



MARINE & OFFSHORE

INDUSTRY

OIL SPILL RESPONSE

DEFENCE & FUEL

UTILITY

DESMI Ocean Guard A/S

General terms and conditions

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DESMI

Warranty Statement

This statement contains the warranty conditions valid for Ballast Water Treatment Systems and other equipment supplied by DESMI Ocean Guard A/S

Warranty provided by DESMI Ocean Guard A/S is according to the general Conditions for the Supply of Mechanical, Electrical and Associated Electronic Products, S2012, prepared by Orgalime (Organisme de Liason des Industries Métalliques Européenes), with the amendments and supplements contained in enclosed Addendum to Orgalime S 2012.

The main warranty conditions specified in Orgalime S2012 with amendments by DESMI Ocean Guard A/S are:

Note: The listed conditions are not exhaustive. The complete conditions are included in Orgalime S2012 and Addendum to Orgalime S2012 by DESMI Ocean Guard A/S

Warranty:

Pursuant to the Orgalime S2012 provisions of clauses 23-39 inclusive, as amended by DESMI Ocean Guard A/S, the Supplier shall remedy any defect or nonconformity resulting from faulty design, materials or workmanship.

The supplier is liable only for defects, which appear under the conditions of operation provided for in the contract and under proper use of the product.

Remedy of defects:

Supplier shall remedy the defect without undue delay and at his own cost as stipulated in Orgalime S2012 Clauses 23-39 inclusive.

Repair shall be carried out at the place where the Product is located unless the Supplier deems it appropriate that the defective part or the Product is returned to him for repair or replacement.

The Supplier is obliged to carry out dismantling and re-installation of the part if this requires special knowledge. If such special knowledge is not required, the Supplier has fulfilled his obligations in respect of the defect when he delivers to the Purchaser a duly repaired or replaced part.

Addendum to General Conditions Orgalime S 2012

This Addendum contains conditions valid for the tender and sale of ballast water treatment systems and other equipment from DESMI Ocean Guard A/S, amending and supplementing the general Conditions for the Supply of Mechanical, Electrical and Electronic Products, S 2012, prepared by Orgalime (Organisme de liason des Industries Metalligues Europeennes).

Supplementary clause 4A – Regulations:

The Product shall be in accordance only with such regulations as expressly stated in the Contract and as in force on the date of formation of the Contract.

Supplementary clause 9B – Supervisors and/or test engineers:

The Supplier shall provide the assistance of supervisors and/or test engineers for quay and sea trial to the extent stipulated in the Contract.

Such supervisors and/or test engineers shall act under the management of the Purchaser and will give comments and advice to the best of their knowledge on technical questions. The responsibility for compliance with such advice and/or recommendation rests solely with the Purchaser.

The Supplier's liability for negligent assistance of erectors, supervisors and/or test engineers shall be limited as stipulated in clauses 23 - 39.

Supplementary clause 9C – Commissioning:

When the actual required days of supervision in relation to commissioning of the Product exceed the number of days included in the Contract, and the reason for this is not caused by Suppliers faulty equipment, the additional days will be invoiced according to Suppliers "Rates for external visits by DESMI Service & Commissioning Engineers".

Time of delivery. Delay:

Add to clause 13:

The agreed delivery time is conditional upon the Purchaser in due time fulfilling the terms of payment and other obligations stipulated in the Contract.

All material, documentation and other information necessary for the delivery of the Product within the stipulated time shall be in the possession of the Supplier at the agreed time or, if no such time has been agreed, at the time requested by the Supplier.

Add to clause 18:

As a minimum, the Supplier shall be entitled to a compensation corresponding to 10% of that part of the purchase price, which is attributable to the part of the Product in respect of which the Contract is terminated.

Liability for defects:

Replace clause 27 by the following:

The Supplier's liability is limited to defects that have been notified to the Supplier within a period of either 12 months from the date the Product was taken into use (sea trial of the vessel or commissioning of the Product as the case may be) or 18 months from the date of delivery of the Product, whichever period expires first.

Add to clause 31:

When the Supplier is to carry out repair works at the place where the Product is located, the Purchaser shall make available and bear the costs of an adequate number of fitters, local transport, lifting gear, towing, dockage, supply of electricity and similar supplies.

Add to clause 32

The Supplier is in no case obliged to pay for airway transportation of defective or replacement parts.

Replace clause 38 by the following:

Notwithstanding the provisions of clauses 23 - 39, the Supplier shall not be liable for defects in any part of the Product for more than two years from the commissioning of the Product.

Add to clause 39:

The provisions in clauses 23 - 38 set forth the exclusive remedies for claims based upon defects in the Product irrespective of whether the claims are based upon contract, warranty, negligence, tort or otherwise.

No implied warranty of merchantability or fitness for a particular purpose shall apply.

The warranties expressed herein are exclusive of all other written, implied, oral or statutory warranties, terms or conditions.

Anticipated Non-Performance:

Add to clause 44:

If the other party cannot provide adequate security for his performance under the Contract within a reasonable period of time, the party suspending his performance according to this clause 42 shall be entitled to terminate the Contract and to claim compensation.

Payment Term options in DESMI Group Companies

Standard Terms

- 20% down payment (when order is placed)
- 80% before shipment

30 Days' Credit

- 20% down payment (when order is placed)
- 80% 30 days after shipment
- Preconditions
 - Positive credit evaluation by our insurance company (Atradius)
 - If positive credit evaluation cannot be achieved, alternative security must be provided

L/C with Deferred Payment

- 20% down payment (when order is placed)
- 80% by L/C
- Deferred payment up to one year
- Preconditions
 - Contract value higher than EUR 100,000
 - L/C can be confirmed by a Danish bank
 - Customer pays financing costs for confirmation of L/C and interest. Estimated 5% of the financed amount.

Extended Credit up to One Year

- 20% down payment (when order is placed)
- 80% X days after shipment (maximum one year)
- Preconditions
 - Contract value higher than EUR 100,000
 - Positive credit evaluation by our insurance company (Atradius or EKF)
 - Customer pays financing costs for insurance premium, extended credit risk, and interest. Estimated 7%

Extended Credit up to Five Years

- 20% down payment (when order is placed)
- 80% financed by EKF from 3 – 5 years
- Preconditions
 - Contract value higher than EUR 250,000
 - Positive credit evaluation by EKF based on D&B report or financial statements (3 years) in English depending on contract value
 - Up to one year drawing period
 - Repayment by biannual instalments based on bills of exchange
 - Customer pays financing costs estimated at 5% p.a.
 - Customer pays a one-off facility fee estimated at 4%