

# CLIPPER FLEET MANAGEMENT STANDARD PURCHASE TERMS AND CONDITIONS

## 1. APPLICABLE CONTRACT PROVISIONS

### 1.1 Definitions

"Buyer"	Clipper Fleet Management A/S or any of its affiliates, subsidiaries, successors or assigns thereof.
"Seller"	the person, company or to whom the Order is addressed.
"Order"	the purchase order issued by Buyer for the supply of Goods which may be an oral communication or a written electronic document and may also include shipping instructions and/or other specifications required by Buyer for the Goods.
"Goods"	all products, goods and/or services to be supplied by Seller under the Order.
"Damage"	includes loss and damage.

### 1.2 Conclusion of Order

These terms and conditions, together with the Order, constitute an offer by Buyer to purchase the Goods from Seller pursuant to the terms and conditions described herein.

This offer shall become an "Agreement" upon the written acceptance or confirmation by Seller or by any other act or communication constituting legal acceptance.

In the event Sellers acceptance or confirmation purport to state terms additional to or different from those stated herein then Buyer hereby expressly objects to and rejects any such additional or different provisions, and none of such provisions shall be deemed to be a part of this Agreement unless specifically agreed to in writing by Buyer.

Any amendments and modifications to Orders and Agreements shall only be binding if they are made or confirmed by the Buyer in writing.

### 1.3 Invoicing

Invoices for all Orders are to be sent via e-mail to [technical.invoice.cph@clipper-group.com](mailto:technical.invoice.cph@clipper-group.com) clearly marked with vessel name and order number as mentioned on the Order.

If invoices are not received in time, the payment might be delayed equivalent to the delay.

### 1.4 Unauthorized publicity

Sellers use of requests for quotation or purchase orders for reference or publicity purposes is not permitted.

## 2. SALE OF GOODS

Seller agrees to sell, transfer and deliver the Goods to Buyer for the purchase price set forth in the Order and Buyer agrees to purchase the Goods and to pay Seller the purchase price set forth in the Order.

Buyer reserves the right at any time to modify the Order and Agreement upon notice to Seller. Upon such notice, Buyer and Seller shall negotiate an equitable adjustment in price and/or time of performance. Buyer shall have the right to stop all or part of the work under the Order or cancel any future delivery of any Goods upon notice to Seller.

Seller agrees to obtain from Buyer a purchase order number for any and all Orders and Seller further agrees it will clearly reference the purchase order number on the applicable invoice(s). Seller acknowledges that any invoice submitted to Buyer that does not clearly reference Buyer's corresponding purchase order

number may be considered invalid by Buyer and may result in delayed payment.

## 3. PURCHASE PRICE AND PAYMENT TERMS

### 3.1 Purchase Price

The agreed purchase price under the Agreement is fixed and can or may not be changed or increased for any reason whatsoever unless agreed to in writing by the Buyer.

The agreed purchase price must include all costs and expenses as well as taxes, customs duties, custom fees or other governmental charges, whether internal or external, direct or indirect, incurred by the Seller in complying with the obligations under the Agreement and these Terms and Conditions. Buyer will pay for all statutory taxes that it is required to do.

Seller shall be responsible for all shipping and insurance costs, including without limitation, packing, crating, cartage and freight costs.

All certificates of approval, test certificates and other certification or documentation required at law, by an Order or these Terms and Conditions are an integrated part of the Sellers obligations under the Agreement and included in the purchase price.

### 3.2 Payment Terms

Payments for Goods is 60 days after Buyers receipt of Sellers correct invoice.

Seller agree that it will take no adverse action against Buyer for any invoices not paid resulting from Seller's failure to obtain or clearly reference purchase order number on the applicable invoices or accurately invoice Buyer.

If a payment cannot be made on time due to the fact that the delivery documentation or Goods are not in order or incomplete, the payment and any discount periods shall not commence until such matters have been clarified.

### 3.3 Non-payment if late invoicing

If Buyer has not received the correct invoice for Goods under an Agreement at the address stated in Order 180 (one-hundred and eighty) Days after the performance or delivery of Goods, such Goods shall not qualify for invoicing and shall not be payable by Buyer.

## 4. SHIPMENT, DELIVERY AND ACCEPTANCE

### 4.1 Shipment

Seller shall deliver the Goods to the place designated for shipment by Buyer in the Order and Seller shall follow any shipping instructions provided by Buyer.

Seller shall properly and carefully package the Goods for shipment and any loss or damage, whenever occurring, which results from Seller's improper packaging or crating shall be borne by Seller. Notwithstanding anything in the foregoing to the contrary, title to and risk of loss of the Goods shall pass to Buyer only upon receipt of the same by Buyer, and any rightful rejection or revocation of any Goods by Buyer shall immediately shift the risk of loss of such Materials, wherever located, to Seller.

All Goods shipped shall be properly identified with Buyer's purchase order number and/or name of vessel and any purchase order item number or other identification number shown. Seller accepts full responsibility for the completeness and accuracy of all transport and customs documentation ("Shipping Documents") provided to Buyer. Seller accepts any liabilities resulting from incomplete or inaccurate data on Shipping

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Documents or failure to comply with any import or export requirements.

Any increased expenses incurred by the Buyer as a result of late, incorrect or incomplete submission of the requisite Shipping Documents shall be borne by and will be invoiced to the Seller as a flat administrative charge of EUR 125 and the Buyer has the right to claim Seller for any additional damages.

## 4.2 Shipment of hazardous goods or goods subject to export control

The Buyer requires that Seller is fully aware of any hazards associated with dispatch, packaging, storage etc. of the Goods. The Seller are responsible and has an obligation before conclusion of an Agreement to check whether the Goods specified in the Order in whole or part are classified as hazardous goods (e.g. paints, adhesives, chemicals or flammable, oxidizing, explosive, combustible, toxic, radioactive, corrosive goods, or goods susceptible to spontaneous heating). In such cases, the Seller shall immediately inform the Buyer in detail. However, the Seller shall at latest when returning the "order confirmation", send to Customer the relevant product information (at least safety data sheets and accident prevention leaflets), as well as details of the type and quantity of delivery lots to be supplied.

The Seller shall without being requested submit any modifications to the safety data sheets and accident prevention leaflets. Such modifications need to be clearly marked. Declaration, labeling and packing shall be executed by the Seller observing the most recent versions of applicable national and international regulations (e.g. ADR, RID, IMDG-Code, IATA-DGL, ADNR), and shall be accompanied by duly signed statutory declarations of hazardous materials. Packaging and Labeling shall comply with applicable laws and regulations. Seller shall also comply with any deviating or additional regulations in the country of destination to the extent specified in the Order.

The Seller are liable for all damages arising as a result of incorrect information or of failure to comply with applicable regulations for handling of hazardous goods (packaging, shipping, storage etc.) and Seller shall also be liable and comply and adhere to any international applicable rules on export control and be obliged to obtain any and all export permits if required by law.

## 4.3 Acceptance

Notwithstanding anything herein to the contrary, Buyer shall have a reasonable opportunity to inspect the Goods after the same have been delivered to Buyer. Buyer shall not be deemed to have accepted any such Goods until the expiration of such reasonable time for inspection. The parties acknowledge and understand that Buyer may inspect any commercial lot of the Goods consisting of numerous units of the same product by inspecting only a reasonable sampling of such units and that Buyer may revoke acceptance of any other units of such commercial lot which Buyer later discovers to be defective. Upon rejection or revocation of acceptance of any Goods, Seller shall promptly replace or correct, at Buyer's option, any unsatisfactory units at Seller's expense, including all shipping costs. Buyer's failure to inspect or reject Goods, or payment for Goods, shall not relieve Seller of any of its obligations hereunder or constitute a waiver of any of Buyer's rights hereunder

Excess delivery or short delivery is only permissible in case of prior written consent of the Buyer.

## 5. INSURANCE

The Buyer reserves the right only to accept insurance costs incurred by the Seller in case of prior written agreement.

## 6. SPARE PARTS

Until expiry of the period of limitations for warranty claims the Seller shall ensure that the technical status of spare parts that

Contractor must supply under an Agreement always are in compliance with current technical status for the Goods. The Seller shall always maintain availability of such spare parts at short notice until expiry of the period of limitations for warranty claims.

All spare parts shall be in accordance with the IMO Circular MSC.1/Circ.1379 – Information on Prohibiting the Use of Asbestos on Board Ships standards.

## 7. TIME SCHEDULES

### 7.1 Dates for performance

Should the Seller become aware that it cannot meet the agreed dates, it shall immediately notify the Buyer of this in writing. Early performance and partial performance shall require the prior consent of the Buyer.

### 7.2 Rights and claims prior to performance

The Buyer shall be entitled to cancel the contract in full or in part even before due dates, if it is evident that the Seller, even if given a reasonable extension of time, will not be able to deliver the Goods on time. The Buyer shall have the right to claim damages in lieu of performance, if it is evident that Contractor will not be able to complete the Goods within a reasonable extension of time.

### 7.3 Liability for delay

If the Seller fails to meet any agreed dates or deadlines under the Agreement, then the legal consequences as per applicable laws, liability for damages in the event of delay, shall apply.

In case the Seller is unable to meet the prescribed and confirmed delivery date he shall pay liquidated damages for the delay amounting to 1.5 % of the total order value of the Order in question for each commenced week of delay, up to a maximum of 12 % of the total value of the Order in question

### 7.4 Further rights and claims in the event of delay

Without prejudice to the Buyers other rights, the Buyer may, upon expiry of a reasonable extension of time set by the Buyer, or if due to delay the Goods are no longer of any value to the Buyer arrange for a third party to perform the Goods not yet performed by the Seller at Sellers cost and risk.

Should documents or items in Sellers possession be required for this purpose, the Seller shall immediately hand over these to the Buyer. If intellectual property rights restrict a third party in supplying or performing the Goods, the Seller shall be obliged to immediately seek a remedy from this restriction.

### 7.5. Penalty in the event of delay

If a penalty has been agreed upon for delays, the Seller shall be obliged to pay the agreed penalty commencing with the first day of such delay. The Buyer shall not be obliged to but expressly reserve the right to demand such penalty at the time of acceptance, but shall be entitled to offset the amount against the final invoice amount. The Buyer may still claim the penalty even if the Buyer cancels the Agreement or arranges for a third party to undertake the delivery/performance after the claim arises. The foregoing is without prejudice to Buyers other rights and claims due to delay.

## 8. GOODS RETURNED FOR CREDIT

Delivered Goods or part thereof e.g. standard equipment, components and/or wear and tear spare parts may be returned to the Seller during a period of up to 3 months from the date of delivery to the Buyer provided:

- Equipment, components and/or spare parts are returned to the Seller with information about Buyers order number,

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name of the vessel and preferably Sellers reference number and

- Such equipment, components and/or spare parts are in unused and good condition.

Returning such spare parts shall initiate 90 per cent credit to the Buyer, excluding packing and/or transportation cost.

## 9. WARRANTY RIGHTS

### 9.1 Scope of warranty rights

The Seller shall provide all Goods without defects. The Goods shall in particular have the agreed qualities/characteristics and also characteristics and values guaranteed by the Seller, and shall conform to the latest state of the art as well as to the relevant regulations as issued by authorities and professional associations, and shall not have any defects.

### 9.2 Individual warranty claims

The Buyer at its own discretion shall have the right to claim remedy either via repair or replacement delivery and to claim damages, all in accordance with the statutory provisions.

The Seller shall bear all costs and expenses incurred as a result of remedy, including costs of assembly and disassembly. If remedy does not take place within the reasonable period set by the Buyer, if the Seller fails to remedy or setting of a reasonable period for remedy was superfluous by law, the Buyer may furthermore cancel the Agreement or reduce the purchase price under the Agreement.

In addition, as per applicable law the Buyer may claim damages, also in lieu of performance, and also reimbursement of wasted costs and expenses. If the Buyer is entitled to guarantee claims in excess of warranty claims, these shall not be affected by this clause.

### 9.3 Self-remedy

In urgent situations, in particular where there is a risk of serious damage, the Buyer may execute remedy itself, at Sellers cost and risk, if (i) the Buyer has notified Seller in advance, (ii) if Seller has failed to comply within a reasonable period with Buyers request for remedy, or (iii) if Buyer was not able to notify the Seller due to urgency. Notwithstanding the above, the Buyers obligation to remedy shall remain unaffected.

The Seller shall bear all additional costs accruing, for example the costs of assembly, disassembly, tests and technical acceptance. This provision shall not affect the right of self-remedy as per applicable law.

### 9.4 Notice of defects

The Buyer shall be entitled to serve notices of defects within two weeks of receipt of the Goods, and in the case of hidden defects, within two weeks of their discovery.

### 9.5 Period of limitation for warranty claims

The period of limitation for warranty claims shall be 24 months from commissioning or 36 months from delivery whichever comes later, unless applicable law provides for a longer period of limitation. The period of limitation shall commence upon delivery or performance, or - if acceptance is agreed or is mandatory by law -, at the time of acceptance. In relation to remedial action by the Seller, the period of limitation shall recommence when the remedial action has occurred.

### 9.6 Periods of limitation in the event of business interruption

If in case of business interruption due to defect parts of a machinery cannot be used as envisaged by the contract, then the

period of limitation for the defective parts shall be extended by the duration of the business interruption.

## 10. LIABILITY AND INSURANCE

### 10.1 General liability

The Sellers liability shall be governed by applicable law.

### 10.2 Product liability

The Seller shall hold the Buyer harmless and indemnify the Buyer from all claims arising out of product liability due to a deficiency in the product/part supplied by the Seller. Accordingly, the Seller shall also be liable for damages that are incurred by the Buyer as a result of Buyers precautionary measures of a reasonable nature and extent in order to avert a product liability claim, e.g. via public warnings. This shall not affect Buyers right to claim its own damages against the Seller.

### 10.3 Obligation to insure

The Seller undertakes to insure itself adequately against all risks that entail its liability. It shall provide evidence of its insurance cover at Buyers request.

The Seller shall further secure and maintain in effect, at its own expense, insurance coverage that will fully protect both Seller and Buyer for commercial general liability (including product liability and completed operations liability) in a sum no less than \$5 million per occurrence.

## 11. FINANCIAL DETERIORATION, INSOLVENCY, OTHER IMPORTANT REASONS

In addition to any other rights and claims the Buyer may have, Buyer may fully or partially cancel the Agreement in the event of;

- I. serious financial deterioration of the Seller
- II. cessation of Sellers payments
- III. default in contract execution, following Sellers application for the institution of insolvency proceedings
- IV. default in contract execution after the institution of insolvency proceedings regarding Sellers assets, or failure to institute insolvency proceedings due to insufficient funding
- V. due to other important reasons.

In such circumstances, Buyer shall have the right to demand from Seller restitution of all items and documents owned by the Buyer. Furthermore, Buyer shall against pro rata payment have the right to request from Seller restitution of all or part of the Goods, whether or not they have been completed, with respect to which cancellation of the Agreement has not been declared; Sellers shall be obliged to immediately hand over these to Buyer and to transfer ownership to Buyer. In such circumstances, Seller shall not have any right to claim damages or any further remuneration.

## 12. CANCELLATION

### 12.1 Cancellation

Buyer shall have the right to cancel the Agreement in full or part at any time prior the delivery of the Goods.

### 12.2 Right of use following cancellation.

If Buyer cancels the Agreement, then the Goods in question or individual parts thereof, shall without charge remain at Buyers or the end-user's disposal until adequate replacement has been procured. Seller shall bear the costs of any disassembly work or of removal of the Goods in question.

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## 13. INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES

### 13.1 Ensuring use in accordance with the contract

The Seller shall ensure that Buyer does not infringe copyrights, patents or other intellectual property rights of third parties when using Sellers delivered Goods in accordance with the Agreement.

### 13.2 Indemnification against claims of third parties due to infringement of domestic intellectual property rights

The Seller shall hold Buyer harmless and indemnify Buyer against claims of third parties due to infringement of a domestic intellectual property right. With regard to claims for damages this shall only apply in case of negligence or willful misconduct of Seller.

### 13.3 Indemnification against claims of third parties due to infringement of foreign intellectual property rights

The Seller shall hold Buyer harmless and indemnify Buyer against claims of third parties due to infringement of a foreign intellectual property right, if Seller was aware of the use in the country of destination. With regard to claims for damages this shall only apply in case of negligence or willful misconduct of Seller.

### 13.4 Measures to avoid or remedy infringements of intellectual property rights

The Seller shall bear license fees, expenses or costs which Buyer has incurred in order to avoid or remedy infringements of intellectual property rights, where these are the result of Sellers not ensuring Buyers rights required for the use in accordance with the Agreement.

However, in case of a claim, Buyer shall not conclude any agreements with the proprietor of the intellectual property rights at Sellers expense without involving Seller.

## 14. SUBCONTRACTS

The Seller may only subcontract the execution of an Order or significant parts thereof to third parties with Buyers prior written consent which shall not be reasonable withheld.

## 15. COMPLIANCE

### 15.1 General Compliance

The Seller shall comply with all national and international laws, rules and regulations including without limitation Maritime Labor Convention in force from time to time which are applicable to the performance of Sellers obligations under the Agreement.

### 15.2 International Sanctions and Anti-Corruption

The Seller declares by the Agreement to be aware of all international sanctions laws and trade restrictions imposed by the US, UN and EU as may be amended from time to time and warrant to comply with them in all respects related to its performance under the Agreement.

The Seller agrees to comply with all national and international legislation to combat corruption in the execution of its obligations under the Agreement. This obligation encompasses in any case the prohibition of unlawful payments or the granting of other unlawful benefits to public officials, business partners, agents or subcontractors, to their employees, family members or other partners, and the prohibition of facilitation payments to public officials and other persons.

If the Seller violates any anti-corruption legislation, then Buyer is entitled to terminate the Agreement.

### 15.3 Corporate Social Responsibility

The Buyer has as priority that its business activities are based on sustainable and ethical principles and has in this respect adopted a Corporate Social Responsibility policy.

The Seller undertakes to acquaint itself and observe and comply to the Buyers Corporate Social Responsibility policies that are accessible for download at clipper-group.com.

## 16. GENERAL PROVISIONS

The Agreement and the General Terms and Conditions shall constitute the complete understanding and Agreement between Seller and Buyer with respect to the subject matter hereof and supersedes any prior written or oral understandings with regard thereto.

If any provision hereof is held to be unenforceable by the final order of any court of competent jurisdiction, such provision shall be severed here from and shall not affect the interpretation or enforceability of remaining provisions of the Agreement.

## 17. PLACE OF JURISDICTION / APPLICABLE LAW

This Agreement shall be governed by and interpreted in accordance with the laws of Denmark. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement.