

REPORT



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**GENERAL CONDITIONS
FOR THE SUPPLY OF
MECHANICAL AND ELECTRICAL INSTALLATIONS
2003**

This English translation is provided for convenience only. The original Danish text shall be controlling for all purposes, and in the case of discrepancy the Danish wording shall take precedence.

AB-ME 03

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PURPOSE

These GENERAL CONDITIONS are applicable when invitations for tender are issued in connection with work and supplies related to mechanical and electrical installations and as such, form an integral part of agreements on work and supplies - hereafter referred to as scope of supply - in connection with such installations.

A. GENERAL

§ 1. Basis of Agreement

Art. 1. The agreement between supplier and owner is based on the following conditions:

1. Current regulations issued by the public authorities in Denmark.
2. Owner's order or acceptance.
3. Tender invitation for the individual projects, including the documents mentioned in this invitation.
4. The Special Conditions for the supply in question.
5. Present General Conditions.
6. Supplier's tender.
7. D.I.F.'s standards and conditions.
8. Standards of the Danish Standard Association, ISO and EURO standards.  Where applicable
9. Applicable legal EU rules, including the Machinery
10. Directive.

Art. 2. Danish Law shall apply for the legal relations between the owner and the supplier.

Art. 3. It shall be specified that law of invitation of tenders, within the building and construction industries, is not applicable to the legal relations.

Art. 4. All documents, including drawings, descriptions, instructions etc. constituting part of the agreement framework or scope of supply, are the property of the Owner. All documents forming part of the framework of the commercial agreement shall be in Danish, whereas technical drawings and descriptions may be in Norwegian, Swedish, English or German, if not otherwise stated in the Special Conditions. All material put at the disposal of the Supplier by the Owner shall be returned to the Owner on demand.

Art. 5. All information given by the Owner to the Supplier in connection with tender or order may only be used for the tender work and the execution of the order. Such information may only be passed on to third party if the Owner's written permission is given.

Art. 6. The Supplier can only assign the scope of supply or part of it, to a third party with the approval of the Owner.

7. All technical agreements for the scope of supply also apply to sub-suppliers.

§ 2. Supplier's Tendering Procedure

Art. 1. The Tenderers shall ensure that they have received all tender documents listed in the table of contents of the invitation to tenders.

Art. 2. Tender contents shall be in compliance with the Owner's requirements, and Tenderers shall answer all questions asked in the tender. The Owner reserves the right to reject tenders not conforming to stipulations.

Ali. 3. The Tenderer can offer alternative tenders. However, the Special Conditions may include requirements that the Tenderer shall submit tender requested in order to be allowed to offer alternative tenders. The alternative tender shall be accompanied by drawings and/or complete descriptions. An explanation is also required pointing out the advantages of the alternative tender and a summary of the aspects deviating from the conditions. A separate tender list shall be enclosed similar to that for the project under tender. Minimum requirements for the alternative tenders are listed in Special Conditions or in the tender invitation.

Ali. 4. Unless otherwise specified in the tender, the price shall be a fixed price.

Art. 5. If the price offered is not fixed, it shall be based on indexes valid on the day of the tender, even if they have not been published. The tender shall contain all necessary information about sliding price formula and a definition of the indexes applied. Also, the dates for start and finish of regulation etc. shall be indicated, in order to enable the Owner to calculate the final price. All indexes shall be official. If the Tenderer wishes varying sliding price formulae to apply to different parts of the supply, the Tenderer must clearly indicate the different proportions of the offered price to which the various formulae apply.

Art. 6. When several suppliers tender jointly, the tender shall indicate which of the Tenderers shall be able to act on behalf of the joint suppliers with a binding effect on all joint suppliers including being able to enter into agreements, receive information, payment etc.

Art. 7. If reservations are made by the suppliers in respect of the tender conditions, such reservations shall be stated plainly and unambiguously in the text of the tender in order to be valid.

Art. 8. All technical variations, including quantitative variations deviating from the stipulated tender conditions shall be clearly and unambiguously highlighted in the tender submitted in order to enable the supplier to invoke the variation.

Art. 9. Unless otherwise indicated, all amounts of money shall be stated in Danish Kroner. Measures and weight shall be stated in accordance with the SI system unless otherwise expressly indicated. When prices for foreign supplies are stated in Danish Kroner with built-in exchange rate variation clause for the entire scope of supply or part thereof, the exchange rate on which the price is based shall be stated in the tender. Unless otherwise stated, foreign supplies are adjusted according to the current exchange rate for the Owner's payment to the Supplier. The adjustment of the exchange rate is based upon the medium exchange rate of the National Bank of Denmark.

Art. 10. The price tendered shall include the supplies or the work freely delivered to the stated place of delivery incl. freight, insurance, packing, customs duties etc. The customs tariff, if any, shall be indicated.

Only documented changes in the customs tariff rate imposed on a delivery carried out directly between the suppliers country and Denmark will justify revising the agreed price in accordance with the change in customs tariff rate, and only if the change in the rate affects the scope of supply.

Art. 11. The Tenderer is bound by his offer for 5 months, unless otherwise stated in the invitation to tender.

Art. 12. The names of sub-suppliers, if intended for part of the scope of supply, shall be stated in the tender. Such sub-suppliers cannot be replaced without the written approval of the Owner.

§ 3. Owner's Procedure for placing of Order/Acceptance

Art. 1. For supplies comprehended by the EU Council Directive concerning the co-ordination of procedures for the award of public works contracts the Owner's criterion for placing orders shall be the economically most advantageous offer unless otherwise expressly indicated in the Tender Documents. The parameters used for selecting the economically most advantageous offer shall be expressly stated in the Tender Documents. The Owner reserves the right to choose an alternative offer.

2. For supplies not comprehended by the mentioned EU Directive, the Owner reserves the right, after receipt of tenders,

to choose freely from tenders submitted
to negotiate with individual Tenderers
to accept or negotiate alternatives to the tender basis
to reject all tenders.

Art. 3. Agreement between Owner and Supplier shall be made in writing.

§ 4. Errors and Discrepancies in the Basis of Agreement

Alt. 1. The Tenderers shall scrutinize all Tender Documents prior to tendering. Furthermore the tenderers shall acquaint themselves with the works associated with the supply in question, which are mentioned in the submitted tender material.

Art. 2. Where the information in the invitation to tender is unclear or insufficient to the Tenderers, further information shall be sought from the owner. Failure to do so means that the Tenderer shall bear any consequential losses.

Art. 3. Errors in the basis for the agreement do not entitle the Supplier to withdraw from the contract. Where the error is of substantial importance, the Supplier can claim payment for additional work. The Owner can claim deduction from the contract sum in respect of any cost reductions resulting from the error. However, such claims are only valid if they have been forwarded immediately after the claimant has, or ought to have, ascertained the error.

Art. 4. If the Supplier, as a consequence of circumstances other than circumstances he was not obliged to take into account in tendering, finds himself unable to accept responsibility for execution of the work in conformity with the bid specifications or pmi hereof, he shall, in a clear and unambiguous manner, inform the Owner or his supervisor thereof, ref. Article 8. He shall then be under obligation to closely follow such instructions as are given him concerning the execution of the work.

B. EXECUTION OF THE CONTRACT

§ 5. Scope and Type of Supply –Quality Monitoring

Art. 1. Scope of supply progress shall be interpreted as the cooperation between the Owner and Supplier as to a more specified determination of the project in every detail after order confirmation .

Scope of supply execution shall be interpreted as the physical completion of the scope of Supply at the place of production and/or on the Owner's site.

Alt. 2. The Supplier shall, immediately after order confirmation and in cooperation with the Owner, prepare a working plan within the scope of the framework schedule enclosed with the invitation to tender. The schedule shall include progress, execution (planning, production and installation) as well as control measures.

Art. 3. The schedule programme for the progress shall indicate dates for the Supplier's submission of information and proposals to the Owner and for the Owner's information and decisions.

Art. 4. The scope of supply shall be executed in accordance with the contract and the enclosures thereto, and the Supplier shall supply all materials and furnish all related services required for completion of the contract, including site clearance.

Art. 5. Unless otherwise specified the terms in descriptions or on drawings, such as "make", "assemble", "install" etc., denote that suppliers shall carry out the work in question including all necessary supplies, deliveries and services.

Art. 6. The Supplier shall, to the extent it is indicated in the agreement or its assumptions, supply all documentation associated with the scope of supply, which as a minimum shall comply with the applicable requirements of the Machinery Directive including system and component descriptions, detailed drawings, inspection and test reports etc. as well as any necessary operation and maintenance instructions.

Documentation, agreed upon or "implied", is considered a substantial part of the contract.

Art. 7. Submission of documents, drawings, descriptions, test reports and components etc. to the Owner for his information, comments, approval etc. does not release or relieve the Supplier from his responsibility in accordance with the contract.

Art. 8. Unless otherwise specified in the Special Conditions the scope of supply shall, in all respects, fulfil the quality requirements implied by good standards. Unspecified materials shall be of good commercial quality.

The general requirements, to be fulfilled by the supply in order to obtain environmental approval and to respect any local plans, are specified in the Special Conditions. The scope of supply shall, in all respects, meet the authority requirements with respect to the commissioning and subsequent use of the plant. The Supplier shall, unless otherwise specified, furnish proof at the time of the hand-over that the approval for commissioning and operating the plant has been given by the authorities. The supplier shall only apply for exemption from the authority requirements if his application has been approved by the Owner. Approval will only be given in exceptional cases.

If, after the agreement has been signed, the authorities revise their procedure for the execution, commissioning and continued operation of the scope of supply, the Supplier has the right to defray the additional costs due to the revised procedure, provided that the Supplier could not have foreseen the actual change in procedure by the authorities when signing the agreement.

A11. 9. The special conditions may stipulate the requirements, if any, to the Supplier's quality control and assurance system. Unless otherwise specified, proof of material origin and the furnishing of samples, without payment, is required according to normal practice.

Art. 10. The Owner shall be notified immediately should the Supplier discover errors or discrepancies which may affect the quality of the finished product.

Art. 11. The Owner has the right to demand investigations over and above what has been agreed. If the investigations show the particular aspect of the work to be contractually satisfactory, the Owner shall pay for the investigation. If the work under investigation is not contractually satisfactory the Supplier shall pay the investigation costs.

Art. 12. The Supplier is obligated to provide the necessary assistance in tests.

Art. 13. The Owner and his supervisor shall, at all times within normal working hours, have access to the work sites and places of production where work is in progress, and can claim any information required to judge the work performed and its progress, including information on procedures for, and results from inspection and/or testing carried out by the Supplier.

Art. 14. The Owner and his supervisor have the right, during the execution of the work, to reject any non-conforming supplies or materials.

Art. 15. Rejected or unacceptable supplies are immediately to be marked "rejected" or "not accepted" by the Supplier. Rejected supplies shall be removed from the site immediately.

Art. 16. All components shall be identifiable on receipt.

Art. 17. In the agreement with any sub-suppliers the supplier shall oblige them to allow the Owner access to inspect and receive information to the extent stated in Article 13 above. Upon request the supplier shall document the existence of such agreement.

§ 6. **Owner's Supply**

Art. 1. If the Owner himself supplies materials or components to the Supplier as part of the scope of supply, the place of delivery shall be named in the Special Conditions. Unless stipulated, the place of delivery shall be the stocks of the Owner or his supplier.

Art. 2. The Supplier bears the risk for such supplies after delivery from the Owner.

Art. 3. Incorporation, erection or manufacture of Owner's supply is an integral part of the scope of supply and is the responsibility of the Supplier, unless otherwise stipulated in the agreement between the parties.

§ 7. Changes in the Scope of Supply

Art. 1. The Owner has the right to demand changes in the extent of the scope of supply and to make special requirements with regard to materials, design, execution and secondary services. Demands with respect to change in contractual price and/or time schedule as a result of such supply changes shall be made in writing without delay and a written agreement shall be made between the Owner and the Supplier thereafter. Negotiations regarding the consequences to time schedule and/or contractual price may cause no delay of the execution of the work.

Alt 2. No extra work or changes in the scope of supply shall be made without written request.

Art. 3. Prior approval of alternative materials, manufactures or component types shall be sought from the Owner in good time before use.

Alt 4. Technical changes to the scope of supply, requested by the Supplier, may only be carried out when the Owner has given his written consent to both technical, possible financial and temporal consequences resulting from such changes.

Art. 5. Payment for extra work and deductions for reduced work is effected according to the unit prices of the tender, unless otherwise agreed. Should the Supplier conclude that a change cannot be settled according to the unit prices, he shall immediately and before the change is implemented, submit a written demand for an alternative calculation basis to the Owner.

Art. 6. The performance shall be determined on the basis of the drawings, unless otherwise agreed.

Art. 7. If payment is based on a survey, the Supplier shall make the necessary personnel available free of charge.

A joint survey is carried out by the parties and will be undertaken on completion of the work. If the survey can be obstructed by subsequent work, it shall be done while work is in progress. The Supplier assumes full responsibility for the survey being carried out within the time limit.

Unless specified in the Special Conditions only the completed work is surveyed, therefore material waste and other necessary extras shall be included in the unit price.

Art. 8. If agreement is reached that payment be made according to specific accounts, the Supplier shall submit weekly reports on working hours and materials used for the approval of the supervisor. The supervisor, nevertheless, has the right to demand that job sheets be handed in on a daily basis.

C. REPRESENTATION AND COOPERATION

§ 8. Owner's Representatives

Alt. 1. The term "Owner's project engineers" covers the engineers representing the Owner under the scope of supply progress. The term "Owner's supervisor" shall cover the engineers, or other personnel appointed by the Owner and entrusted with the supervision of the execution of the scope of supply.

Alt. 2. The supervisor represents the Owner vis-a-vis the Supplier as regards planning and execution of the supply. The supervisor may thus give and receive information on the supply, approve or reject materials or the work, as well as issue instructions for the coordination of the supply of the different suppliers according to their contractual obligations, ref. Article 12.

Alt. 3. The supervisor will be present at the place of delivery/the site or be on call.

Art. 4. The Owner's supervision does not release the Supplier from the obligation to adequately supervise the supply for which he is responsible, ref. Article 10, Sub-article 1.

§ 9. Project Meetings and Site Meetings

Art. 1. The Owner, project engineers or the supervisor will arrange project and site meetings regularly.

Art. 2. After each project/site meeting the Owner will issue a report from the meeting, consecutively numbered. The report from the meeting is binding on the parties, unless objections are made at the next meeting or, if it can be proved that the report is incorrect on the point disputed.

Provided this has been agreed, time limit for objections may be changed. In that case the new time limit for objections shall be stated in the report from the meeting.

Art. 3. The Supplier or his representation are obliged to attend the project/site meetings.

§ 10. Supplier's Staff

Alt. 1. The Supplier shall supervise the supply, personally or through a representative authorized to represent him towards the Owner and the supervisor with regard to the planning and execution of the supply, ref. Article 8, Sub-article 2. The supervisor shall master either Danish, Swedish, Norwegian, English or German, both the spoken and written language.

Alt. 2. The Supplier or his authorized representative shall be present on site or be on call.

Alt. 3. If any one of the Suppliers' or Sub-suppliers' staff by his behaviour causes reason for complaint, in the Owner's judgement, this staff shall immediately be asked to leave the site.

Art. 4. The Owner shall be entitled to disburse on the Supplier's account any substantiated wages due, provided that this is required in order to avoid discontinuation of work.

§ 11. Supplier Residing Abroad

Art. 1. If the Supplier resides abroad or takes up residence after the conclusion of the agreement, he shall nominate a person residing in Denmark who, on the Supplier's behalf, can be summoned for expert appraisal or arbitration, ref. Articles 30 and 31.

Art. 2. If the person referred to in Article 1 is not named in the tender, the summoning for expert appraisal or arbitration shall be made by registered mail to the Supplier's registered business address.

§ 12. Cooperation with Other Suppliers

Alt. 1. The lay-out of the site shall be organized in consultation with the Owner and accordance with the general layout of the building site.

Art. 2. The Supplier shall, both in the progress phase and during execution, cooperate with other suppliers and shall in due time negotiate with project engineers/supervision in such a manner that errors and delays, which might arise through lack of cooperation between suppliers, are avoided.

Alt. 3. The Supplier is responsible for continuous clearing and tidying of the site.

D. TIME LIMITS

§ 13. Observing the Time Schedule

Alt. 1. The entire supply shall be completed within the limits stipulated in the time schedule. The Supplier is obliged to follow and contribute to the planning prepared by the Owner and continuously up-dated in co-operation with the other suppliers.

Art. 2. As soon as the Supplier has entered into a contract with the Owner, the former shall conclude the necessary agreements with sub-suppliers, if any, and he shall, if required, document the conclusion of said agreements to the Owner.

Art. 3. In accordance with the work schedule the supplier shall submit relevant data and technical information to the Owner, including i.a. layout plans and load plans, power consumption charts, process diagrams, control and functional diagrams for his own scope of supply and those of any sub-supplier. The information is submitted on a continuous basis and in good time, in order not to delay the planning of the Owner.

§ 14. Supplier's Extension of Time Limits

Art. 1. The Supplier can, with the necessary documentation, claim extension of the time limits in the following cases:

- a) Changes in the scope of supply ordered by the Owner, where such changes involve delay of the supply.
- b) Delayed supplies or services furnished by the Owner or which the Owner has entrusted to other suppliers.
- c) Serious interruptions with regards to the progress of the supply arising without any fault on the part of the Supplier as a consequence of circumstances beyond his control, such as war, damage by fire, strikes, lock-outs or natural disasters.
- d) Where the supply is stopped or delayed as a consequence of orders issued by public authorities, which cannot be attributed to the Supplier's circumstances.

Art. 2. The Supplier, however, shall endeavour to avoid or limit delays through such measures as can be reasonably expected. The Owner may choose to expedite the work by paying the extra, documented, costs, instead of granting an extension of the time limit.

Art. 3. The Supplier shall inform the Owner in writing, without delay, whenever he believes he is entitled to a time limit extension, and upon request he shall substantiate that the circumstances referred to actually entitles him to an extension.

Art. 4. The Supplier shall in any case advise the Owner or his supervisor as soon as possible where he deems that he is unable to start, expedite or complete the scope of supply in accordance with the time schedules. All deviations shall be minuted.

§ 15. Owner's Extension of Time Limits

Art. 1. The Owner is entitled to a similar time limit extension in receiving the supply as stated in Article 14, Sub-article 1, c) and d), as well as in case of unusual weather conditions. The rules in Article 14, Sub-article 3 on notification and proof of delay are also applicable for the Owner.

Art. 2. Owner's delay in receiving the supply does not entitle the Supplier to withdraw from the agreement. Please refer to Article 19, Sub-article 2 for details of refunding.

E. FINAL HAND-OVER

§ 16. Final Hand-Over Procedure

Art. 1. The Owner shall arrange a final hand-over meeting at the Supplier's request and a final hand-over document is drawn up in which deficiencies, if any, are listed.

Art. 2. Conditions for Final Hand-over are stipulated in the Special Conditions. Unless otherwise specified the Final Delivery cannot take place until the plant has been tested and commissioned, all documents have been received by the Owner and a final hand-over meeting successfully concluded.

Art. 3. The Owner, however, cannot refuse acceptance if the scope of supply has only minor deficiencies. A deficiency is always considered major if the deficiency impedes the start-up or the procurement of another supply or the operation or use of that part of plant, which falls within the scope of supply.

If major deficiencies are established, the scope of supply is not considered completed until the Supplier has informed the Owner that the deficiencies have been rectified and a new final hand-over procedure has been satisfactorily concluded. The owner may retain a certain amount from the last payment as security for execution of remedial works.

Art. 4. For remedial work, please refer to the provisions in Article 22.

F. RESPONSIBILITY, RISK AND INSURANCE

§ 17. Main Rules Applicable to Owner and Supplier

Art. 1. Both parties - subject to modifications which might follow from the provisions of these General Conditions - shall be mutually responsible for any costs relating to the supply which has been put to one party through errors or negligence by the other party.

§ 18. Supplier's Responsibility for Delays

Art. 1. The Supplier is responsible for delays in cases where the responsibility rests with him, e.g. where the Supplier, according to the stipulations in Article 14 is not entitled to a time limit extension. This applies to time limits in the project progress phase as well as during the execution, ref. Article 5, Sub-article 1-3.

Art. 2. A penalty or other special sanctions in connection with the Supplier's delay shall be noted in the Tender Document or in the Special Conditions.

Art. 3. If a penalty has been agreed or other special sanctions imposed on delay, no claims for damages for delays can be raised exceeding the amount of the agreed compensation.

Art. 4. If no penalties or other special sanctions have been agreed, the Supplier will be held liable for any loss incurred in accordance with the general rules on delays in Danish Law.

Art. 5. When a penalty has been agreed and a supplier exceeds the time limits or final dates subject to penalty in accordance with the tender specified time schedule/work plan, the Owner shall be entitled to make deductions in the said supplier's claims of amounts equal to the penalty stipulated in the Tender Invitation or in the Special Conditions. Payment of a penalty does not affect the supplier's obligation to pay a penalty for exceeding a later time limit.

Art. 6. Unless otherwise specified, the penalty is calculated for each calendar day the Supplier is delayed. Where the compensation is fixed as a percentage of the order amount, this percentage shall be calculated based on the order amount including price increases, excluding VAT.

§ 19. Owner's Responsibility for Delays

Art. 1. The Owner is obliged to repay a Supplier any additional established expenses, where the Supplier has suffered delay in circumstances caused by the Owner or another Supplier, and the delay does not entitle the Owner to time limit extension, ref. Article 15.

Art. 2. The supplier's demand for a refund shall be submitted to the Owner as soon as possible and no later than two weeks after the event, which in the supplier's view entitles him to a refund, has been or should have been ascertained.

§ 20. Liability and Risk During Execution

Art. 1. Until final hand-over, the Supplier bears the risk for all parts of the scope of supply, ref. Article 16, and the Supplier shall maintain the scope of supply until Final Hand-over.

The Owner however, bears the risks in connection with fire and storms for the part of the supply situated at the Owner's site.

Att. 2. Pursuant to the general provisions of Danish Law, the Supplier is responsible for damage done to third parties or to the Owner by himself, his personnel or hired equipment.

Att. 3. If the supplier's sub-suppliers causes physical damage to the Owner's property in connection with the sub-supplier's fulfilment of the contract, the responsibility to the Owner of such damage rests with the supplier.

Art. 4. During execution, each Supplier is responsible that provisions for protection of staff, applicable to his work, are observed, and that the instructions by the Danish Working Environment Service are carefully observed.

Art. 5. The Owner cannot be held responsible for damage done by suppliers to supplies, equipment or materials belonging to other suppliers.

§ 21. Insurance

Att. 1. It is the responsibility of each Supplier to insure against fire as well as damage to machinery, scaffolding, tools, tool sheds and other equipment belonging to him or used by him or his employees. This rule applies irrespective of whether or not the Owner has taken out an all-risks policy.

Art. 2. Where the Owner has taken out an all-risk insurance, this is indicated in the invitation to tender, and Articles 3-4 apply. If no all-risk insurance has been taken out Article 5 comes into effect.

Att. 3. Where the Owner has taken out an all-risk insurance for the entire project, all suppliers are covered under that policy. The insurance may also be combined with a third party liability insurance. If this is the case, the cover of the third party liability insurance will be subsidiary in comparison with the third party liability insurance of the individual suppliers. The insurance terms are enclosed with the Tender Documents or shall be forwarded to the supplier if requested. In any case the supplier is responsible for familiarizing himself with a possible own risk.

Art. 4. It is the responsibility of the individual suppliers to take out a third party risk cover for marine and aircraft to the extent marine and aircraft are used as working

equipment. Marine craft, not self-propelled, are covered by the third party clauses of the insurance policy.

Art. 5. It is the duty of the Supplier to take out an adequate third party liability insurance to cover damage done to third party or to the Owner by himself, his personnel or hired equipment to third parties or the Owner. The Supplier shall, if requested, document that a policy has been taken out and that premiums have been paid.

§ 22. Remedial Work

Art. 1. The Supplier is obliged to act upon and rectify, within reasonable time limits established by the Owner, any deficiencies detected on final hand-over, ref. Article 16.

If remedial work ordered by the Owner has not been completed within the fixed time, or if the deficiencies have to be rectified forthwith, the Owner is entitled to have them rectified at the cost of the Supplier.

The Owner can exercise the same rights where, for operational and safety reasons, similar action is required.

Art. 2. If a supplier has caused damage to work, executed by other suppliers, the Owner has a right to claim that the supplier in question uses a different supplier to rectify the damage. Alternatively the owner may himself make an agreement with a different supplier for rectification at the cost of the supplier, who caused the damage.

Art. 3. If the character of the deficiencies is so serious that they cannot be rectified within the conditions of the scope of supply, the Owner is entitled to cancel the order, or to claim replacement for the delivery. Specifications of important data regarding the supply - and how they are measured - are often given in the special conditions.

Art. 4. If the agreement is cancelled the Owner and Supplier shall return what has been received. Furthermore, the Supplier is liable for damages in accordance with Danish legal practice for losses sustained by the Owner.

Art. 5. The Owner shall in the case of cancellation or redelivery be entitled to utilize the delivery until another delivery is procured and commissioned. In such cases the Supplier shall receive compensation for the Owner's utilization.

Art. 6. The Supplier shall not be liable for operational losses and loss of profit in connection with responsibility for remedial work.

Typical operational losses and losses of profit are loss of production, loss of rent and claims for damages from the Owner's customers. Expenses for repairing physical damage, e.g. expenses for repairs, changes, cleaning etc. or expenses to prevent or limit such damage can never be included under loss of profit.

§ 23. Guarantees

The Supplier guarantees the scope of supply as follows (note: guarantee data apply without tolerance, unless otherwise agreed in the Basis of Agreement):

Att. 1. The Supplier guarantees the quality and suitability of all materials supplied, the execution of the work, and the correct functioning of the complete supply. In addition to above-mentioned material and construction warranties, and anything else implied in the foregoing, the Supplier is responsible for the observance of own specified technical data, and other information submitted.

Att. 2. The guarantee period is fixed at 2 years, unless otherwise specified in the Special Conditions. The guarantee period commences after hand-over of the entire supply.

Art. 3. The guarantee implies that the Supplier has the duty, at no cost to the Owner

- to remedy all deficiencies ascertained,
- to undertake redelivery, if the deficiency cannot be remedied in order to guarantee the operational and capacity demands agreed for the supply,
- to pay damages for actual losses, however, with the exception of operational losses and loss of profit, ref. Article 22, Sub-article 6.

Art. 4. The Owner shall, furthermore, be entitled to cancel the agreement in accordance with the ruling principles of Danish Law.

Att 5. Where the Owner intends to refer to the Supplier's liability under Articles 1-4 hereof, he shall in a written notice to the Supplier fix a reasonable time for remedy or redelivery. After the expiry of the time limit, the Owner has the right to have the deficiency rectified or redelivered by another supplier at the cost of the Supplier in question. Where the deficiencies require immediate remedy, the Owner, in the absence of the Supplier, is entitled to carry out the remedy at his cost. The Owner is similarly entitled, if this is necessary for operational or safety reasons. The Owner can only invoke deficiencies if he has notified the deficiencies to the Supplier within a reasonable time limit after he has, or ought to have, discovered the deficiency.

A.tt. 6. If the deficiencies require remedial work, the guarantee period for the parts of the work concerned shall commence from the time such work has been completed and written notice hereof has been given to the Owner.

Att. 7. The Supplier shall not be liable for normal wear on material or for deficiencies arisen if the supply has not been used or kept in repair according to approved operation and maintenance instructions.

§ 24. Post Guarantee Period

Art. 1. After the expiry of the guarantee period the Owner shall be entitled to refer only to such deficiencies as he could not have discovered through a customary and reasonable inspection of the delivery in the guarantee period (hidden deficiencies).

Art. 2. On hidden deficiencies the Owner is entitled

to demand remedial work,

to claim damages for losses suffered, however excepting operational losses and loss of profit, ref. Article 22, Sub-article 6.

Art. 3. The responsibility of the Supplier is limited to 5 years after expiry of the guarantee period.

G. CANCELLATION OF CONTRACT

§ 25. Due to Delay or Neglect

Att. 1. If, during execution of the delivery, delays occur to such an extent that the Supplier's keeping of a sanctioned time limit or the completion of the delivery will be significantly delayed, the Owner is entitled, after prior written notice has been given in vain, to remove the contracted delivery or parts of it from the Supplier concerned and to arrange for such work to be completed at the cost of the Supplier. However, please refer to Article 14, Sub-article 1. The Owner shall have the same right if the delivery under contract is neglected in an undue manner.

Art. 2. If the contract with the Supplier is cancelled, the Owner shall be entitled, to the extent necessary and in a suitable manner to use any materials, components and equipment belonging to the Supplier against a reasonable payment which shall be credited to the Supplier.

Art. 3. Prior to commencement of work by the new supplier, the Owner shall take steps to ascertain the extent of the work done and, in the case of disagreement, the quality of such work, in which connection the Supplier shall be given an opportunity of protecting his own interests.

§ 26. Supplier's Bankruptcy

Art. 1. In case the Supplier stops his payments, negotiations for a composition are opened or he is declared bankrupt, the Owner can cancel the contract without notice by informing the estate in writing.

Alt. 2. If the estate of the Supplier with reference to the provisions of the Bankruptcy Act (Chapter 7), can take over as a party to the contract, the Owner may demand that the estate, within 1 week from receipt of the request, decides whether or not it wishes to become a party in the agreement.

H. FINANCE

§ 27. Supplier's Performance Bond - Prepayments

Alt. 1. The Supplier shall furnish a performance bond as security for due performance of his obligations to the Owner.

This performance bond shall be furnished no later than upon entering into the agreement (placing the order) and in a bank or similar financial institution subject to approval by the Owner, please refer to Appendix 1.

Art. 2. The performance bond corresponds to 10% of the order sum. The Owner may require the performance bond to be subject to adjustment in case of price increases and additional work. VAT is not included.

Art. 3. The guarantee shall be given as payable on demand within 10 calendar days upon request of the Owner.

Art. 4. The performance bond not bear a specific date of expiry, but shall run until the expiry of the guarantee period after which it shall be released by the Owner upon written request from the Supplier. The request of the Supplier may be submitted no earlier than 6 weeks prior to the expiry of the guarantee period.

Art. 5. Prepayments are payments for work not yet executed on site.

Art. 6. Prepayments can be made on the condition that the supplier grants a guarantee payable on demand (ref. Appendix 2). The guarantee can only be released when works corresponding the prepayment have been executed on site.

§ 28. Payment

A11. 1. Payment shall be effected in accordance with the schedule of payments as stated in the agreement.

Art. 2. On the dates stated in the schedule of payments the Supplier submits his request for payment to the Owner in the form of an invoice. Payment hereafter will be made no later than 4 weeks after receipt of invoice. Invoicing can never be performed prior to the execution of the work in question and never earlier than the dates stated in the schedule of payments.

Art. 3. On the request of payment (the invoice) the Supplier shall calculate any regulations of prices or exchange rates agreed upon, with so many decimals that the ensuing inaccuracy is negligible.

Art. 4. If there is no agreement on payment according to the foregoing rules, the Supplier can, once a month, submit a request for payment in the form of an invoice of an amount on account for work performed and supplies delivered. After that he will be paid, within 4 weeks, the amount for which it is recognized that he has supplied materials under contract, performed work and delivered supplies on the site. The Owner is, however, entitled, until Final Hand-Over has taken place, to retain 10% of all payments on account, as security for satisfactory execution of the complete delivery under contract.

Art. 5. In case of disagreement in regard to the final settlement of accounts, the amount agreed by the parties to be due to the Supplier shall not be retained by the Owner.

Art. 6. Work and services, that form no part of the schedule of payments agreed, shall be invoiced separately.

Art. 7. No later than 4 weeks after Final Hand-Over has taken place, the Supplier shall submit a final and comprehensive statement of accounts to the Owner showing also receivables covering all additional work. After its submission he cannot raise further claims. If the statement has not been dispatched within 3 months after Final Delivery, the Supplier forfeits the claim to payment for additional work carried out as invoice work and for wage- and price increases.

Art. 8. The amount due to the Supplier bears interest from the latest due payment date with a rate of interest in accordance with the Danish law of interest.

§ 29. Ownership of Materials and Supplies

Art. 1. Any materials and supplies earmarked for the delivery under contract shall be delivered without any reservation in regard to the property therein, and shall, on site delivery or when identified as belonging to the Owner, be the property of the Owner.

I. DISPUTES

§ 30. Expert Appraisalment

Art. 1. The Owner and the Supplier may, in the case of dispute or where it becomes necessary to establish proof of some matter, submit the supply or a part thereof for expert appraisalment.

Art. 2. Such experts of appraisal are appointed by the Court of Arbitration for Building and Construction .

Art. 3. The parties shall comply with the rules stipulated by the Court of Arbitration for Building and Construction for the office of experts of appraisal.

§ 31. Arbitration

Art. 1. Any dispute between the Owner and Supplier arising out of the agreed contract shall be referred to the Court of Arbitration for Building and Construction, whose decisions shall be final and binding on the parties.

Art. 2. The Court of Arbitration shall take action at the request of the Owner or the Supplier. The parties shall abide by the rules stated for the activities of the Court.

Art. 3. If the Owner is sued in relation to the scope of supply at the ordinary courts of law, disregarding the stipulations in Articles 30 and 31, the Owner may include the Supplier in such an action.

PERFORMANCE BOND

(Bank or Insurance Company)

hereby confirm that we keep at the disposal of

(Name of Owner)

payable on demand and with no further legal action or any other prejudice, an amount of no more than DKK

Write: Danish Kroner _____ as a security for (Name of Owner) that (Name of Supplier) will fulfil their obligations in accordance with order no. _____ of the _____ for _____

including any later changes and additions.

This performance bond will be running until it is released by the owner. The bond will be released after written application from the supplier, when it has been determined at the expiry of the guarantee period that the supply has been handed over without faults.

The present performance bond will be payable to the owner within a period of 10 days without any legal action and only against the owner's written demand.

Conditions in relation to present performance bond, including objections or demands for action for recovery of payment from

(Name of Supplier)

or

(Bank or Insurance Company)

will be settled in accordance with Danish Law by the Court of Arbitration for Building and Construction.

(Date)

(Company Stamp and Signature)

ADVANCE PAYMENT BOND

(Bank or Insurance Company)

hereby confirm that we keep at the disposal of

(Name of Owner)

payable on demand and with no further legal action or any other prejudice, an amount of no more than DKK

Write: Danish Kroner _____, as a security for (Name of Owner) repayment of prepaid amounts in case (Name of Supplier) do not fulfil their obligations in accordance with order no. _____ of _____ for _____

The guarantee is irrevocable until it is released by (Name of Owner).

Present bond will be released after written application from (Name of Supplier), when values corresponding the prepayment are available on site.

Payment will be made on demand to (Name of Owner) no later than 10 days after receipt of written demand.

Conditions in relation to present advance payment bond, including objections or demands for action for recovery of payment from (Name of Supplier) or (Bank or Insurance Company) will be settled in accordance with Danish Law by the Court of Arbitration for Building and Construction.

(Date)

(Company Stamp and Signature)