

General purchasing conditions for smaller procurements for BORREGAARD AS

1. GENERAL PROVISIONS

1.1 Definitions

Agreement means the agreement document or order with appendices, as well as these general purchasing conditions.

Force Majeure means an event outside of the control of a party that the party could not have foreseen when the Agreement was entered into and could not reasonably be expected to overcome or avoid the consequences of.

Applicable Sanctions Rules mean sanctions adopted, maintained or enforced by Norway, the UN, the EU, the USA and the UK, as well as any other sanctions rules that apply to the Delivery.

Buyer means the buyer of the Delivery as specified in the agreement document or order.

Supplier means the supplier of the Delivery as specified in the agreement document or order.

Supplier Software means software for which the agreed rights can be assigned to the Buyer by the Supplier without any separate consent from a third party.

Delivery means the products, goods, services and documents that the Supplier shall supply to the Buyer pursuant to the Agreement.

Software means the software included in the Delivery and shall consist of Supplier Software and/or Sublicensed Software.

Affiliated Company means to the parent company of a party or a company that is considered a subsidiary of the parent company or party pursuant to Section 1-3 of the Public Limited Liability Companies Act.

Sublicensed Software means software for which the agreed rights can be assigned to the Buyer by the Supplier subject to separate consent from a third party.

1.2 Contract documents

In the event of any discrepancies between the provisions set down in the Agreement, the documents included in the Agreement shall apply in the following order:

- Agreement document or order
- These general purchasing conditions
- Any appendices, in the order agreed

The Supplier's terms and conditions of sale/delivery shall not apply.

Provisions and supplements that deviate from the Buyer's standard agreement document and/or these general purchasing conditions shall only be included in the Agreement if they have been issued in writing and expressly accepted by the Buyer.

2. DELIVERY

Unless otherwise specified in the Agreement, delivery shall take place as "Delivery at Place" (DAP, Incoterms – latest version) to the Buyer's address. In the event that the Delivery includes installation and/or testing, delivery shall take place as "Delivery Duty Paid" (DDP, Incoterms – latest version) at the installation site.

The risk of the Delivery wholly or partly being lost or damaged as a result of an event for which the Buyer is not responsible shall rest with the Supplier until Delivery has taken place.

3. CORPORATE RESPONSIBILITY

In connection with its fulfilment of the Agreement, the Supplier shall conduct itself in accordance with and shall not participate in any activities, practices or conduct that contravene applicable laws and regulations. This includes anti-corruption legislation, anti-money laundering, human and labour rights, the prohibition of child labour, protection of environmental and natural resources, the act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act) and standards that comply with the Buyer's Supplier Code of Conduct. The Supplier shall do its utmost to ensure that subcontractors comply with the same policies,

guidelines, laws and regulations and shall monitor and enforce subcontractors' compliance with such requirements.

In connection with its fulfilment of the Agreement, the Supplier shall conduct itself in accordance with Applicable Sanctions Rules and shall not participate in any activities, practices or conduct that entail a risk of the Buyer becoming subject to sanctions or investigated by relevant sanctioning bodies.

In the event that the Supplier uses subcontractors, contracts with subcontractors shall include requirements that are at least equally as strict as the requirements set out in this provision.

The Supplier shall have systems and procedures in place to ensure compliance with the requirements set out in this provision, including preventing corruption, money laundering, fraud and other crime. The Supplier shall maintain complete and up-to-date accounts that are kept in accordance with applicable laws, regulations and recognised accounting standards.

The Supplier shall immediately notify the Buyer if the Supplier becomes aware of any possible breach of the provisions in this clause. In the event that the Supplier has reported such a possible breach or if the Buyer reasonably suspects that such a breach may have occurred, the Supplier shall present documentation demonstrating compliance with the provision. The Supplier shall also provide the Buyer with access to the Supplier's premises, people, accounts and other documentation in order to verify that the Supplier complies with the provision. The Supplier may request that any investigations carried out pursuant to this provision be performed by a neutral third party if the Supplier can document that the Buyer would gain access to confidential information if such an investigation was to be conducted by the Buyer.

Breach of this provision shall provide grounds for termination of the Agreement unless the Supplier can document that the matter has been rectified.

The Supplier shall indemnify the Buyer against any losses, liabilities and costs (including legal fees) incurred or suffered as a result of a breach of this provision.

4. THE SUPPLIER'S OBLIGATIONS

The Delivery shall be in accordance with the Agreement, of good quality and suitable for the Buyer's purposes for the Delivery that the Supplier was or should have been aware of at the time of entering into the Agreement.

The Delivery shall be in accordance with laws, regulations and recognised industry standards.

The Delivery shall be properly packaged and labelled.

The Supplier shall have a suitable quality assurance system in place for the Delivery that satisfies the requirements set out in ISO 9001 or other equivalent systems. The Buyer shall be entitled to carry out quality, safety and environmental audits and inspections of the Delivery at the Supplier and subcontractors' premises at any time and the Supplier shall assist in conducting such audits and inspections.

Inspections and other audits shall not relieve the Supplier of its responsibility to supply the Delivery in accordance with the Agreement. In the event that deviations from the Agreement are detected, the Supplier shall carry out the necessary corrections at its own expense and facilitate further inspections until the Delivery is in accordance with the Agreement.

5. INSTALLATION. TESTING

The provisions set out in this clause shall apply if it has been agreed that the Delivery will include installation and/or testing to be carried out at the Buyer's premises.

Prior to installation and/or testing commencing, the Supplier and Buyer shall agree upon a schedule and the conditions for the implementation of this part of the Delivery.

The Supplier shall ensure that installation and/or testing at the Buyer's premises are carried out in accordance with the applicable rules relating to health, safety and the environment.

The Supplier shall immediately and at its own expense replace any personnel the Buyer deems to be conducting themselves in an improper manner or to be unfit for carrying out installation and/or testing.

Delivery shall take place when installation and/or testing have been completed and the Buyer has confirmed acceptance of the Delivery in writing. The Supplier shall keep records of testing. If, during installation and/or testing, the Delivery is found not to be contractual, the Supplier shall ensure that the Delivery is brought to compliance with the Agreement as soon as possible. Testing shall be repeated if requested by the Buyer unless the non-conformity is insignificant.

Unless otherwise agreed, the agreed purchase price for the Delivery shall include the costs associated with installation and/or testing.

6. SOFTWARE

The Delivery shall include a perpetual, non-exclusive right for the Buyer to use the Supplier Software required to use the Delivery for the intended purpose. The Buyer shall be entitled to assign this right to any subsequent acquirers of the Delivery. Unless otherwise agreed, the Supplier shall retain the rights to the Supplier Software even if the software has been developed specifically for the Buyer. The Buyer may make adjustments to the Supplier Software at its own risk.

If the Delivery includes Sublicensed Software, the Delivery shall include a perpetual, non-exclusive right for the Buyer to use any Sublicensed Software required to use the Delivery for the intended purpose. The Buyer shall be entitled to assign this right to any subsequent acquirers of the Delivery. No later than at the time of submitting its written quotation, the Supplier shall notify the Buyer in writing of any restrictions on the use of Sublicensed Software. The Buyer may only make adjustments to Sublicensed Software subject to special agreement.

7. INSURANCE

The Supplier shall ensure that the Delivery is adequately insured until delivery has taken place and shall be obliged to maintain satisfactory business and product liability insurance covering any liability for damage or losses that may be incurred by the Buyer or third parties as a result of the Delivery.

8. RIGHTS TO THE DELIVERY – THIRD PARTY RIGHTS

The Delivery shall remain the property of the Supplier until it has been paid for in full, to the extent that such reservations of title are valid under relevant legislation and provided that the Buyer acquires exclusive right of use to the Delivery from the time of delivery.

The Supplier shall indemnify the Buyer against claims resulting from infringement on third-party rights, including patent rights or other intellectual property rights associated with the Delivery.

9. PURCHASE PRICE AND PAYMENT

The purchase price for the Delivery shall be fixed and exclusive of value-added tax, but inclusive of any other taxes, fees and similar incurred in connection with the agreed Incoterms.

The purchase price shall include all packaging used and all rights, documents, etc. that shall be transferred to the Buyer pursuant to the Agreement.

Payment shall be made within 45 (forty-five) days of the Buyer receiving a correct, specified invoice.

All invoices shall bear the correct order number and shall clearly specify what the invoice concerns and, unless otherwise agreed, shall be submitted using an approved electronic standard format. The Buyer shall have the right to return any invoices that do not satisfy these criteria.

In the event that it has been agreed that the Supplier will provide a bank guarantee, this shall be a condition for the Supplier's reservations of title in Clause 8 and the Buyer shall not be required to make payment before such a guarantee has been provided.

The Buyer may settle any claims against the Supplier by deducting the corresponding amount from the payment for the Delivery.

In the event of late payment, the Supplier shall be entitled to charge late payment interest pursuant to the Act relating to interest on late payment, etc. (Late Payment Interest Act). The Supplier cannot claim

compensation for any losses incurred in excess of the late payment interest due to delayed payment.

10. CHANGES

The Buyer shall also be entitled to request changes to the Delivery after the Agreement has been entered into, provided that such changes do not exceed what the Supplier could reasonably have expected at the time of entering into the Agreement. The price for such changes shall be based on the same cost and profit levels as the original price for the Delivery was based on. In the event of any disagreement about whether an order constitutes a change or about the price for a change, the Supplier shall, upon request by the Buyer, supply the ordered Delivery in accordance with the Buyer's requirements or implement the change without awaiting final resolution of the dispute.

11. SUBCONTRACTORS

The Supplier may use subcontractors in connection with the Delivery. The Supplier's obligations under the Agreement shall apply in full regardless of whether any subcontractors are used. The Supplier shall ensure that all relevant obligations under the Agreement are also imposed as obligations on its subcontractors.

12. BREACH OF AGREEMENT

12.1 Delays

The Supplier shall immediately notify the Buyer in writing if it has grounds to believe that the agreed delivery date cannot be met.

In the event that delivery takes place at a time later than the agreed delivery date, the Buyer shall be entitled to charge a daily penalty of 0.2 (zero point two) per cent of the total purchase price for the Delivery per working day from the agreed delivery date and for as long as the delay persists. The same shall apply to any milestones for which daily penalties have been agreed. The sum of daily penalties shall not exceed 15 (fifteen) per cent of the purchase price.

In addition to the daily penalty requirement, the Buyer may also claim compensation for any direct losses the Buyer has incurred or will incur as a result of the delay if the loss exceeds the maximum daily penalty. Such compensation shall be limited to a maximum of 10 (ten) per cent of the purchase price.

12.2 Defects

A defect shall be deemed to exist if, at the time of delivery or at any other time until the expiration of the warranty period, the Delivery does not satisfy the requirements set out in the Agreement and this is not due to circumstances for which the Buyer is liable.

The Buyer shall lose its right to claim a defect if the Buyer fails to submit a written warranty claim to the Buyer within a reasonable period after discovering the defect. The Buyer shall, under all circumstances, lose its right to claim a defect if the Buyer fails to submit a warranty claim within 3 (three) years of the date on which the Buyer took over the Delivery.

When a defect has been rectified by the Supplier, a new warranty period of 1 (one) year from the date on which the rectification took place shall apply to those parts of the Delivery that have been rectified, unless the remaining part of the original warranty period is longer.

If the Delivery has a defect, the Supplier shall rectify such a defect without undue delay and at its own expense and risk. The time of rectification shall be postponed if the Buyer makes a justified request for such postponement. If the Supplier fails to rectify the defect within a reasonable period of time, the Buyer may carry out the rectification itself or using third parties at the Supplier's expense and risk after notifying the Supplier thereof. The Buyer may alternatively request redelivery or a reduction in price.

In addition to the sanctions mentioned above, the Buyer may claim compensation for any direct losses the Buyer has incurred or will incur as a result of the defect.

12.3 Termination

The Buyer shall be entitled to terminate the Agreement with immediate effect by issuing written notice to the Supplier if:

- a) The Buyer is entitled to, or it is evident that the Buyer will become entitled to the maximum daily penalty pursuant to Clause 12.1, or

- b) there is or it is evident that there will be a material breach of agreement on the part of the Supplier, or
- c) the Supplier becomes insolvent or suspends its payments.

In the event that the Agreement is terminated, the Buyer may also claim compensation for delays in the form of daily penalties calculated on the basis of the number of days by which the delivery date would have been expected to have been delayed if the Supplier was to complete the Delivery, as well as compensation for any direct losses incurred by the Buyer as a result of the Supplier's delay, if such losses exceed the daily penalties. The Buyer may also claim compensation for defects and other breach of agreement subject to the limitations that arise from Clause 12.2 and 12.4.

12.4 General limitation of liability

The Supplier's total liability for breach of agreement, including liability arising from Clause 12.1, 12.2 and 12.3 and regardless of whether or not the Agreement is terminated, shall be limited to 100% of the purchase price.

Other than what has been stipulated in the Agreement, the parties shall have no liability to one another. This applies to any losses that may occur, such as loss of production, lost profits and other consequential financial losses or indirect losses.

The limitation of the parties' liability shall nevertheless apply to liability for breach of the duties set out in Clause 3 and intellectual property infringements pursuant to Clause 8.

13. CANCELLATION

Until delivery has taken place, the Buyer may cancel the Delivery in writing subject to the Buyer covering any documented and necessary expenses incurred by the Supplier as a result of the cancellation.

14. FORCE MAJEURE

The party that has become aware that the party is or will be affected by Force Majeure shall immediately notify the other party in writing. Breach of agreement shall not be deemed to exist if the party can demonstrate that its compliance with the Agreement has been prevented due to Force Majeure. Each party shall bear any losses it incurs as a result of the party or the other party being or having been affected by Force Majeure. The Supplier shall resume its delivery obligations under the Agreement as soon as the Force Majeure situation has ceased. In the event that a Force Majeure situation persists without interruption for 60 (sixty) days or more or it is evident that it will do so, each party shall be entitled to terminate the Agreement.

15. DUTY OF CONFIDENTIALITY, ETC.

All information exchanged by the parties shall be treated confidentially and shall not be disclosed to third parties without the written consent of the other party unless:

- a) the information was already known to the party in question at the time the information was received, or
- b) the information was or becomes publicly available in ways other than through the breach of the duty of confidentiality set out in the Agreement, or
- c) the information is received from a third party in a lawful manner without any duty of confidentiality, or
- d) the third party is an Affiliated Company.

Nevertheless, each party may use or transfer confidential information to third parties to the extent necessary for the performance and control of the Delivery and the use thereof. In such cases, the parties shall ensure that any third parties sign a written non-disclosure agreement pursuant to the requirements set out in this provision.

The Supplier shall not publish any information in connection with the Delivery or Agreement without the Buyer's written consent.

16. ASSIGNMENT

A party cannot assign its rights and/or obligations under the Agreement to a third party without the prior written consent of the other party.

17. CHOICE OF LAW AND DISPUTES

The Agreement shall be subject to and interpreted in accordance with Norwegian law. The parties shall seek to resolve any disputes relating to the Agreement amicably. In the event that the parties cannot reach an agreement concerning the amicable resolution of the dispute, the dispute shall be settled by legal proceedings at the court at which the Buyer has its registered address.