

## STANDARD CONDITIONS OF SALE, WORK & DELIVERY

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These standard conditions of Sale, Work & delivery (hereinafter SWD) are applicable as the basis for all contracts made with **ScanMarine Group** (hereinafter: **SMG**). SMG includes ScanMarine AB and ScanMarine Group of Norway AS.

### 1. Purpose and Scope

- 1.1. These SWD shall apply to the legal relationship between the client and SMG. To be valid any departure from the provisions of SWD shall be in writing and clear.
- 1.2. The agreement between the client and SMG shall contain a specification of the scope of work and delivery, a time delivery schedule, the fee system, as well as such other terms and conditions as are relevant to the project in question.

### 2. Scope of Work and delivery

- 2.1. The work and/or the suppliers must conform precisely to what appears from SMG's quotation and/or order confirmation. Any drawing up of documentation (in sense of drawings, calculations, reports, etc. on whatsoever medium) and/or other services shall be according of SMG's usual standard in relevant fields.
- 2.2. SMG shall safeguard the client's interests. Should any doubt arise in the respect (e.g. because SMG has relations with any other party who is involved in the project, or if the client's interests are contrary to the demands on SMG's professional standard. SMG will forthwith notify the client thereof.

### 3. Alterations

- 3.1. Any alterations of additions to SMG documentation and/or other (part) services demanded by the client in excess of what may have been expressly included in the agreed scope of the work & delivery, shall be billed as extra work, of, clause 6.2 below.

### 4. Delivery

- 4.1. The time of delivery shall count from the time when the order was confirmed by SMG, when any agreed down payment has been received by SMG, and when the client has delivered to SMG the information and the services necessary and/or agreed for the start of the project.
- 4.2. Unless it is specifically stated in the contract that a due date for delivery is deadline, any due rates indicated for delivery shall be approximate, if a fixed deadline has been agreed and is exceeded, without SMG being entitled to an extension of the deadline, SMG shall be liable to the client for the loss thus incurred in accordance with the general rules of Swedish law on compensation for delays- with such limitations as are contained in the contract and these SWD, of, in particular Clause 14 hereof. Any complaints must be made without delay.
- 4.3. SMG shall be entitled to an extension of a deadline of at least the same duration or such longer period as is necessary for restart according to an appropriate (revised) time schedule
  - 4.3.1. in the event of any delay with information and services on the part of the client, of, also Clause 9 below.
  - 4.3.2. in the event of changes to the project beyond such changes as are contained in the specified contract.
  - 4.3.3. if the authorities fail to grant the approvals, make decisions or provide answers, or to supply materials or services within the time limits assumed.
  - 4.3.4. in case of events beyond the control of SMG, if such events delay or prevent the fulfilment of the contractor or make it unreasonably onerous.

- 4.4. Any delivery documentation is deemed to have occurred at the time when the documentary material was dispatched. For the purpose hereof "dispatch" shall mean the time when SMG left the material with the postal authorities for dispatch; when it was picked up by a forwarding agent or courier; when it was delivered direct to the client by SMG employee; or when as per agreement it was transmitted via electronic media (such as by e-mail). SMG assumes no responsibility for loss of, damage to, corruption or destruction of documentary material after dispatch.

## 5. Prices

- 5.1. The fee for project is stated in contract.
- 5.2. All extra work is billed on the basis of time consumed (by hours) multiplied by SMG's usual hourly rates for fees applying at the time of execution of the work. Direct cost of outlays will be added.
- 5.3. All fees and prices are net prices, i.e. not including V. A. T. taxes, duties etc., in this country as well as elsewhere. Where taxes and duties are specifically included in the price, SMG may demand that the client pay any rise in such taxes and duties.

## 6. Outlays

- 6.1. Outlays in connection with the execution of the project are not included in the fee and will be invoiced direct to the client monthly in arrears.
- 6.2. Outlays always include the costs of transportation, travelling, accommodation, *per diem* allowance, couriers, printing, reproduction and duplication (on whatsoever medium), models photographs, fees for certificate etc.
- 6.3. Except as otherwise agreed, the means of transportation selected shall be the quickest on business class, and accommodation according to European standard.

## 7. Payment

- 7.1. SMG shall have the right to demand that fees for the services provided to be paid on account in arrears.
- 7.2. Invoices, including final settlement, billing for extra work, outlays etc., shall be paid with in thirty (30) calendar days from date of invoice (due date). In the event that the deadline for payment is exceeded, 1,5% p.a. interests on any amount due will be charged from the due rate at the rate applying pursuant to the interest Act.
- 7.3. Except where otherwise specially agreed in the contract the client shall not be entitled to make set-offs or retention's against the fee invoiced by SMG or any other amounts.
- 7.4. If the payment is delayed more than 14 days SMG shall have the right to suspend work until payment is received. This situation shall be dealt with according to the rules on postponement of the project until SMG may choose to cancel the contract in the pursuance of Clause 18 hereof.

## 8. The client's services

- 8.1. The client shall at a agreed time, or in reasonable time, and without cost to SMG, provide SMG with the agreed and/or necessary input, data and details, order forms, etc.
- 8.2. Furthermore, the client shall make sure that such persons as may reasonably be required by SMG for assistance in carrying out the project are made available as necessary.
- 8.3. The client shall arrange for clear and unrestricted access to the site where such site is outside the premises of SMG. The client shall make sure that the work is not going on in an unhealthy or hazardous environment and shall arrange for the fulfilment of any working site requirements pursuant to applicable laws and regulations.
- 8.4. The client shall grant his approval and/or make his comments on all outlines, drawings, reports, recommendations, tender documents etc., submitted to him for decision by the agreed time or early enough to avoid any delay in or

interruption of SMG's work, and in such manner that are appropriate rhythm and arrangement of the work can be sustained.

## 9. Confidentiality

- 9.1. The parties mutually agree to hold all information received in connection with the execution of the project in strict confidence.

## 10. Copyright

- 10.1. To the extent agreed or assumed in the contract the client shall be entitled to make use of the materials prepared for the project for the agreed purpose. Otherwise, SMG have all rights in its idea and the material prepared by SMG.
- 10.2. Where the project includes partial or total design of a new ship or the conversion of a ship or another unique construction, the client's right to make use of the documentary material prepared by SMG shall be confined to one (1) unit of unchanged or fundamentally unchanged design the clients shall pay an extra fee to SMG for that facility, except as otherwise specifically agreed in the contract.
- 10.3. In the event of public reproduction of a system or product for which SMG's material has been used. SMG's name and the clients name shall be indicated.

## 11. Postponement of the project

- 11.1. The client may at any time postpone the execution of the project. If so, SMG shall be paid for the work carried out up to the time of the postponement, *with the addition* of the cost incurred by SMG in connection with and the incidental to the suspension of the project, such as the cost of the redundant capacity (labour, premises, equipment, chattels, etc.), third-party costs as well as the costs of waiting time and idle time which cannot be avoided. The onus of proof that the costs could have been avoided and/or that the invoices expensed are too high rests with the client. This provision does not confer upon the client any right to postpone parts of the projects or to alter the

progress without entering a new contract with SMG to that effect.

- 11.2. SMG may require the additional work associated with the resumption of the project be paid for as extra work. If the postponement (added to any previous postponement) has lasted more than three (3) months. SMG shall be bound to continue the work only if agreement can be reached on a new time schedule and fee arrangement reflecting the price development caused by the time delay. If execution of a project is placed in abeyance for more than six (6) months. SMG shall be entitled to consider the assignment stopped.

## 12. Stopping the project

- 12.1. The client may at any time stop the project. The provisions in Clause 12.1 above shall apply.
- 12.2. If a project is stopped before preparation of documentation has commenced, the client shall have the right – with a view to the continuing mater- to make use of analyses and calculation and such other material as contains assumption for the execution of the project.
- 12.3. If the client wishes to make use of materials as stated above, the name SMG may not be used in connection with the client's use of such material, except as otherwise agreed. SMG shall not be responsible for the continued use of the material, regardless of any errors or defects in the material prepared prior to the stopping of the project.

- 12.4. Notwithstanding the above, the client may never make use of the materials as basis for a production with a view (whether the project concerned the development of products with a view to sale).

## 13. Liberty and Insurance Cover

- 13.1. Subject following modifications SMG shall from the delivery/completion of the project be liable for errors and negligence in accordance with the general rules of Swedish law.

13.2. SMG's employees shall not be liable to a greater extent than SMG can be so held.

13.3. SMG shall not be liable consequential loss, loss of profits or other indirect loss.

13.4. If SMG has incurred liability as towards the client jointly with others. SMG shall be liable only for such part of client's loss as corresponds to that part of the total *culpa* which is attributable to SMG.

13.5. In case of supervisory work SMG shall be liable only of such loss as the client may suffer by reason of SMG's failure. To point out in due course that a service is non-contractual. Liability for supervision shall in any event be limited to a sum of SEK. 1,500,00.

13.6. In case of projects where SMG provides only partial drawing documentation and in case of projects involving calculations only, the liability of SMG shall be limited- in terms of amount- to the sum of the fee.

13.7. Special agreements regarding the taking out of insurance and insurance cover will appear from the contract. In absence of the agreement to the contrary the liability of SMG shall be limited to the insurance cover under the SMG's third-party liability insurance, which is limited- in terms of amount- to a sum of SEK 10.000.000 for personal injury and SEK 5.000.000 for damage to property. Copy of policies shall be delivered upon request.

#### **14. Product liability**

14.1. Product liability shall be subject to the rules applying from time to time in Swedish law. SMG shall not be liable for consequential loss, loss of profits, or other indirect loss, likewise the limitations applying according to these SWD shall also apply. - to the extent that they are not contrary to indispensable rules of law. The client shall hold SMG harmless and indemnified against all and any expense in excess of what follows from this Clause.

#### **15. Complain**

15.1. The client shall forfeit his right to hold SMG liable if the client has failed to complain in writing to SMG as soon as the client was or should have been aware of the existence of a possible liability in damages on the part of SMG.

15.2. Complaints shall be made within fourteen (14) days. If after SMG's investigation of the complaint, SMG and the client can ascertain that it is not a matter of liability-incurring errors or defects in work carried out by SMG. SMG shall have the right to charge the client for the time consumed in assisting with the treating of the complaint.

#### **16. Secondment**

16.1. In the case of work carried out during secondment where the employee is not under SMG's instruction and project management, the SMG shall not be held liable for the execution of the work.

#### **17. Non-performance**

17.1. If SMG is liable of material default of the contract with the client without the mater of being remedied within a reasonable time after receipt of a demand in writing to that effect, the client shall have the right to cancel the project without further notice.

17.2. Where the contract is cancelled in accordance with 18.1 above. SMG shall be entitled to a fee only for such part of the work carried out prior to the cancellation as can be used by the client in connection with the execution of the overall project.

17.3. The client shall be entitled to compensation for his loss in accordance with the rules contained in these SWD, of in particular Clause 14 above. Regarding the client's right to make use of material prepared, the provisions of Clause 13 hereof shall apply.

17.4. If the client is liable of material default of the contract or if he is otherwise liable of such conduct that SMG cannot responsibly be for expected to carry on with his duties. SMG shall have the right to cancel the contract and claim damages in Swedish law. The provision in Clause 13 hereof on the client's right to make use of the prepared material in connection with stoppage of the project shall apply.

**18. Applicable law: Venue**

18.1. All contracts shall be subject to Swedish law.

18.2. An effort shall be made to settle amicably all and any dispute arising in connection with the contracts between the parties if necessary third-part conciliation. Disputes that cannot be settled amicably shall be settled in accordance with the Rules of the General Court of Arbitration in Sweden.

18.3. However, disputes concerning only amount of the charges by SMG which cannot be settled by the Laws & Opinions Committee of the Swedish Engineers Association whose decision may be appealed to the General Court of Arbitration in Sweden.