GENERAL PURCHASING TERMS

1 Introduction

1.1 The following terms shall apply to purchase of products (“Products”) by any company within the DESMI Group (“DESMI”). The DESMI Group includes DESMI Pumping Technology A/S and any and all companies which directly or indirectly (through one or more subsidiaries) are controlled by DESMI A/S. No deviations from these terms, including any general terms and conditions of the counterparty (“SUPPLIER”), shall have any effect unless explicitly agreed in writing between the parties.

1.2 Sub-suppliers

Upon request of DESMI, SUPPLIER is obligated to deliver in accordance with these general purchasing terms to appointed sub-SUPPLIERS of DESMI.

1.3 SUPPLIER’s General Obligation

SUPPLIER shall, with due care and diligence, design, manufacture, deliver and service Products which fulfill all requirements with regards to function ability, quality and performance, and warrant that such Products are fit for the purpose for which they are intended. Products, which are integrated in the operation of any of DESMI’s products, shall be designed and manufactured at the responsibility of SUPPLIER; however product development shall take place in close collaboration with DESMI.

Any documentation and drawings presented to SUPPLIER, or by SUPPLIER to DESMI, must be checked for errors and/or discrepancies to or with other documents relative to the Products. In the event either Party discovers any error or discrepancy, such Party shall immediately inform the other Party, who shall take all necessary action.

Unless otherwise agreed in writing, all special tools and molds in SUPPLIERs possession for deliveries to DESMI and wholly or partially paid by DESMI shall be individually marked as DESMI property, maintained and insured by the supplier to the full value at SUPPLIER’s risk at no cost for DESMI, and used exclusively for deliveries to DESMI. Costs associated with building of models, tools and/or molds will only be paid when DESMI has approved in full a sample manufactured using the particular mold, model and/or tool.

If required by DESMI or DESMI’s customer, SUPPLIER shall willingly accommodate requests for inspection of Products and/or relevant manufacturing or distribution facilities.

Special conditions, others than specified by DESMI, which are listed on any of the Seller's documents, will not be valid without written consent from DESMI.

2 Products

These General terms and conditions cover all products delivered from SUPPLIER.

3 Prices and Price Reviews

3.1 Prices

The agreed prices are applicable for 12 months unless otherwise agreed upon in writing.

3.2 Price Reviews

Both Parties shall be entitled at the start of the third quarter in any contractual period to request prices to be reviewed for the following calendar year in order for the Parties to agree on changes - if any - no later than primo the fourth quarter.

No increase in the Price may be made (whether on account of increased material, labor or transport costs, or fluctuating exchange rates or otherwise) without the prior written consent of the Buyer.
3.3 Currency

Prices are stated in EUR. However, SUPPLIER shall upon request from DESMI be obliged to quote fixed prices in the currencies of the countries where SUPPLIER and/or DESMI has a place of production (and the majority of cost).

3.4 Changes to Product

If and to the extent the Parties in accordance with an agreed Engineering Change Management (ECM) Process agree to modify or change one or more of the Products, the parties shall further agree to such up- or downward adjustment of the prices of such relevant Products as may be reasonably justified by such change or modification. Price adjustments shall however not be justified where changes or adjustments are a result of SUPPLIER’s failure to fulfil its obligations under these General terms and conditions.

3.5 Competitive Prices

The Products must at all times be offered at competitive prices compared to products from competitors having comparable specifications to those of the Products. If SUPPLIER sells Products having comparable specifications to any other comparable customer at a price lower than the price paid by DESMI, DESMI shall be entitled to such lower price for all quantities delivered with immediate effect.

4 Placing of Orders

The parties agree that DESMI purchase of Products shall be made by the exchange of an order issued by DESMI, and an order confirmation issued by SUPPLIER (collectively a “Contract”) and that any such Contract shall be or be deemed made incorporating these terms and conditions even without these terms and conditions being referred to or attached to such Contract. Oral agreements are invalid unless confirmed in writing.

4.1 Order confirmation

SUPPLIER shall issue the order confirmation within no later than two (2) working days after receipt of the order and the order confirmation must as a minimum include; purchase order (“PO”) number, DESMI item number, number of Products ordered, price per Product, time of delivery, delivery address.

PO number must be used as a reference on all documents related to the individual purchase.

5 Delivery

5.1 Terms of Delivery

Unless otherwise agreed between the parties in writing, the agreed delivery term is FCA (Incoterms 2010). This and (export) packaging is included in the prices for the Products and shall therefore not be invoiced separately.

The agreed dates of delivery shall be observed at all times. Partial deliveries are permitted only if explicitly agreed by DESMI in writing. If any delivery is made earlier than agreed without DESMI’s consent, the invoice for such delivery may not be sent by SUPPLIER to DESMI prior to the originally agreed delivery date.

SUPPLIER acknowledges and accepts that proper delivery at the agreed time of delivery is of the essence to DESMI.

All shipping documents, quality documents, instructions and other certificates being necessary or required by DESMI for SUPPLIER to properly fulfil its obligations under the Contract, shall be dispatched to DESMI on the date of shipment. Any delay in delivery of the above documents is considered as a delay of the Products to be delivered.

SUPPLIER shall use suitable packing (including heat treated / sea worthy packaging where required) which adequately protects the Products with identification marks showing the content, number and kind of goods, which is included in the prices for the Products and shall therefore not be invoiced separately.

5.2 Delayed Delivery
If the Products including delivery documentation cf. above are not delivered at the agreed time of delivery and this is not due to (i) an event of force majeure, or (ii) reasons for which DESMI is in all material aspects responsible, DESMI is entitled to claim liquidated damages from the date on which delivery should have taken place.

The liquidated damages for delay in delivery shall be payable at a rate of a half per cent (0,5%) of the purchase price of the delayed Products for each commenced day of delay. The liquidated damages shall not exceed fifteen per cent (15%) of the purchase price of the delayed Products. The liquidated damages become due on DESMI’s written demand.

For the avoidance of doubt, the Supplier confirms that liquidated damages referred to in this clause are a genuine but conservative pre-estimate of the loss that would be caused to the Buyer for failure to deliver the Goods and/or Services on the Delivery Date and is not considered a penalty.

In the event of a delay in delivery exceeding fourteen (14) days, DESMI shall – in addition to the liquidated damages – be entitled to terminate the Contract with immediate effect by giving SUPPLIER notice in writing.

Regardless whether DESMI choose to terminate or to maintain the Contract with SUPPLIER and claim liquidated damages, DESMI is still entitled to claim compensation in accordance with applicable Danish Law in the event that the liquidated damages exceed the loss taken by DESMI as a direct consequence of the delayed delivery (including but not limited any additional cost for securing equivalent Products with alternative suppliers to cover for the delayed Contract with SUPPLIER).

Should DESMI choose to terminate the Contract and as a consequence hereof be forced to purchase equivalent items from another supplier than SUPPLIER, DESMI will be entitled to compensation from SUPPLIER of any additional cost associated with such purchase compared to the purchase value of the original Contract with SUPPLIER.

The Supplier shall meet its obligation to deliver the Goods and/or Services and is not entitled to any right of suspension or to withhold any Goods and/or Services to be delivered even if a dispute between the Supplier and the Buyer, including the Buyer’s nonpayment of any invoice issued by the Supplier, exists.

6 Postponement, Cancellation and Return

6.1 Postponement

SUPPLIER accepts that DESMI can postpone the date of delivery under any Contract for a period of up to six (6) months without any costs or compensation to be paid by DESMI, provided that such postponement is advised in due time prior to the time of SUPPLIER’s shipment of the Products and prior to the Product being tailored to possibly meet unique DESMI requirements. SUPPLIER shall diligently store the postponed Products at own risk and cost. If postponement is advised with a shorter notice than aforementioned or for a longer period than six (6) months, DESMI shall pay to SUPPLIER reasonable documented storage cost.

6.2 Cancellation

SUPPLIER accepts that DESMI can cancel a Contract in part or in full. The parties agree that cancellation cost must always be based on SUPPLIER’s reasonable and documented cancellation costs incurred as a direct result of the request for cancellation reduced to the extent reasonably possible. If advised before any tailoring of the Product has commenced to possibly meet unique DESMI requirements there shall be no cancellation cost for DESMI.

6.3 Return

SUPPLIER accepts that DESMI will occasionally be in need of returning already supplied Products under a given Contract as a direct consequence of cancelled customer orders or changed specifications making the supplied components obsolete to DESMI. In such cases, SUPPLIER shall credit DESMI 100% of the original purchase value deducted an admin fee of 5% which is assumed to cover all reasonable direct cost associated with such cancellation.
provided that the Product is unused, complete and returned within twelve (12) months after the original delivery date).

7 Flexibility

7.1 Lead-time

The Parties agree that there shall be a constant focus on reducing any applicable/agreed lead times.

SUPPLIER acknowledges that the project specific nature of DESMI’s markets require agility and speed with respect to honoring orders in a swift manner. This implies that orders will also occasionally be placed outside agreed lead times, and SUPPLIER agrees not to charge DESMI separately for required actions to support such ad-hoc short term requirements.

8 Passing of Title

8.1 Title to the Product passes to DESMI at the time of delivery. For deliveries of Goods involving installation or Services, risk and title shall transfer upon the Buyer’s acceptance of the delivery of the Goods and of the installation/Services.

9 Invoicing, Payments and set-off

9.1 Absent any agreement to the contrary, terms of payment are sixty (60) days NET from the latest of below mentioned dates.

- Invoice date
- Date for goods/services receipt and/or other relevant documentation as per clause 5.1 and 5.2
- Date for invoice receipt
- Delivery date agreed

The parties agree that the payment terms set out herein have been individually negotiated and agree that the terms of payment in a reasonable way reflect the business environment and requirements of DESMI and the Industry in which DESMI operates.

All invoices shall be phrased in English and sent electronically. Moreover, it shall contain a reference to DESMI buyer issuing the order, item number, order date and with the DESMI PO number clearly stated. Also, Invoices from Foreign suppliers outside EU shall stipulate the correct tax commodity code (harmonized systems code) of the items under the Contract.

9.2 The DESMI Group shall be entitled to deduct from any amounts otherwise falling due to SUPPLIER under a Contract any amount for which SUPPLIER is liable to the DESMI Group under a Contract, irrespective of whether such amounts originates from different purchase orders and/or is based on other legal circumstances/agreements.

10 Engineering Change Management

Any changes or modifications (whether such changes or modifications are made by DESMI, SUPPLIER or a sub-supplier of SUPPLIER) in (i) design of the Product(s), (ii) manufacturing processes directly or indirectly related or connected to the Product(s), (iii) sub-tier suppliers (i.e. any changes in relation to the supply chain related to the Product(s)), (iv) quality of the Product(s), (v) content of the Product(s), and/or (vi) any such changes mentioned in (i)-(v) above in components or materials of the Product(s) shall not be taken into effect prior to written agreement between the parties. Such agreement shall be coordinated between SUPPLIER and DESMI.

Irrespective of DESMI’s acceptance of changes or modifications as set out above, SUPPLIER is towards DESMI fully liable for the Products in accordance with the terms and conditions of these General terms and conditions, both prior to and after the implementation of such changes or modifications.

11 Warranty and liability for defects
11.1 Warranty
SUPPLIER warrants that the Products supplied (i) are fit for the purpose for which they are purchased; (ii) are free from defects in design, materials or workmanship; (iii) meet DESMI’s Specifications and (iv) comply with all applicable regulations, norms and standards. Breach of this warranty will hereinafter be referred to as a “Defect”.

11.2 Warranty period
The warranty for an individual Product shall endure for a period of twenty-four (24) months calculated from the installation date at an end customer of a DESMI order, system and/or solution into which the Product forms a part has occurred. In the event that this installation Date occurs more than twelve (12) months after delivery of the Product to DESMI, the warranty period shall commence twelve (12) months after the said date of delivery.

11.3 Remedy of defect
DESMI shall within reasonable time after having become aware of a Defect give SUPPLIER written notice of the Defect. SUPPLIER shall hereafter without undue delay - at its own risk and expense – remedy any Defect. Repair and/or remedy shall be carried out at the place where the Product is located unless agreed differently with DESMI in specific cases.

Remedy means either (i) repair and re-instalment of the defective Product or parts hereof or (ii) replacement of the defective Product and instalment of a new non-defective Product. SUPPLIER shall - in addition to the costs for remedy - be liable for, and obliged to reimburse DESMI in respect of, all costs, losses and damages incurred as a result of Defects in Products delivered by SUPPLIER. Should SUPPLIER fail to fulfil this obligation or should the circumstances at DESMI’s sole discretion so require (taking into account the potential loss to DESMI or customers of the DESMI Group), DESMI may proceed to remedy the defective Product itself or employ a third party to do so. Such remedy shall be at SUPPLIER’s risk and expense and shall lead to no loss of warranty for the Product in question, provided that such remedy is carried out at standards similar to those based on which the original Product from Supplier was delivered. Should SUPPLIER fail to observe and respect the obligation to remedy a specific Defect within a reasonable period fixed by DESMI, DESMI shall furthermore have the right to terminate the Contract and claim compensation for any costs and losses suffered due to SUPPLIER’s non-fulfilment of such obligation.

11.4 Cost and indemnification
SUPPLIER shall - in addition to the costs for repair and replacement - be liable for, and obliged to reimburse DESMI in respect of, all documented internal and external costs, losses and damages, incurred as a result of defects in Products delivered by SUPPLIER irrespective of whether such defects are remedied by SUPPLIER, DESMI or a third party.

Unless otherwise expressly provided, all claims for consequential losses, loss of production, loss of profit and any other indirect losses, are expressly excluded. In this context liquidated damages shall not be considered indirect losses. The limitation of SUPPLIER’s liability shall not apply if he has been guilty of gross negligence.

11.5 Root Cause Analysis of any Defect
Whether in relation to individual defects or Generic Defects, DESMI shall be invited to and involved in and approve any root cause analysis in connection with any defects.

If DESMI has notified SUPPLIER of a Defect as mentioned above, and no Defect is found for which SUPPLIER is liable, SUPPLIER shall be entitled to compensation in accordance with SUPPLIER’s normal reasonable service rates.

11.6 Warranty on repaired and replaced parts
Repaired parts/Products or replaced parts shall be included in the guarantee and warranty hereby given for a period of either (i) twenty-four (24) months from the date of repair or replacement or (ii) the remainder of the original warranty period, whichever is the longer. Replaced Products shall be covered by the warranty set out above.

Defective Products are returned at the risk and expense of SUPPLIER.
12 Period of Service

12.1 The SUPPLIER undertakes to take appropriate steps for maintaining already delivered Products functional for their entire specified design lifetime. This may as agreed between the Parties be achieved by replacement with new Products, substitution with alternative Products of identical form, fit and function, repair, refurbishment, service, or delivery of spare parts. SUPPLIER further undertakes to supply new Products or substitute Products with identical form, fit and function for no less than twenty (20) years from last delivery for a new product supplied by DESMI.

12.2 In addition, SUPPLIER undertakes to carry out, remedy, service and deliver - at prices usual in the market - components/spare parts and/or components which are backward compatible with the original parts for Products sold to DESMI for a period of up to the specified design lifetime of the Product in accordance with the TPS for individual Products, however if nothing else is specified then for twenty (20) years after delivery of any Product.

12.3 In the event that SUPPLIER at the end of said period decides to give up the manufacture of spare parts and/or components, SUPPLIER shall inform DESMI hereof as early as possible, but not less than twelve (12) months before giving up manufacture.

13 Force Majeure

13.1 In case of force majeure, defined as an event (i) beyond the control of and (ii) which effect on performance of the Contract could not reasonably have been foreseen, avoided, limited or overcome by the party claiming force majeure, each party shall be entitled to suspend its obligations under the Contract until the force majeure situation has ceased. In case the force majeure situation is not (or is not expected to be) brought to an end within three (3) months, the other party is entitled to terminate the Contract with immediate effect.

13.2 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 a party fails to give such notice, the other party shall be entitled to compensation for any additional costs which he incurs and which he could have avoided had he received such notice.

14 Confidentiality

14.1 During the cooperation with DESMI and after termination of such cooperation, both Parties must treat all technical documents and commercial information, which have been received from the other Party in accordance with this cooperation, in confidentiality. The Party who receives confidential information, is not permitted to copy the information, or disclose information to a third party or otherwise make use of the information apart from that which is necessary to honor Contracts under these General Purchasing Terms, or to have work carried out by SUPPLIER’s sub-suppliers.

15 Intellectual Property Rights

15.1 Any and all intellectual property rights ("IPR") and/or know-how furnished by either party (Owner) to the other party (Recipient) may not be used for purposes other than performance of the Contract without express written approval of Owner. Owner shall retain all of the above-mentioned IPR and no ownership of any kind passes to Recipient, unless explicitly agreed in writing by the authorized representatives of the parties.

15.2 SUPPLIER warrants that it owns all right, title and interest in, to and under all IPR concerning the Products and/or possesses valid, transferable, irrevocable, perpetual and world-wide licenses to relevant IPR owned by third parties entitling SUPPLIER and DESMI to exploit such third party IPR in the Products, the production process or otherwise without limitation.

15.3 SUPPLIER may not use trademarks or trade names owned or used by the DESMI Group or pictures of installed DESMI products or solutions as reference in sales brochures, press releases, or any other material used for general promotion purposes, unless such material has been reviewed and explicitly approved in writing by DESMI prior to such use.
16 Product Liability

16.1 SUPPLIER shall maintain and keep in force adequate public and product liability insurance (to be documented at request at request of DESMI) from a reputable insurance company covering the Products in scope of supply. The insurance is to be valid as long as the business co-operation between DESMI and SUPPLIER exists and for a period of five (5) years hereafter. SUPPLIER’s liability is not limited to the sum insured.

16.2 SUPPLIER shall assume full responsibility and liability for any product liability claims related to Products delivered by SUPPLIER whether such a claim is brought against SUPPLIER or DESMI. SUPPLIER shall thus indemnify DESMI and hold DESMI harmless from and against all claims in relation to product liability to third party.

17 Third Party Claims

17.1 SUPPLIER warrants that it owns all right, title and interest in, to and under all IPR concerning the Products and/or possesses valid, transferable, irrevocable, perpetual and world-wide licenses to relevant IPR owned by third parties entitling SUPPLIER and DESMI to exploit such third party IPR in the Products, the production process or otherwise without limitation.

17.2 If a third party asserts a claim against DESMI based on alleged infringement of an Intellectual Property Rights by the Products, SUPPLIER shall indemnify DESMI and hold DESMI harmless from and against all claims in relation to product liability to third party.

17.3 Both Parties shall immediately advise each other when they become aware of any infringement of third parties’ IPR, alleged infringements of such rights, of a risk of infringement of such rights or if they become aware of a third party infringing SUPPLIER’S IPR in or to the Product.

17.4 If DESMI is enjoined from using the Products due to an alleged infringement of third party IPR in the Product caused by SUPPLIER, SUPPLIER must at its own cost immediately provide DESMI with a work around solution. The work around solution will - at DESMI discretion - be SUPPLIER (a) obtaining the right for the DESMI Group to use the affected Products, (b) substituting the infringing Product or part thereof with a functionally equivalent Product or part that does not infringe, (c) modifying the offending Products so that it no longer infringes, but with identical functionality and/or (d) including the dismantling/removal and return of the relevant Products or parts thereof, refund the purchase price and transportation costs thereof upon return of the Product or part and reimbursement of other direct costs or losses suffered or incurred by DESMI.

18 Environment and Conventions

18.1 The Supplier including their Sub-contractors shall be aware of the requirements in complying with ISO14001. When economically viable alternatives are available, The Supplier is expected to give preference to recycled, reusable or otherwise environmentally friendly products.

18.2 The Supplier shall when providing Goods and/or Services comply with all applicable local laws, and any applicable anti-corruption laws such as the United States Foreign Corrupt Practices Act, UK Bribery Act, and United Nation’s International Labour Organisation’s C138 “Minimum Age Convention” (1973) and C182 “Worst Forms of Child Labour Convention” (1999), and regulations with respect to forced labor as per United Nation’s International Labour Organisation’s C29 “ Forced Labour Convention” (1930) and C105 “Abolition of Forced Labour” (1957) etc.

18.3 The Supplier represents and warrants that it is and shall remain in compliance with all US, EU, UN and other applicable export control statutes, boycott rules, regulations, decrees, guidelines and policies.

19 Disputes and Applicable law

19.1 Any and all Contracts, including these terms, shall be governed by and construed exclusively in accordance with Danish law. Any dispute arising out of or in connection with a Contract and/or these terms, including any disputes regarding the existence, validity or termination thereof, shall be finally settled by arbitration arranged by The Danish
Institute of Arbitration in accordance with the rules of arbitration procedure adopted by The Danish Institute of Arbitration and in force at the time when such proceedings are commenced. The place of arbitration shall be Copenhagen, Denmark. All aspects of the arbitration shall be considered confidential.

19.2 Should any third party claim damages against a party due to product liability or infringement of IPR, that party is obliged to inform the other party thereof immediately. Both parties are under an obligation to participate in any court/arbitration case examining claims for damages lodged against one of them on the basis of alleged infringement of IPR or damage allegedly caused by the Products.

20 General Provisions

20.1 All Products may be used, sold, and resold in, as well as imported to or exported from any country in the world by DESMI and/or its customers both singularly (as spare parts) and/or incorporated into other products.

20.2 No change, modification, alteration or addition to any provision of these terms shall be binding unless in writing and signed by an authorized representative of each party.

Any notice given under the Contract must be in writing addressed to an authorized representative of the other party and shall be deemed given upon receipt of the other party.