

Purchase Order Terms and Conditions

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1. Introductions

1.1 These Purchase Order Terms & Conditions are valid unless otherwise agreed in writing between the parties.

1.2 Diverging conditions indicated by the Supplier shall have no effect unless distinctly confirmed by the Purchaser in writing. The Price agreed upon by the Parties comprises the total delivery, and is fixed if not otherwise agreed and net of any Value Added Tax.

2. Definitions

2.1 "Purchase Order" means these Purchase Order Terms & Conditions, the Purchase Order format and other documentation which is specified in/attached to the Purchase Order.

2.2 "Goods" means all services, materials, equipment, and other that shall be delivered from Supplier to Purchaser, to fulfil the requirements in the Purchase Order.

2.3 "Purchaser" means HTS maskinteknikk AS.

2.4 "Supplier" means the company stated on the Purchase Order.

2.5 "Price" means the total amount due to Supplier in accordance with the provisions of the Purchase Order.

3. Purchase Order and Acknowledgement

3.1 All Purchase Orders shall be issued by Purchaser using the HTS standard format, and contain if applicable; drawing, HTS' customer specification (including designated external suppliers), process requirements and work instructions. Supplier shall without undue delay confirm the Order in writing.

3.2 Supplier shall acknowledge the order by confirming the Purchase Order within 2 days after receipt.

3.3 Purchaser expects that Supplier - upon receipt of Purchase Order - will use its professional skills to evaluate potential obvious defects, deficiencies and other faults, omissions and inconsistencies (errors) in PO-related documents before start of production. Supplier shall immediately notify Purchaser in writing if such faults and omissions are discovered. Supplier must also comply with any specially mentioned requirements.

3.4 In some cases test specimens can be necessary to order for design approval, or other verification. Such needs must be clarified by Purchaser in the Purchase Order.

4. Quality Assurance and Control / right to access

4.1 Supplier shall have an implemented and documented quality assurance system in accordance with ISO 9001 or equivalent. In case the supplier does not have such a system, a separate evaluation must be concluded to verify the ability of the supplier to meet HTS' and HTS customers' needs.

4.2 Purchaser, it's customers and regulatory authorities has the right but not the obligation to make the verifications, inspections and tests, including audits, at applicable areas within the Supplier's and subcontractor's facilities, in order to satisfy itself that the Goods will be manufactured according to the requirements in the Purchase Order. Purchaser can either do the work itself, or through third party given the necessary authority. Supplier and if applicable subcontractor are obliged to assist in connection with inspections and tests without any cost for Purchaser and shall also present all relevant documentation, including Test Reports, Material Certificates, Routings, Calculations etc. upon Purchaser's demand.

4.3 If faults and omissions are pointed out as a result of inspections/tests Supplier shall without delay rectify these at its own cost.

4.4 The above mentioned inspections and verifications carried out or not do not exempt Supplier from any risk or the responsibility to deliver the Goods in accordance with the Purchase Order.

4.5 Supplier shall verify that any subcontractor to the Purchase Order has an implemented and documented quality assurance system, or notify Purchaser immediately if so is not the case.

4.6 Supplier shall not assign the Purchase Order or subcontract any part of same without Purchaser's prior written approval.

4.7 Any and all requirements flown down from HTS customer to Supplier must also follow from Supplier to potential subcontractors.

4.8 Any change in process, product, service or change in external provider or manufacturing location must be notified by the Supplier and approval from Purchaser must be obtained prior to applying such change to the Goods.

4.9 Supplier must immediately notify Purchaser of any non-conforming processes or Goods to obtain potential approval for disposition.

5. Delivery

5.1 The Goods shall be released from Supplier, and delivered according to all provisions in the Purchase Order, properly packed and marked, either according to good industry practice to arrive in correct condition at Purchaser, or if specified - in accordance with the requirements in the Purchase Order. Necessary packing is part of the Purchase Order price.

5.2 Part deliveries will in most cases be accepted, but shall be agreed upon in writing with the Purchaser.

5.3 If Supplier has reason to believe that the Goods are to be delayed, Supplier shall immediately inform Purchaser in writing. Such notice shall include the reason for and the extent of the delay and shall state the corrective actions initiated to limit the delay. If Supplier's corrective actions are not sufficient, Purchaser may require that Supplier takes additional measures. All costs will be for Supplier's account. Suppliers delivery performance will be followed and discussed on regular basis.

6. Variations

6.1 Purchaser has the right to order variations in quality, quantity or time of delivery provided that these variations do not exceed what the parties could reasonable expect when the Purchase Order was signed.

6.2 Agreed variations shall be confirmed by Purchaser in writing. Supplier must within 5 working days confirm any effects on price, time of delivery and technical specification.

6.3 The cost effect or saving of the variations shall be calculated in accordance with the cost and profit level of the original Price. The Variation Order shall upon Purchaser's request be implemented, even if the parties have not reached an agreement concerning the effects on the Price.

7. Documentation

7.1 Delivery note/invoice shall be in accordance with the Purchase Order. These documents shall correspond with the Purchase Order regarding item number, description and specification.

7.2 Documentation specified in the Purchase Order are considered to be part of the Goods. CoC mentioning all relevant info from art. 3.1 is a minimum for all deliveries. If special processes are used a relevant report including required qualification of persons must follow the delivery.

7.3 Record Retention: Supplier shall maintain records of inspections, tests, and process controls related to the Goods. Unless specified elsewhere in contracts, customer flow down requirements or attachments, these documents shall be on file, stored and protected in such a manner that they remain legible, readily identifiable, and readily available to Purchaser for a period of 10 years. Even after this period Supplier may not dispose of the records unless written approval from Purchaser is obtained.

7.4 Limited Shelf Life Items: Materials with limited shelf life shall indicate the date of manufacture / cure date, expiry date, lot number and applicable specification on the COC and the bag / container.

8. Terms of Payment

8.1 Purchaser shall pay the invoice within 45 days after receipt of correct invoice. Supplier is not entitled to issue an invoice before all obligations against the Purchase Order are fulfilled. Purchaser has the right to withhold disputed amounts. The rights to receive payment can be annulled if the Supplier fails to send an invoice within 3 months from delivery.

8.2 Invoice shall be marked with Purchaser's Purchase Order number.

9. Cancellation

9.1 Purchaser has the right to cancel this Purchase Order by giving written notice to Supplier.

9.2 Purchaser shall in such event pay to Supplier the unpaid amount due for the work already performed on the Goods and in addition all direct cost incurred by Supplier due to the cancellation.

10. Defects, Claims – Supplier's Guarantee

10.1 Supplier guarantees that the delivery is free from faults and omissions and that the Goods conform to the specifications in the Purchase Order and to any public regulations and that potential engineering performed by Supplier is suitable for its intended purpose.

10.2 Purchaser shall examine the Goods at his earliest convenience after delivery. If any defects are found, Purchaser shall notify Supplier in writing immediately.

10.3 If the Goods are found to be defective during the guarantee period, Supplier shall at own cost immediately remedy the defects or redeliver the Goods. If Supplier is not able to remedy a defect within reasonable time after receipt of Purchaser's notification, Purchaser has the right to perform the work by himself or by third parties. All costs shall be for Supplier's account. Supplier shall provide RCA and corrective actions according to ISO9001 or equivalent within 10 working days.

10.4 If major defects are found in the Goods and these according to Purchaser's opinion cannot be corrected within reasonable time, Purchaser can either require reduction in the Price or choose to cancel according to Art.9.

10.5 The guarantee period expires 24 months from the date when the Goods are taken into use for its purpose, but limited to maximum 48 months from the date of delivery.

10.6 If any guarantee work is performed in the period given in Art. 10.5, replaced/repared parts shall receive renewed guarantee for the same period as the original guarantee. If the goods are out of operation due to replacement or repair, the guarantee period shall be extended accordingly.

11. Supplier's Delay

11.1 If delivery of the Goods has not taken place within the agreed time of delivery or it is obvious that such a delay will occur, Purchaser has the right to terminate according or uphold the Purchase Order.

11.2 Purchaser is entitled to claim a penalty for delay if the delay is not caused by Purchaser or by someone it is responsible for or delivery has been prevented by Force Majeure. Unless otherwise agreed in writing this penalty shall be 0,75% of the Price per day for the duration of the delay limited to 15% of the Price.

11.3 Supplier is obliged to reduce the extent and consequences of any possible delay.

12. Termination Due to Supplier's Default

12.1 Purchaser has the right to terminate the Purchase Order with immediate effect by giving written notice to Supplier, due to the following situation:

- A) Supplier becomes insolvent
- B) Substantial breach of conditions in the Purchase Order.

When Goods are specially manufactured for Purchaser and Supplier cannot otherwise dispose of these without suffering a substantial loss, Purchaser cannot terminate the Purchase Order unless the purpose is considerably missed due to Supplier's default., ref. however Art. 12.1.

13. Force Majeure

13.1 Neither of the parties shall be considered to be in default in performance of their obligations to the extent it can be proved that such performance has been prevented by Force Majeure.

13.2 The party affected by Force Majeure shall give the other party a written notice within 3 days. If the party do not give such notification it is not entitled to demand exemption from its obligations.

13.3 In the case of Force Majeure each party shall cover its own costs resulting from the Force Majeure situation

14. Insurance

14.1 Supplier shall insure the Goods until delivery has taken place.

15. Title to The Goods

15.1 Title to the Goods shall pass to Purchaser as the work progresses and when parts are identified and marked for the purpose of the Purchase Order. Supplier shall clearly mark these materials and if possible, keep these items separated from other materials.

15.2 Drawings, specifications etc. which are sent from Purchaser to Supplier, remain the property of Purchaser and shall not be copied or given to third party without Purchaser's written approval.

16. Confidential Information

16.1 All information given by the parties to each other in connection with the Purchase Order shall not be disclosed to third party without prior approval of the other party.

17. Compliance with Laws

Supplier shall comply with all laws, rules, regulations, decrees and/or official governmental orders referenced in this Purchase Order or applicable to the performance of Supplier's obligations under this Purchase Order, including without limitation US anti-boycott laws and regulations and US and applicable international export control and customs regulations. Without limiting the foregoing, Supplier represents that it has obtained all licenses and authorizations necessary to export or re-export goods, technology or services under the Purchase Order to Purchaser or to the ultimate end user as identified by Purchaser to Supplier.

18. Anti-bribery and Corruption

Supplier represents, warrants and covenants that it and its Associated Persons have conducted, and will at all times conduct, its and their respective businesses in accordance with applicable laws, rules, regulations, decrees and/or official governmental orders in which goods and/or services are provided hereunder relating to anti-bribery, anti-corruption and anti-money laundering. Any failure to comply with this clause shall be a material breach of the Purchase Order not capable of remedy. "Associated Persons" means any person associated with Supplier including, but not limited to, Supplier's parents, subsidiaries and its and their respective owners, directors, officers, employees, agents, representatives, sub-contractors and suppliers.

19. Code of Conduct

HTS' code of conduct can be downloaded from our homepage and is expected to be followed by Suppliers. It is of outmost importance that all parties employees are aware of the importance of good ethical behaviour, the contribution to product and production safety as well as their contribution to products and services conformity.

Supplier shall make sure that no Counterfeit Parts are included in the Goods.

20. Governing Law and Disputes

20.1 This Purchase Order shall be governed by and construed in accordance with the laws of Norway.

20.2 Disputes arising in connection with or as a result of the Purchase Order, and which are not resolved by mutual agreement, shall be settled by court proceeding. The parties accept the City Court of the Purchaser as the proper legal venue.