any payments received and shall be addressed to the invoicing address specified by the Buyer. All payments to the Contractor by the Buyer will be made by wire transfer to a bank account in the Contractor's name in the country where the Deliverables are to be provided under the Contract or in the country of the Contractor's main (registered) business seat. Buyer is entitled to return invoices that do not meet these requirements.
- 6.3** If it has been agreed that Contractor shall provide a bank guarantee, Buyer shall not be obliged to make any payments prior to receipt of such guarantee.
- 6.4** Buyer is entitled to deduct any prepayments and accrued liquidated damages against Contractor's invoices. Furthermore, any disputed or insufficiently documented amounts, as well as any amounts owed by Contractor to Buyer or Buyer's affiliated companies may be set-off against Contractor's invoices. Affiliated companies shall in this respect mean any Company where Bilfinger Engineering & Maintenance Nordic AS directly or indirectly controls 50 % or more of the share capital.

7 BREACH OF CONTRACT**7.1 Delay**

Delay exists when Contractor fails to comply with the time limits stated in the Contract, unless the delay is caused by Buyer.

If the Deliverables have such defects that they are not suitable for their intended purpose, Buyer may elect to treat this as delay.

Contractor is liable for delay pursuant to Article 7.2.

7.2 Effects of delay

Unless otherwise agreed, liquidated damages shall accrue at a rate of 0.3 % of the total contract price per day by which the agreed delivery date is delayed. Liquidated damages shall, however, not exceed 15 % of the total 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, Buyer may, instead of the liquidated damages claim compensation for the losses suffered due to the delay. Buyer may terminate the Contract with immediate effect upon any delay. If the Deliverables are manufactured especially for Buyer, and Contractor therefore is unable to dispose of the Deliverables without incurring considerable losses, Buyer may only terminate the Contract if the maximum of liquidated damages have accrued or the delay constitutes a substantial breach of Contract.

7.3 Defects

Contractor is liable for any defect in the Deliverables pursuant to Article 7.4.

Neither Buyer's inspection pursuant to Article 2.4 nor the fact that Contractor has sent drawings, goods or samples for Buyer's inspection limits Contractor's responsibility for ensuring that the Deliverables are in compliance with the contractual requirements.

Buyer shall inspect the Deliverables within a reasonable time after delivery.

Buyer is under no obligation to inspect the Deliverables prior to arrival at its permanent destination. If Contractor shall carry out installation work, the obligation to perform inspection does not arise until the Deliverables have been accepted pursuant to Article 3.2.

Buyer's obligation to perform inspection of the Deliverables applies correspondingly where Contractor has performed rectification work.

Buyer shall issue a written notice of defect within reasonable time following discovery of any defect, and in no event later than 24 months after delivery. The same time limit applies in respect of any replaced or repaired parts, calculated from the time the replacement or repair took place. The time limit for making a notice of defect does not commence as long as rectification work or other activities necessary to comply with the contractual requirements are performed.

7.4 Liability for defects

When Buyer notifies Contractor of a defect, Contractor shall commence rectification of the defect without delay. The rectification work shall be postponed upon Buyer's request provided that Buyer has a justified reason for requiring such postponement. Rectification work shall be performed for Contractor's account.

If Contractor fails to remedy the defect within reasonable time, Buyer is entitled to remedy the defect himself or employ a third party to do so for Contractor's risk and account, or to reduce the contract price accordingly. The same shall apply if awaiting Contractor's remedy will cause substantial inconvenience to Buyer. In such event, Contractor shall be notified in writing prior to initiating the rectification work.

Buyer is entitled to claim compensation for losses suffered due to defects. Such compensation is limited to cover direct losses unless Contractor or someone Contractor is responsible for has acted with gross negligence or wilful misconduct.

Buyer may terminate the Contract if a defect constitutes a substantial breach of Contract. In such event, Buyer is entitled to reject Contractor's offer to remedy the defect and/or substitute the Deliverables.

7.5 Indemnification

Contractor shall indemnify Buyer if the Deliverables constitute an infringement of third party patent rights or other intellectual property rights, except when this is necessary due to Buyer's specifications and Contractor did not know or ought to have known that such an infringement would occur.

8 FORCE MAJEURE

8.1 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.

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

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

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

9 PROPRIETARY RIGHTS, CONFIDENTIALITY, VENDOR DECLARATION AND ASSOCIATED TERMINATION RIGHT**9.1 Proprietary rights to Deliverables manufactured specifically for Buyer.**

If the Deliverables are manufactured specifically for Buyer, the Deliverables are Buyer's sole property as and when the Deliverables are performed. All reports, drawings, specifications and similar documents, including computer programs that are prepared in connection with the work constitute part of the Deliverables.

9.2 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, or that the information is or becomes part of public domain other than through a fault of either of the parties, or is rightfully received from a third party without an obligation of confidentiality or it is necessary due to applicable laws and regulations.

Information may also be disclosed to third parties to the extent necessary for execution of the Contract or utilization of the Deliverables, provided that the receiver of such information shall be bound by a confidentiality obligation similar to this Article 9.2.

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

9.3 Vendor Declaration and Associated Termination Right

Vendor Declaration: The Contractor is obliged to comply with the signed Vendor Declaration. The Vendor Declaration sets out the applicable minimum standards. If and to the extent compliance with the Vendor Declaration would violate applicable law, applicable law shall prevail. The Buyer shall have the right to amend the Vendor Declaration in the event of any changes in legal, administrative or institutional requirements, jurisprudence or ethical business principles. The Buyer shall inform the Contractor of any amendments to the Vendor Declaration.

Associated Termination Right: The Contractor acknowledges and agrees that any breach of this Clause 9.3 (Vendor Declaration and Associated Termination Right) will be deemed a material breach of contract entitling the Buyer to terminate the Contract at any time and with immediate effect, without any obligation to pay any outstanding fees or make any other payment. The Buyer shall not be obliged to compensate any damage or loss suffered by the Contractor as a result of a termination under this Clause 9.3 para. 2 (Associated Termination Right).

10 ASSIGNMENT OF THE CONTRACT

Buyer is entitled to assign his rights and obligations pursuant to the Contract, fully or partly, to any third party. Contractor may not assign his rights and obligations pursuant to the Contract without Buyer's written consent which shall not be unreasonably withheld.

11 APPLICABLE LAW AND LEGAL VENUE

The Contract shall be governed by Norwegian law.

A party may only bring a dispute in connection with the Contract before the appropriate court of the other party's legal domicile. Contractor also agrees to have litigation brought before Oslo Tingrett/City Court.