

# GENERAL CONDITIONS OF PURCHASE

The word "*Client*" as used herein is defined as the customer for whom the Purchaser is performing work in which Supplier's items ordered and/or services (to be) performed will be incorporated

1. **CONTRACT:** The written Purchase Order (hereinafter called "the Contract"), including these General Conditions of Purchase, specifications and attachments, constitute the sole agreement between the Supplier and the Purchaser. No conditions and/or practice of the Supplier nor conditions and/or practice of Supplier's trade or industry will be applicable unless explicitly stated in the text of the Contract.

Where conflicts occur between Contract documents, codes and/or regulations the most stringent and/or severe requirements will apply. In case of doubt the Purchaser, if requested, will indicate the applicable condition.

2. **DELIVERY CONDITIONS:** Interpretation of the delivery condition(s) as stipulated in the Contract will be in accordance with "INCOTERMS" (latest edition). When no delivery condition is named in the Purchase Order all deliveries are Delivered Duty Paid (DDP) Enschede.

3. **LOCAL LAWS:** The Supplier warrants that in performing the work of the Contract he will comply with all applicable Governmental codes, laws or regulations, local or national of the country in which the material is to be used and/or services (to be) performed and that he will, prior to the delivery of the material or equipment, supply whatsoever Governmental or other authorization documents and have whatsoever Governmental or other authorization markings stamped on the material or equipment as are required to allow the material or equipment to be placed in operation.

4. **INCLUSIONS:** All cost for labour, material, documentary and/or other requirements for supply at times and in numbers of copies as laid down in the Contract and its attachments and as required by applicable codes, laws and regulations are included in the purchase price(s) unless specifically stated otherwise in the Contract.

If applicable under the Contract, the Contract consists of all engineering, procurement of materials, construction work and associated activities at Supplier's premises, as well as re-assembly at Purchaser's site and at Client's site. Supplier shall commence the activities under the Contract on and from the date of Purchase order.

5. **OTHER SUPPLIES:** In the event of the Supplier being required to incorporate in the material and/or equipment to be supplied by the Supplier under the Contract or to connect there to or to hold on behalf of Purchaser or Client, the Supplier shall be wholly responsible for any loss or damage whatsoever of or to the material or equipment as supplied to him from each time it comes into his possession until the possession of the Purchaser or Client or of some other person to whom the Supplier shall be directed to deliver it.

6. **APPROVAL OF SUPPLIER'S DOCUMENTS:** Approval of Supplier's documents does not relieve the Supplier from his exclusive responsibility for their accuracy and/or correctness and does not relieve the Supplier from his obligation to comply fully with the Contract.

7. **SUBSTITUTION:** No substitution or modification will be permitted except on specific written authority of the Purchaser.

8. **EXPEDITING:** (a) The Execution Schedule shall not be changed except as provided for in the Contract. The Supplier shall without interruption proceed with the Work under the Contract in

accordance with the Execution Schedule and with due expedition including his orders to Sub-Suppliers, and without delay until the Work under the Contract is completed in accordance with the terms of the Contract.

(b) If for any reason attributable to Supplier or in receiving information from the Purchaser, progress on items on the critical path for the realization of the entire Project of Purchaser falls behind the schedule shown in the Execution Schedule, or if for any reason attributable to Supplier progress is not being maintained on items which would affect completion of the Work under the Contract if no action were taken, or the Work under the Contract is not performed by Supplier in accordance with any of the requirements of Article 8(a), then, and in each such case, Supplier shall, on its own initiative, take measures or procure the taking of measures acceptable to Purchaser to eliminate delay in or mitigate the effect on completion of the Work under the Contract in accordance with the Contract. Also the Supplier shall immediately advise the Purchaser. The Purchaser reserves the right to visit the (Sub-)Supplier's shop(s) to expedite to whatever extent he deems advisable without releasing the Supplier from his obligations under his article.

9. **SUB-ORDERS:** The general Conditions of Purchase are to be extended to all sub-orders and any requested shipping information including that of his Sub-Suppliers' orders when and as requested.

10. **INSPECTION:** The Supplier agrees that (a) all inspections and tests shall be made as required by the Contract (b) all services performed and all material and equipment furnished hereunder shall be subject to inspection by the Purchaser and/or the Client at all reasonable times and places before, during and after manufacture, (c) when inspection is required under the Contract or otherwise the Supplier shall give the Purchaser at least five (5) working-days written advance notice of readiness for inspection, (d) it is the Supplier's obligation to repair and replace without cost or delay anything found defective during inspection, (e) such inspection or failure to inspect by the Purchaser, the Client or any other authority shall not relieve the Supplier of any responsibility or liability with respect to such material and equipment nor be interpreted in any way to imply acceptance thereof by the Purchaser, (f) if as a consequence of a disapproval or any other cause for which the Supplier is responsible, inspection (in part) has to be repeated or has still be performed, the extra costs for the Client and/or Purchaser will be for the account of Supplier.

11. **PASSING OF OWNERSHIP:** The ownership in the material or equipment shall at latest pass to the Purchaser or Client at the place of delivery as stated in the Contract.

12. **SUPPLIER'S SERVICES:** If the Supplier in the performance of the Contract furnishes the services of himself, his agent or employee as an erecting engineer, superintendent or otherwise in respect of the operation, adjustment, repair, installation, erection or dismantling of material or equipment furnished hereunder or as described herein then the Supplier agrees to assume all liability with respect to the services of himself, his agent or employee while on the premises of the Purchaser or the Client and to indemnify and save the Purchaser and the Client harmless from all claims, suits, actions and proceedings whatsoever which may be brought on account of injuries or damage to the Supplier, his agent or employee or to other persons or property on account of said services.

13. **GUARANTEES:** (a) Without prejudice to Supplier's other obligations with respect to materials under the Contract, Supplier shall ensure that all materials shall, when installed, be new and unused, be of correct design and the best quality of their respective kinds incorporating first class workmanship throughout,

be within the specifications as set out in the Technical information, or, if no such specifications exist, be fully suitable for the use intended. Supplier shall obtain in the name of Supplier suitable guarantees and warranties in this respect from the Suppliers or suppliers of materials.

All items of equipment shall be of sufficient size and capacity and proper materials to fulfil in all respects the operating conditions specified.

(b) If any item of material does not comply with said specifications or is found defective or if any defect or fault originating from the design (if furnished by Supplier and/or Sub-Supplier), materials, workmanship or operating characteristics of any item of equipment arises at any time before or within twelve months from date of acceptance but not longer than eighteen months after delivery, said item of material or equipment is placed in use or operation and taken over by the Client, the Supplier shall at his own expense promptly make such alterations, repairs and replacements as are necessary so that said item conforms to the specifications and fulfils the preceding guarantees to Purchaser's entire satisfaction. If the Supplier cannot make such corrections promptly, the Purchaser will make or have made the required alterations, repairs and replacements at the Supplier's expense. If the fault or failure to function properly cannot be corrected as set forth above the faulty item of equipment shall be removed by or at the expense of the Supplier and the Supplier shall without cost to the Purchaser promptly furnish a satisfactory item which completely fulfils the specifications and intent of the Contract or, at the Purchaser's option, refund the full purchase price and cost of original transport to the point of installation. This provision is without prejudice to any other rights the Purchaser may have.

(c) The preceding guarantee shall also extent to cover the altered, repaired, replaced or substituted item from the time the Supplier establishes to the satisfaction of the Purchaser that the item fulfils the specifications.

14. **ERRORS IN DELIVERY:** Material or equipment delivered in error or in excess of the quantity called for in the Contract will be returned at the Supplier's expense (standard commercial plus/minus practice for bulk materials excepted).

15. **PAYMENT:** The Supplier's invoices will be paid within 30 days according to the Terms of Payment stated in the Contract. Time in connection with payment will be computed from the date of the Supplier's fulfilment of the specified conditions and the date of receipt of the Supplier's invoice whichever is later, providing such invoice is properly drawn and is accompanied by required supporting documents. If invoices require correction the time of payment will be computed from date of receipt by the Purchaser of the Supplier's corrected invoice.

Payment does not constitute acceptance of the Work under the Contract as being in compliance with the requirements of the Contract.

16. **ASSIGNMENT:** Neither the Contract nor any interest therein, or claim arising out of, can be assigned or transferred by the Supplier except with the prior written approval of the Purchaser.

17. **PATENTS:** The Supplier shall fully indemnify the Purchaser and/or Client against any action, claim, demand, costs, charges and expenses arising from or incurred by reason of any infringement of any letters patent, registered design or trade name by the use or sale of material or equipment and against all costs and damages which the Purchaser and/or the Client may incur in any action for such infringement. In the event of any claim being made or action brought against the Purchaser and/or the Client arising out of the matters referred to in this article the Supplier shall be promptly notified thereof and may at his own expense conduct all negotiations for the settlement of the same and any litigation that may arise there from. The Purchaser shall at the request of the Supplier afford all available assistance for any such purposes and shall be repaid any expenses incurred in doing so.

18. **TERMINATION FOR DEFAULT:** (a) The Supplier's failure to comply with the Contract shall be ground for complete or partial termination by the Purchaser without further notice and without judicial or arbitral intervention for this purpose and without cost or penalty to the Purchaser and/or the Client. The Purchaser reserves the right in such case to take over wholly or partially the part of the Contract already executed. In that case the Supplier shall accept payment of all costs incurred prior to such termination reasonably allocable to the part of the Contract taken over under recognized accounting practice, less any prepayments made and less compensation for damage caused by Supplier's default. In addition, any costs incurred by the Supplier in taking the steps necessary to enable the Purchaser or Client to take over the Supplier's position shall be for the Supplier's account. In addition, the Purchaser shall be entitled to claims as provided for in the Contract and/or in the applicable rules of law.

(b) In the event that the Purchaser terminates the Contract under Article 18(a), the Supplier shall immediately or upon such other date as is specified by the Purchaser, discontinue the performance of the Work under the Contract and take all such steps as are necessary to enable the Purchaser or any third party nominated by the Purchaser to take over the Supplier's position in the performance of the Work under the Contract with the least possible disruptions, all in accordance with the Purchaser's written instructions. Such further steps shall include but not be limited to:

(i) enabling the Purchaser or any party nominated by the Purchaser to take over the Work under the Contract so far completed, or the relevant part thereof; (ii) terminating such Subcontracts as the Purchaser instructs; and (iii) the delivery to the Purchaser or any party nominated by the Purchaser of all (original tracings of) construction plans, schedules, drawings, specifications, requisitions, calculations, computer application programs including source codes and all other data prepared by or made available by or on behalf of the Purchaser to the Supplier in connection with Work under the Contract.

(c) In the event of termination of the Contract under Article 18(a), the Supplier shall be entitled to a sum of money representing the actual cost of progressed work, incurred by Supplier in the performance of the part of the Work completed and undisputed up to the date of termination referred to in Article 18(a).

(d) Notwithstanding Article 18(c), the Purchaser shall not be liable to make any further payments to the Supplier until the cost of completing the Work under the Contract and all other losses sustained by the Purchaser and all other sums to which the Purchaser is entitled under the Contract have been ascertained and the amount thereof certified by the Purchaser. If the amount so certified by Purchaser when added to the total amount already paid to the Purchaser as at the date of termination exceeds the total amount which would have been payable under the Contract to the Supplier for the execution of the Work as determined by the Purchaser, the Supplier shall within 30 (thirty) days pay to the Purchaser the amount of such excess. If there is no such excess, the Supplier shall be entitled to be paid the amount referred to in Article 19 less the total of all payments received by the Supplier as at the date of termination.

(e) Upon termination of the Contract, the Supplier shall promptly return to the Purchaser the Technical information and deliver to the Purchaser all drawings, specifications, requisitions, calculations and other documents prepared under the Contract. The Supplier shall also upon termination destroy any copies it has made of the Technical Information and drawings, specifications, requisitions and other documents prepared by the Supplier under the Contract.

19. **TERMINATION WITHOUT CAUSE BY PURCHASER:** The Purchaser may terminate the Contract in whole or in part by written notice to the Supplier. In such event the Purchaser shall make payment to and the Supplier shall accept payment of all cost incurred prior to such termination reasonably allocable to the Contract under recognized accounting practice together with a reasonable allowance for overheads and profit on the part of the Contract executed less any disposal or retention value and less prepayments made.

20. **FORCE MAJEURE:** Force Majeure is defined as any occurrence which cannot be reasonably foreseen, controlled or prevented by the Supplier and which materially affects the execution of the Contract. Reasons like ordinary hazards, price or wage increases etc. shall not be considered as Force Majeure. Supplier shall notify the Purchaser immediately in writing of an occurrence of Force Majeure.

The Supplier claiming an extension of time because of Force Majeure shall have the burden of proof that such occurrence affects the progress of the execution of the Contract. No financial claim against Purchaser and/or Client may be submitted or maintained.

An event shall be deemed to be within the control of Supplier if: (a) it is due to a default or failure of any Sub-supplier or Agency personnel; or (b) it is a strike, labour or employment dispute, or difficulty or other concerted act of workmen whether direct or indirect among Supplier's personnel, or those of any Sub-supplier or Agency personnel.

21. **CONFIDENTIALITY:** All engineering data, design, drawings and other documents supplied to the Supplier by the Purchaser or the Client are confidential and shall not be used for any purpose whatsoever other than in connection with the Supplier's obligations under the Contract.

22. **ADVERTISING:** Without the Purchaser's prior written approval the Supplier shall not make public any details of the Contract, the material or equipment to be supplied or the purpose for which any material or equipment to be supplied hereunder are to be used.

23. **DISPUTES:** All disputes arising in connection with the Contract shall be exclusively settled by the competent civil court in The Hague or in the Client's option, by three arbitrators in accordance with the rules of the Netherlands Arbitration Institute (Nederlands Arbitrage Instituut), with exclusion of the possibility of binding advice as mentioned in said rules. Possible arbitration proceedings shall be held in The Hague.

24. **APPLICABLE LAW:** The Contract shall be governed by the Dutch law. The applicability of the United Nations Convention on Contracts for the International Sale of Goods (Vienna, 1980) is excluded.

25. **CLIENT'S RIGHTS:** The Purchaser stipulates for the benefit of the Client that the Client has the same rights against the Supplier as the Purchaser has under the Contract, which stipulation the Supplier accepts.

26. **LANGUAGE:** All correspondence and documents in connection with the Contract shall be in the English language.

27. **QUALIFIED PERSONNEL:** (a) Supplier shall employ for the duration of the Contract suitably qualified personnel. If for good reason the Supplier removes any such member of its qualified personnel on the project, it shall notify Purchaser immediately and promptly appoint a suitably qualified and experienced replacement.

(b) The Supplier has full responsibility for the payment of all salaries, wages, commissions, allowances and other remuneration to the Supplier's and its Sub-suppliers' or Subcontractors' employees, agents or representatives and to agency personnel and for the deduction and payment of the applicable taxes, legal, social, union fees and any other burdens there from for remittance to tax, legal, social and other authorities.

The Supplier shall defend, indemnify and hold harmless the Purchaser and the Client from and against any liability resulting from failure by the Supplier or Sub-supplier or Subcontractor or Agency personnel to pay or to pay timely any items referred to in the foregoing provisions, or failure to comply with the reporting or other procedural requirements with respect to their payment. Any

interests, penalties or other liabilities arising from such failure shall be solely for the Supplier's account.

28. **WORK UNDER THE CONTRACT:** The Contract shall be carried out by the Supplier in accordance with the provisions of this Purchase Order and the Supplier warrants and undertakes that the work under the Contract shall be fit for the purpose for which it is intended and that it shall be performed:

- (a) with due diligence and efficiency;
- (b) in accordance with the Technical Information and in accordance with sound international principles of petrochemical design and engineering practices;
- (c) in accordance with the project delivery schedule;
- (d) with first class skill and workmanship;
- (e) in compliance with laws and approvals; and
- (f) in accordance with the Client's business principles, without the Supplier being entitled to any reward or indemnification other than as specifically provided for hereinafter.

Supplier warrants that that all its services are subject to the carefulness of a reasonably competent and reasonably acting craftsman and warrants that all its opinions and recommendations are accurate and true.

29. **TECHNICAL AND OTHER INFORMATION:** (a) The Supplier is deemed to have satisfied itself as to the nature of the work under the Contract, including but not limited to the project management, supervision, design, engineering, obtaining of approvals and all other necessary services, personnel, labour, materials, plant, facilities, equipment, consumables and supplies required for the performance of the Work under the Contract, social and environmental concerns and any restrictions relating thereto, general and local conditions, ground, sea bed, climatic, sea, tides and seasons, other water, weather and environmental conditions and all other matters which could affect progress or performance of the Work under the Contract, including but not limited to information as to the character of the Work under the Contract, facilities, environmental matters, industrial matters, Laws and Approvals. Any failure by the Supplier to take account of matters which affect the Work under the Contract shall not relieve the Supplier from its obligations under the Contract.

(b) Purchaser will provide reasonable support to Supplier in the supply of information with respect to specific rules and conditions, laws and approvals at Purchaser's and Client's site.

30. **EXTEND OF LIABILITY** (a) The Supplier shall assume all liability for and shall defend, indemnify and hold Purchaser, any affiliates of Purchaser and Client free and harmless from and against any and all loss, liability, damage, claim, demand, action, proceedings or costs (including legal costs and expenses) arising out of the execution of the Work under the Contract, in respect of personal injury to, or death or sickness of, any employees of the Supplier or Sub-supplier or Subcontractor or Agency Personnel howsoever arising and whether or not caused or contributed to by negligence or breach of duty on the part of the Purchaser, any Affiliate of purchaser and Client.

(b) The Supplier shall assume all liability for and shall defend, indemnify and hold Purchaser, any Affiliates of Purchaser and Client free and harmless from and against any and all loss, liability, damage, claim, demand, action, proceedings or costs (including legal costs and expenses) arising out of the execution of the Work under the Contract, in connection with any damage to or loss of property (including vessels and aircraft) owned by or contracted to the Supplier or any Sub-supplier or Subcontractor or Agency Personnel or any of their respective employees, agents, workmen or representatives howsoever arising and whether or not caused or contributed to by negligence or breach of duty on the part of Purchaser, Affiliate of Purchaser or Client.

(c) The Supplier shall assume all liability for and shall defend, indemnify and hold Purchaser, any Affiliates of Purchaser and Client free and harmless from and against any and all claims, demands, actions or proceedings from third parties arising out of the execution of the Work.



**General Conditions of Purchase**

Zeton B.V.  
Marssteden 206  
NL-7547 TD Enschede  
The Netherlands

31. PROPERTY AND COPY RIGHTS: (a) Subject to Articles 32(b) and 32(c), all intellectual property rights in the Work under the Contract, including all drawings, specifications, requisitions, calculations and other documents, data and computer discs and other means of capturing information prepared by the Supplier or Sub-supplier under the Contract shall vest in the Purchaser and the Purchaser shall have the right to use the drawings, specifications, requisitions, calculations and any other information related to the Project for any purpose whatsoever without any obligation or recourse of any kind to the Supplier or Sub-supplier or Agency Personnel.

(b) Article 32(a) shall not be construed as limiting the Supplier's: (i) ownership, control and use of its and any Affiliate of Supplier's intellectual property rights (including patents, copyrights, trademarks and trade secrets covering background or pre-existing ideas, know-how, inventions, designs, models, drawings, prints, samples transparencies, specifications, reports, manuscripts, working notes, documentation, manual, photographs, negatives, tapes, discs, electronic files, software or any other similar items) as disclosed to the Purchaser; or (ii) use of the drawings, specifications, requisitions, calculations and other documents, data and computer discs and information for the purpose of performing its obligations under the Contract.

(c) Supplier transfers, and warrants that its Sub-suppliers transfer, to the Purchaser the copyright in any drawings, specifications, requisitions, calculations and other documents, data and computer discs and other means of capturing information prepared by the Supplier or Sub-supplier under the Contract, which the Purchaser accepts. Supplier shall upon the Purchaser's request execute all instruments, deeds or actions reasonably necessary to vest such copyrights in the Purchaser or Client, and warrants that Sub-suppliers shall do the same.

(d) Supplier shall be solely liable for employee compensation or remuneration due to inventors (other than employees of the Purchaser) under any intellectual property legislation.

32. EXPORT COMPLIANCE: (a) Purchaser agrees that all applicable import, export control and sanctions laws, regulations, orders and requirements, as they may be amended from time to time, including without limitation those of the United States, the European Union and the jurisdictions in which Supplier and Purchaser are established or from which items may be supplied, and the requirements of any licenses, authorisations, general licences or licence exceptions relating thereto will apply for any hardware, software, services and technology. In no event shall Purchaser use, transfer, release, export or re-export any such hardware, software or technology in violation of such applicable laws, regulations, orders or requirements or the requirements of any licences, authorisations or licence exceptions relating thereto.

(b) The fulfilment of the contract is subject to all current applicable import, export control and sanctions laws, regulations, orders and requirements, including those of the United States where applicable. However, such laws and regulations may be amended from time to time including during the processing of an order/contract.

(c) Any violation of this section, as determined solely by Purchaser, shall be deemed as a material breach of the Contract.

33. ELECTRONIC STATEMENTS (a) If the Contract or the Law requires a written statement for an act to be valid, this requirement is met if the statement is sent via electronic means.

(b) The electronic system of Purchaser prevails to establish the sending, delivery and content of statements by electronic means.