



General Purchasing Terms and Conditions for the Torm Group Valid as of 1 January 2018

APPLICATION

These general purchasing terms and conditions (“Conditions”) shall apply to all purchase agreements concluded by companies in the Torm Group, i.e. by Torm A/S and/or by any affiliates of Torm A/S (“Buyer”) unless a separate written agreement has been concluded with Buyer to specifically amend or deviate from these Conditions. Any general terms and conditions of Buyer’s counterparty (“Supplier”) shall NOT apply. Where there is an already existing frame agreement in place between the parties, this supersedes

ORDER CONFIRMATION

Buyer will issue, a purchase order, which shall be confirmed by Supplier by email or Sertica Email link

TERMS AND TIME OF DELIVERY

In respect of goods, delivery terms are expected DDP (latest version of INCOTERMS) - location named by Buyer - including necessary export packing.

Delivery shall be deemed not to have taken place until the goods and/or services ordered (“Goods” and/or “Services”) have been received in full and in conformity with the Purchase Order and with all certificates of approval, test certificates and other certification and documentation required according to the Purchase Order. Any order received without clear reference to Purchase Order No. will likely result in either late or non-payment.

In respect of Goods, the date of delivery stated in the Purchase Order (“Delivery Date”) is the date of arrival of the Goods and the documentation at the required place of delivery. In respect of Services, the Delivery Date is the date when the Services are to be completed at the required place of delivery. If the delivery is defective or incomplete, the delivery shall not be considered effected until the breach has been remedied.

Any delay or expected delay in delivery shall be communicated instantly in writing (Email Purchase@torm.com) to Buyer together with new date of delivery. If Buyer cannot accept the new date of delivery, Buyer shall be entitled to cancel by written notice to Supplier the Purchase Order in part or in full.

Partial delivery is not accepted, unless specifically agreed in writing with Buyer. Any accepted partial delivery must be stated clearly in the delivery notes and invoices.

If Supplier claims that failure to deliver is due to a Force Majeure situation, Supplier must document the Force Majeure situation and the impact on the delivery.

For the purpose of these Conditions, a Force Majeure situation shall be limited to the following:

- (i) Riot, war, invasion, act of foreign enemies, hostilities (whether war be declared or not), acts of terrorism, civil war, rebellion, revolution, insurrection of military or usurped power;
- (ii) Earthquake, flood, fire or other natural physical disaster, but excluding weather conditions as such.

FAILURE OF TIMELY DELIVERY

If Supplier fails to deliver the Goods and/or Services partly or in full on the Delivery Date as referred to above, Buyer shall be entitled to either:

- reject any delayed delivery, or
- demand delivery via the fastest means of transportation at the cost of Supplier (airfreight included)

In addition to the above remedies, in case of Supplier's delay in delivering any Goods and/or Services, Buyer shall be entitled to cancel, at any time after the Delivery Date, any future deliveries under the affected Purchase Order.

Whichever of the above remedies Buyer chooses, Buyer can claim either:

- damages for any loss (direct and/or consequential) incurred as a consequence of the delay, for which loss Supplier shall indemnify and hold Buyer Harmless, or
- liquidated damages of 2 percent of the total value of the Purchase Order per commenced week of delay, effective from the calendar day following the Delivery Date. For the avoidance of doubt, Supplier confirms that liquidated damages referred to in this clause are a genuine pre-estimate of the loss that would be caused to Buyer for failure to deliver the Goods and/or Services on the Delivery Date

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 Supplier and Buyer, including Buyer's nonpayment of any invoice issued by Supplier, exists.

Throughout the term of any purchase agreement, Buyer may require from Supplier adequate assurances of future performance, which Supplier shall be obligated to deliver.

HSSE AND ETHICS

Supplier's Group is responsible for the safe delivery of the Goods/Services and shall give the highest priority to safety in order to avoid injury to any person and/or damage to any property. Supplier must strive for continuous improvement of health, safety, security and environmental performance and ensure that management of health, safety, security and environment is an integral and visible part of Supplier's work planning and execution processes. Supplier shall ensure that both Supplier and its subcontractors shall comply with any applicable local or international health, safety and environmental Legislation and any

other requirements referred to by Company as may be varied or supplemented from time to time.

TITLE

Title to the Goods and/or know how to the Services shall pass from Supplier to Buyer upon delivery. For deliveries of Goods involving installation, risk and title shall transfer upon Buyer's acceptance of the delivery and the installation. For deliveries of Services involving implementation, risk and title to know how shall transfer upon Buyer's acceptance of the delivery and the implementation. In case trials are needed, the risk shall not transfer to Buyer until such trials have been completed to the satisfaction of Buyer.

TORM'S RIGHTS IN RESPECT OF SPECIFICATIONS, PLANS, DRAWINGS, PATTERNS AND OTHER DATA

Any specifications, plans, drawings, patterns, designs and similar information supplied by Buyer to Supplier in connection with the Purchase Order shall remain the property of Buyer. Any specifications, plans, drawings, patterns, design, statistical information and other data which may in Buyer's opinion be necessary or relevant to the use, repair or modification of the Goods and/or Services, shall be made available to Buyer upon Buyer's request whether before or after the purchase.

INVOICING

Supplier will ensure to send only one invoice per pdf file. Invoices have to be sent to Workflow@torm.com detailing Purchase Order No. clearly and at all times.

Supplier's invoices must be submitted in English and as a minimum contain information about quantity and description of the Goods and/or Services, Buyer's Purchase number and name of the consignee.

CUSTOMS INVOICE/DELIVERY NOTE

Customs invoice and delivery note shall be issued in English in duplicate. In respect of Goods, one copy of the custom invoice and delivery note shall be placed in a plastic pocket on the outside of the packing, and the other copy inside with the Goods.

PAYMENTS

Absent any agreement to the contrary, terms of payment are 45 days from receipt of correctly presented invoice. Payment shall only become due, when Buyer is satisfied as to quantity and quality of the Goods and/or Services, the documentation covering the delivery and the invoice being correct.

Partially disputed invoices will not be paid for the undisputed part, but will be returned to Supplier for correction and resubmission.

Credit notes received due to additional discounts etc. will be deducted in the next due invoice.

LIABILITIES, INDEMNITIES AND INSURANCE

Without limitation to Supplier's obligations and responsibilities under these Conditions, Supplier shall at its own cost have and maintain insurance coverage with a reputable insurance company in accordance with good international industry practices, including commercial general liability insurance (including product liability and employer's liability), transport insurance on All Risk terms covering the Goods and/or Services whilst in transit, comprehensive automobile liability insurance and workers compensation insurance. Supplier shall upon request furnish Buyer with insurance certificates confirming that the coverage is in effect. Supplier shall ensure that the insurance company waives any rights of recourse against Buyer and any other company within the Term Group.

If a third party raises a claim in damages against either Supplier or Buyer related to the Goods and/or Services, the affected party shall immediately notify the other party. Should Buyer be liable to a third party for loss or damages caused by the Goods and/or Services delivered by Supplier, the Supplier shall hold harmless and indemnify Buyer from and against any such claims whether in contract or in tort and for all associated costs.

INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS - INDEMNITY

Supplier shall hold harmless and indemnify Buyer from and against any and all claims (including costs) raised by any third party for alleged violation of patents, licenses, protection of trademarks and/ or design, copyright, know-how etc.

WARRANTY

Supplier warrants for a period of 24 months from the Goods are put into use and/or the Services are made use of that the performance of the Goods and/or Services will be in accordance with the agreed specifications, and that the Goods and/or Services meet all applicable statutory requirements, are and will be free from defects, deficiencies and nonconformities in design, materials and workmanship and are fit for the intended purpose of use.

Supplier shall as soon as reasonably practicable repair or replace all Goods and/or re-perform deficient Services which are or become defective during the period of 24 months mentioned above, if such defects and deficiencies occur during proper usage and are due to faulty design, Supplier's erroneous instructions as to use, erroneous use of data, inadequate or faulty materials or workmanship, or any other breach of Supplier's obligations, whether express or implied.

Repairs, replacements and/or re-performance shall themselves be subject to the foregoing warranty for a period of 24 months from the date of delivery, reinstallation or passing of test (if any), whichever is appropriate after repair, replacement, or re-performance. Replacements for faulty Goods shall be at full expense of Supplier including all other associated costs not limited to transportation and clearance costs.

CONFIDENTIALITY

Supplier shall keep confidential all information and knowledge which may be acquired in connection with any Purchase Order. The Supplier must not use the Buyer's name or the name of a company associated with Buyer or the commercial relation with Buyer, for the purpose of advertising or as a reference, without prior written consent from Buyer.

CHOICE OF LAW AND ARBITRATION

Any disagreement relating to the purchase agreement or to these Conditions shall be decided under Danish law (not including CISG) by a sole arbitrator appointed by the President of the Maritime and Commercial Court of Copenhagen. The decision of the sole arbitrator shall be final and binding upon the parties. The seat of the arbitration shall be Copenhagen.

If possible according to the Danish Administration of Justice Act, Buyer has the option to demand that any such disagreement be decided by the Maritime and Commercial Court of Copenhagen, as an alternative to arbitration. If the Maritime and Commercial Court of Copenhagen is not competent to decide the disagreement, Buyer has the option to demand that the disagreement be decided by the City Court of Copenhagen.

ISO14001

The Buyer is ISO14001 certified. A Supplier also supporting or having implemented ISO14001 certification will, everything else being equal, be considered as a preferred supplier.

VALIDITY

These General Terms and Conditions shall be in force and valid for any purchase orders given by Torm Group.