



**GENERAL CONDITIONS FOR THE SUPPLY
OF SPECIALLY DESIGNED AND MANUFACTURED COMPONENTS**

PREAMBLE

1. These General Conditions shall apply when the parties agree in writing or otherwise thereto. When the General Conditions apply to a specific agreement, modifications of or deviations from them must be agreed in writing. The objects to be supplied under these conditions are hereinafter referred to as the "Products".

DRAWINGS AND DESCRIPTIONS

2. All drawings and technical documents relating to the Products or their manufacture submitted by one party to the other, prior or subsequent to the formation of the agreement, shall remain the property of the submitting party. The Supplier shall not be obliged to provide manufacturing drawings for the Products or spare parts. Drawings, technical documents or other technical information received by one party shall not, without the consent of the other party, be used for any other purposes than those for which they were handed over, such as assembly, installation and maintenance of the Products. Without the consent of the party submitting the information, they shall not otherwise be used or copied, reproduced, transmitted or communicated to a third party.
3. If either party wants a modification of the technical specifications of the Products he shall submit his proposals in writing to the other party who shall respond in writing within 30 calendar days.

PRICE

4. Prices for the Products are those stipulated in the agreement. Unless otherwise stated they are exclusive of VAT or similar taxes.

INSPECTION

5. The Purchaser may during normal working hours inspect the Supplier's final test facilities to be used in the performance of the agreement, and inspect and test the Products in respect of materials and workmanship. The Purchaser shall give the Supplier one week's notice of the inspection. Inspections and tests shall not unduly interfere with the performance of work.

ACCEPTANCE TESTS

6. Unless otherwise agreed, acceptance tests provided for in the agreement shall be carried out at the place of manufacture during normal working hours. If not otherwise specified in the agreement, the tests shall be carried out in accordance with general practice in the relevant branch of industry in the country of manufacture.
7. The Supplier shall notify the Purchaser of any agreed acceptance tests in sufficient time to permit the Purchaser to be represented at the tests. If the Purchaser is not represented, the test report shall be sent to the Purchaser and shall be accepted as accurate.
8. If the acceptance tests show that the Products deviate from the requirements of the agreement, the Supplier shall, unless the Purchaser accepts the deviation, without delay ensure that the Products comply with the agreement. New tests shall then be carried out at the Purchaser's request, unless the deviations were insignificant.
9. The Supplier shall bear all costs for any agreed acceptance tests carried out at the place of manufacture. All travelling and living expenses for the Purchaser's representatives in connection with such tests shall be borne by the Purchaser.

DELIVERY - PASSING OF RISK

10. Any agreed trade term shall be construed in accordance with the INCOTERMS in force at the formation of the agreement. If no trade term is specifically agreed the delivery shall be Ex Works (EXW). If, in the case of delivery Ex Works, the Supplier, at the request of the Purchaser, undertakes to send the Products to their destination, the risk shall pass no later than at the time when the Products are handed over to the first carrier. Unless otherwise agreed, partial shipments shall be permitted.

PACKAGING AND TRANSPORT

11. The Purchaser shall on arrival of the Products examine whether the Products' time of arrival, condition and quantity conform to the dispatch note. The Purchaser shall immediately inform the Supplier of any discrepancies or possible claims against the transporter.

TIME FOR DELIVERY - DELAY

12. If, instead of specifying the date for delivery, the parties have specified a period of time on the expiry of which delivery shall take place, such period shall start to run on the date when the Supplier receives the Purchaser's order or the date of formation of the agreement, whichever is the later.

13. If the Supplier anticipates that he will not be able to deliver the Products at the time for delivery, he shall forthwith notify the Purchaser thereof in writing, stating the reason and, if possible, the time when delivery can be expected.
14. If delay in delivery is caused by any of the circumstances mentioned in Clause 38 or by an act or omission on the part of the Purchaser, including suspension under Clause 41, the time for delivery shall be extended by a period which is reasonable having regard to all the circumstances in the case. This provision applies regardless of whether the reason for the delay occurs before or after the agreed time for delivery.
15. If the Products are not delivered at the time for delivery (as defined in Clauses 13 and 15), the Purchaser is entitled to liquidated damages from the date on which delivery should have taken place. The liquidated damages shall be payable at a rate of 1 per cent of the purchase price for each completed week of delay. The liquidated damages shall not exceed 5 per cent of the purchase price. If, in the case of partial deliveries, only part of the Products is delayed, the liquidated damages shall be calculated on that part of the purchase price which is attributable to such part of the Products as can not, in consequence of the delay, be used as intended by the parties. The liquidated damages become due at the Purchaser's written demand, but not before delivery has been completed or the agreement is terminated under Clause 17. The Purchaser shall forfeit his right to liquidated damages if he has not lodged a claim for such damages within six months after the time when delivery should have taken place.
16. If the delay in delivery is such that the Purchaser is entitled to maximum liquidated damages under Clause 16 and if the Products are still not delivered, the Purchaser may in writing demand delivery within a final reasonable period which shall not be less than one week. If the Supplier does not deliver within such final period and this is not due to any circumstance for which the Purchaser is responsible, then the Purchaser may by notice in writing to the Supplier terminate the agreement in respect of such part of the Products as can not, in consequence of the Supplier's failure to deliver, be used as intended by the parties. If the Purchaser terminates the agreement, he shall be entitled to compensation for the loss he has suffered as a result of the Supplier's delay. The total compensation, including the liquidated damages which are payable under Clause 16, shall not exceed 15 per cent of that part of the purchase price which is attributable to the part of the Products in respect of which the agreement is terminated.
17. Liquidated damages under Clause 16 and termination of the agreement with limited compensation under Clause 17 are the only remedies available to the Purchaser in case of delay on the part of the Supplier. All other claims against the Supplier based on such delay shall be excluded, except where the Supplier has been guilty of gross negligence. In these conditions, gross negligence shall mean an act or omission implying either a failure to pay due regard to serious consequences which a conscientious contracting party would normally foresee as likely to ensue, or a deliberate disregard of the consequence of such act or omission.
18. If the Purchaser anticipates that he will be unable to accept delivery of the Products at the delivery time, he shall forthwith notify the Supplier thereof stating the reason and, if possible, the time when he will be able to accept delivery. If the Purchaser fails to accept delivery at the delivery time, he shall nevertheless pay any part of the purchase price which becomes due on delivery as if delivery had taken place. The Supplier shall arrange for storage of the Products at the risk and expense of the Purchaser. The Supplier shall also, if the Purchaser so requires, insure the Products at the Purchaser's expense.
19. Unless the Purchaser's failure to accept delivery is due to any such circumstance as mentioned in Clause 38, the Supplier may by notice in writing require the Purchaser to accept delivery within a final reasonable period. If, for any reason for which the Supplier is not responsible, the Purchaser fails to accept delivery within such period, the Supplier may by notice in writing terminate the agreement in whole or in part. The Supplier shall then be entitled to compensation for the loss he has suffered by reason of the Purchaser's default. The compensation shall not exceed that part of the purchase price which is attributable to that part of the Products in respect of which the agreement is terminated.



PAYMENT

20. Unless otherwise agreed, the purchase price shall be paid net at 60 days from delivery date or at 30 days with 3% discount.

RESERVATION OF TITLE

21. The Products shall remain the property of the Supplier until paid for in full to the extent that such reservation of title is valid under the applicable law. The Purchaser shall at the request of the Supplier assist him in taking any measures necessary to protect the Supplier's title to the Products in the country concerned. The reservation of title shall not affect the passing of risk under Clause 11.

LIABILITY FOR DEFECTS

22. Pursuant to the provisions of Clauses 24-37 inclusive, the Supplier shall remedy any defect resulting from faulty materials or workmanship. To the extent the Supplier is responsible for design, the same obligation applies to any defect resulting from faulty design.
23. The Supplier's liability is limited to defects which appear within a period of two years from coming into operation date.
24. When a defect in the Products or a part thereof has been remedied, the Supplier shall be liable for defects in what has been remedied under the same terms and conditions as those applicable to the original Products during a period of one year.
25. The Purchaser shall without undue delay notify the Supplier of any defect which appears. Such notice shall under no circumstances be given later than two weeks after the expiry of the period given in Clause 24 as extended by Clause 25. Where the defect is such that it may cause damage, the notice shall be given immediately. The notice shall contain a description of the defect. If the Purchaser does not notify the Supplier of a defect within the time-limits set forth in this Clause, he shall lose his right to have the defect remedied.
26. On receipt of the notice in writing under Clause 25, the Supplier shall remedy the defect without undue delay and at his own cost as stipulated in Clauses 23-37 inclusive. Repair shall be carried out at the Supplier's premises unless the Purchaser finds it appropriate to have the repair carried out where the Products are located. The Purchaser shall, at the request of the Supplier, arrange for transport of the Products to the Supplier. The Purchaser shall follow the Supplier's instructions regarding such transport. The Supplier has fulfilled his obligations in respect of the defect when he delivers to the Purchaser duly repaired or replaced Products.
27. If the Purchaser has given such notice as mentioned in Clause 26, and no defect is found for which the Supplier is liable, the Supplier shall be entitled to compensation for the costs he has incurred as a result of the notice.
28. The Purchaser shall at his own expense arrange for any dismantling and reassembly of equipment other than the Products, to the extent that this is necessary to remedy the defect.
29. Unless otherwise agreed, necessary transport of the Products to and from the Supplier in connection with the remedying of defects for which the Supplier is liable shall be at the risk and expense of the Supplier.
30. Unless otherwise agreed, the Purchaser shall bear any additional costs which the Supplier incurs for repair and transport as a result of the Products being located in a place other than the destination stated in the agreement or - if no destination is stated - the place of delivery.
31. Defective Products which have been replaced, shall be made available to the Supplier and shall be his property.
32. If, within a reasonable time, the Supplier does not fulfil his obligations under Clause 27, the Purchaser may, by written notice, fix a final time for completion of the Supplier's obligations. If the Supplier fails to fulfil his obligations within such final time, the Purchaser may himself undertake or employ a third party to undertake necessary remedial works at the risk and expense of the Supplier. Where successful remedial works have been undertaken by the Purchaser or a third party, reimbursement by the Supplier of reasonable costs incurred by the Purchaser shall be in full settlement of the Supplier's liabilities for the said defect.
- Where the defect has not been successfully remedied,
- a) the Purchaser is entitled to a reduction of the purchase price in proportion to the reduced value of the Products, provided that under no circumstances shall such reduction exceed 15 per cent of the purchase price, or
- b) where the defect is so substantial as to significantly deprive the Purchaser of the benefit of the agreement, the Purchaser may terminate the agreement by written notice to the Supplier. The Purchaser is then entitled to compensation

for the loss he has suffered up to a maximum of 15 per cent of the purchase price.

33. The Supplier is not liable for defects arising out of materials provided or specified by the Purchaser.
34. The Supplier is liable only for defects which appear under the conditions of operation provided for in the agreement and under proper use of the Products. The Supplier's liability does not cover defects which are caused by faulty maintenance, incorrect assembly or installation or faulty repair by the Purchaser, or by alterations carried out without the Supplier's consent in writing. Finally the Supplier's liability does not cover normal wear and tear or deterioration.
35. Notwithstanding the provisions of Clauses 23-37 the Supplier shall not be liable for defects in any part of the Products for more than 2 1/2 years from the beginning of the period given in Clause 37.
36. Save as stipulated in Clauses 23-36, the Supplier shall not be liable for defects. This applies to any loss the defect may cause including loss of production, loss of profit and other indirect loss. This limitation of the Supplier's liability shall not apply if he has been guilty of gross negligence as defined in Clause 18.

FORCE MAJEURE

37. Either party shall be entitled to suspend performance of his obligations under the agreement to the extent that such performance is impeded or made unreasonably onerous by any of the following circumstances: industrial disputes and any other circumstance beyond the control of the parties such as fire, war (whether declared or not), extensive military mobilization, insurrection, requisition, seizure, embargo, restrictions in the use of power and defects or delays in deliveries by sub-suppliers caused by any such circumstances referred to in this Clause. A circumstance referred to in this Clause which had occurred prior to the formation of the agreement shall give a right to suspension only if its effect on the performance of the agreement could not be foreseen at the time of the formation of the agreement.
38. The party claiming to be affected by force majeure shall notify the other party in writing without delay on the intervention and on the cessation of such circumstance. If force majeure prevents the Purchaser from fulfilling his obligations, he shall compensate the Supplier for expenses incurred in securing and protecting the Products.
39. Regardless of what might otherwise follow from these general conditions, either party shall be entitled to terminate the agreement by notice in writing to the other party if performance of the agreement is suspended under Clause 38 for more than six months.

ANTICIPATED NON-PERFORMANCE

40. Notwithstanding other provisions in these conditions regarding suspension, each party shall be entitled to suspend the performance of his obligations under the agreement, where it is clear from the circumstances that the other party will not be able to perform his obligations. A party suspending his performance of the agreement shall forthwith notify the other party thereof in writing.

CONSEQUENTIAL LOSSES

41. Save as elsewhere stated in these conditions there shall be no liability for either party towards the other party for loss of production, loss of profit, loss of use, loss of agreements or for any consequential, economic or indirect loss whatsoever.

DISPUTES AND APPLICABLE LAW

42. All disputes arising in connection with the agreement shall be finally settled under the Rules of Conciliation and Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said rules, supplemented as necessary by the procedural rules of the law of the Supplier's country.
43. The agreement shall be governed by the substantive law of the Purchaser's country.