

Stavanger Steel AS – General Conditions for Supply of Forged Products

Abbreviations and Definitions

SSA – Stavanger Steel AS.

Product – The forged products to be manufactured by SSA.

Purchaser – The company or individual buying any forged products from SSA.

Preamble

1. These General Conditions shall apply when the parties agree in writing or otherwise thereto. When the General Conditions apply to a specific contract/order, modifications of, or deviations from, must be agreed in writing.
 - a. When used in these conditions the term “written” or “in writing” refers to a document signed by both parties or a letter, fax, electronic mail or other with a reference to a clear agreement/acceptance by both parties.

Product information

2. Data in the product information and price lists are only binding if they are explicitly referred to in the contract/order.

Technical Documents, Technical Information and Technical Conditions of Supply

3. All drawings and technical documents regarding the forged products or their manufacturing process submitted by one party to the other, prior or subsequent to the signing of the contract/order, shall remain the property of the submitting party.
4. 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 purpose than that for which they were submitted. They may not be copied, reproduced, transmitted or otherwise communicated to a third party, without the consent of the submitting party.
5. Stavanger Steel AS will, unless stated otherwise in writing, employ the technical conditions of supply described in the purchase order, and the requirements therein regarding necessary technical information and technical documents that are received from the Purchaser before SSA contract/order confirmation.
 - a. If the Purchaser does not put forward any requirements, SSA will perform the manufacturing, inspection and testing according to internal procedures and acceptance criteria, based on internationally recognized standards and general practice.

Weights

6. Weights calculated by the Purchaser and SSA before casting are only estimates. If necessary, the price will be adjusted by SSA to reflect the actual weight in case of deviations.

Production Samples/Pilots

7. For series production, the products shall be in conformity with the production samples/pilot approved by the Purchaser, if such is required. Production shall not start before SSA has received the Purchaser's written approval.

Inspection and Testing

8. When test/inspection requirements are put forward by the Purchaser in order to decide whether or not the products meet specific requirements before delivery is made, such tests/inspections shall be carried out at SSA premises or by sub-supply to SSA if this is suitable. If specific requirements for testing/inspection have not been agreed upon, the test/inspection shall be carried out in accordance with internal procedures and acceptance criteria. These procedures shall be based on internationally recognized standards and general practice.
9. The scope of testing/inspection shall be included in the technical information from the Purchaser before SSA order confirmation.
 - a. If the Purchaser does not put forward any scope of testing/inspection, SSA will perform the testing/inspection in accordance with internal procedures and practice.
10. If the Purchaser has requested to be informed, SSA shall notify the Purchaser of a test/inspection in sufficient time to permit the Purchaser to be present (either physically or digitally) at the test.

- a. The test/inspection may be carried out in the Purchaser's absence provided that a notice has been given and the Purchaser either rejects the offer to attend or does not answer within a reasonable period of time.
 - b. SSA shall keep a record of the test/inspection. The report shall, unless otherwise indicated by the Purchaser, be considered to be a correct record of the test/inspection and its results. This record shall be included in the final documentation for the product, if requested or required by the Purchaser and accepted in SSA's order confirmation.
11. If the test/inspection is uncovering that the product does not meet the specific requirements put forward by the Purchaser (or the acceptance criteria in SSA internal procedures in case of lacking requirements from the Purchaser), SSA may perform corrective measures, such as re-heats and re-tests on its products to rectify any non-conformance of its products, at its own discretion or issue a non-conformity/deviation request to the Purchaser.
- a. If the Purchaser accepts the deviation, the product shall be delivered as-is without any further rectification by SSA.
 - b. If the Purchaser rejects the deviation, SSA shall ensure that the product fulfills the requirements within the boundaries given by technical specifications or international standards. If required by the Purchaser, a new test/inspection shall be performed to ensure that the product satisfies the requirements.
12. SSA shall bear all costs of testing/inspection that is included in the offer and that has been agreed upon at the order confirmation. The Purchaser shall bear all costs relating to his representatives, including travelling and living expenses, during witnessing of said tests/inspections. The Purchaser shall also bear all costs relating to tests/inspections that comes as an extra to the testing/inspection that has been agreed upon at the order confirmation, unless otherwise agreed.

Delivery

13. Where a trade term has been agreed, it shall be interpreted in accordance with the INCOTERMS in force at the time of the order/contract.
14. SSA shall not, unless otherwise explicitly agreed upon, be obliged to provide packaging for the goods.
15. If no trade term is specifically agreed upon, the delivery shall be considered to be Ex Works exclusive of packaging.

Time of Delivery. Delay

16. If, instead of a fixed date for delivery, the parties have agreed on a period of time within which delivery shall take place, such period shall start to run at the SSA order confirmation.
17. SSA shall without undue delay notify the Purchaser in writing if it is clear that the delivery of the goods will be delayed with more than 7 (seven) days from the confirmed delivery date (or last day in a time of delivery-period) in the order confirmation. If possible, this notification shall include the time when delivery can be expected.
18. If a delay in delivery is caused by a circumstance that constitutes force majeure under Clause 41, including suspension of the Purchaser by SSA under Clause 29a, the time of delivery shall be extended by a period which is reasonable with regard to the circumstances of the case. The time of delivery shall be extended even if the reason for delay occurs after the originally agreed time of delivery.
19. If a delay in delivery is caused by an act or omission by the Purchaser, the time of delivery shall be extended by a period which is reasonable with regard to the circumstances of the case. The time of delivery shall be extended even if the reason for delay occurs after the originally agreed time of delivery. Typical acts or omissions by the Purchaser including, but not limited to:
 - a. Missing technical information causing delay due to postponing of manufacturing processes and/or test/inspection activities in need of this information.
 - b. Delay of inspection/testing to arrange for the Purchaser's representatives to be able to witness said inspection/testing.
 - c. Delay of manufacturing processes to arrange for the Purchaser's representatives to be able to witness said manufacturing process.
 - d. Delay caused by down-time in the manufacturing while waiting for the Purchaser's approval on deviations, technical queries, documents and procedures.
20. If the Purchaser finds that he will be unable to accept delivery of the product on the agreed date, or if delay on the Purchaser's part seems likely, he shall without undue delay notify SSA thereof in writing and, if possible, state the time when he will be able to accept delivery.
21. If the Purchaser fails to accept delivery on the agreed date, the payment which is dependent on delivery shall be made as if the product in question has been delivered. SSA shall arrange storage of the product at the Purchaser's risk and expense. If required by the Purchaser, SSA shall insure the product at the Purchaser's expense.
22. If, for any reason for which SSA is not responsible, the Purchaser fails to accept delivery within a reasonable period, SSA may by written notice to the Purchaser, terminate the contract/order with regards to products ready for delivery, but not yet delivered due to the Purchaser's default. SSA shall be entitled to compensation for the loss suffered by the Purchaser's default. The compensation shall not exceed the price that is attributable to the terminated product in question.

Payment

23. Unless otherwise agreed, the agreed purchase price, together with value added tax, if any, shall be paid against invoice within 30 days after the date of the invoice.
24. If the Purchaser fails to pay on time, SSA shall be entitled to interest from the due date at the rate of interest determined by Norwegian law on late payments.
 - a. If the Purchaser fails to pay on time, SSA may also, after having notified the Purchaser in writing thereof, suspend performance of the contractual obligations until payment is made.
 - b. If the Purchaser fails to pay the amount due within three months after the due date, SSA may terminate the contract by written notice to the Purchaser and, in addition to interest on late payment, claim compensation for the loss suffered. The compensation shall not exceed the agreed purchase price.
25. Regardless of the provisions of Clauses 6 and 7, SSA shall be entitled to retain patterns, tools and equipment belonging to the Purchaser until the product has been paid for in full. This right shall also apply in respect of failure to pay SSA for manufacture, controlling, adjusting and supplementing of patterns, tools and equipment.

Retention of Title

26. The product shall remain the property of SSA until paid for in full. This also includes tools and equipment supplied by SSA, but paid for by the Purchaser.

Liability for Defects

27. SSA shall remedy any defect in the product resulting from faulty processing, materials or workmanship, with the following exceptions:
 - a. SSA shall not be liable for defects resulting from design, tools or equipment provided by the Purchaser or is otherwise responsible for. Nor does it cover defects due to material provided to SSA by the Purchaser.
 - b. SSA shall not be liable for defects in products that have been further processed after delivery, including, but not limited to heat treatment, welding, forging or rolling, unless the Purchaser can prove that the defects can be conclusively traced back to the manufacturing process, or a missed defect upon inspection/testing, at SSA.
28. SSA's liability does not cover defects caused by circumstances, which arise after the risk has passed to the Purchaser. The liability does not, for example, cover defects due to conditions of operation deviating from those anticipated in the contract or to improper use of the goods. Nor does it cover defects due to faulty maintenance or incorrect installation from the Purchaser's side, alterations undertaken without SSA's written consent or faulty repairs by the Purchaser. In addition, the liability does not cover normal wear and tear or deterioration.

29. SSA's liability is limited to defects that appear within a period of 1 (one) year from the date of delivery of the product. If the product is used more intensely than anticipated in the contract, this period shall be reduced proportionately.
30. For products which have been repaired or replaced under Clause 32, SSA shall have the same liability for defects as for the original goods for a period of 1 (one) year.
31. The Purchaser shall notify SSA in writing, without undue delay, after the defect has appeared, and in no case later than 14 (fourteen) days after the expiry of the period defined in Clause 34 and 35. The notice shall include a description of how the defect manifests itself. If the Purchaser fails to notify SSA in writing within the above time limits, this leads to a loss of any right to make any claim in respect of the defect in question.
 - a. If there is reason to believe that the defect may cause further damage, notice shall be given in writing to SSA immediately when the defect is discovered. If no notice is given, the Purchaser forfeits his right to make any claim based on damage that occurs and would have been avoided if such notice has been given.
32. After receipt of a written notice under Clause 36, SSA shall remedy the defect without undue delay, with the exceptions given in Clause 32 and according to the following:
 - a. If the Purchaser gives a notice as under Clause 36, and no defect is found for which SSA is liable, SSA shall be entitled to compensation for the work and costs incurred as a result of the notice.
 - b. Repair of the defect shall be carried out at SSA's premises, unless SSA finds it appropriate to have the repair carried out at the Purchaser's premises or another suitable site.
 - c. The repair may be carried out by SSA personnel, or by sub-supply to any company that SSA finds suitable for the repair-work.
 - d. Any dismantling and re-installation of the part shall be done by the Purchaser, at the Purchaser's cost.
 - e. If the repair of a defect requires intervention in other equipment than the product in need of repair, the Purchaser shall be responsible for any work or costs caused by this.
 - f. The Purchaser shall bear the increase in costs for repair of a defect by SSA when the product is located elsewhere than the destination stated in the contract or – if no destination has been stated – the place of delivery.
 - g. All transport in connection to repair work shall be at SSA's risk and expense, but the Purchaser shall follow SSA's instructions with regards to any transport activities.
 - h. SSA has fulfilled the obligations with regards to the defect, when a duly repaired product or replacement part is delivered to the purchaser.
 - i. Defective products which have been replaced shall be placed at SSA's disposal and shall become SSA property.
33. SSA shall have no liability for any loss the defect may cause, such as machining costs, loss of production, loss of profit or any other consequential economic loss, unless the Purchaser can conclusively prove that the defect is caused by gross negligence.

Liability for Damage Caused by the Product

34. SSA shall have no liability towards any third party or the Purchaser for damage caused by the product:
- a. To any movable or immovable property, or consequential loss due to such damage, occurring while the product is in the Purchaser's possession.
 - b. To products manufactured by the Purchaser or to products of which the Purchaser's products form a part.
35. The above limitations of SSA's liability shall not apply in the case of gross negligence from SSA's part.

Force Majeure

36. The following circumstances shall constitute force majeure if they impede the performance of the contract/order or makes the performance unreasonably onerous:
- a. Industrial disputes
 - b. Any other circumstance beyond the control of the parties such as fire, war, mobilization or military call up of a comparable scope, requisition, seizure, trade and currency restrictions, insurrection and civil commotion, shortage of transport, general shortage of materials, restrictions in supply of power and defects or delays in deliveries by sub-contractors caused by any such circumstance as referred to in this Clause.
37. The circumstances described above shall constitute force majeure only if their effect on the performance of the contract/order could not be foreseen at the time of confirmation of the contract/order.
38. The party wishing to claim force majeure under Clause 41 shall without delay notify the other party in writing on the intervention and effect of such circumstance.
39. If force majeure prevents the Purchaser from fulfilling his obligation, the Purchaser shall reimburse the expenses incurred by SSA in manufacturing, securing and protecting the product.
40. Either party shall be entitled to terminate the contract/order by written notice if the performance of the contract/order is delayed by more than 6 (six) months by reason of any force majeure as described in Clause 41.

Disputes and Applicable Law

41. Disputes arising out of, or in connection with the contract/order shall not be brought before the court, but shall be finally settled by arbitration in accordance with the Norwegian law on arbitration.
42. All disputes arising from the contract/order shall be judged according to the Norwegian law.