

TESS general conditions of purchase

1 Conditions and Acceptance

1.1 The General Conditions of Purchase shall apply to sales of goods and services to TESS unless other agreed in writing. Norwegian law including Kjøpsloven shall apply for the parties rights and obligations.

2 Quotations and offers

2.1 The Supplier quotes to TESS free of charge. Any deviations from the inquiry documents shall be clearly stated in the quotation.
2.2 TESS has the right to accept any of a number of quotations, or reject all of them.

3 Purchase Order (PO)

Only written Purchase Orders will be accepted and binding to TESS. Telephone orders shall be confirmed in writing in order to be valid.

4 PO Confirmation

4.1 The Supplier shall return the PO Confirmation to TESS immediately. Otherwise, TESS has the right to abandon the agreement.
4.2 PO confirmation shall apply TESS PO number, delivery address, delivery date, price, discount and net price, quantity delivered and all additional costs.
4.3 TESS PO and acceptance of the PO Confirmation are binding only if the Supplier has accepted these General Conditions of Purchase and the specific terms included in the PO.
4.4 If the Supplier PO Confirmation deviate in price and/or time of delivery compared to TESS's PO, the agreement is valid only when TESS accept in writing the altered conditions.

5 Price

5.1 The price in the PO shall be firm, exclusive of VAT.
5.2 The price includes suitable transport packaging and all-risk insurance up to the agreed point of delivery. See article 9.
5.3 For deliveries on account, TESS reserves the right to evaluate the invoiced price.

6 Terms of payment

6.1 TESS general terms of payment are net per.90 days or – net per. 15 days - 2% discount from receipt of correct invoice.
6.2 When goods are delivered prior to the time of delivery stated in the PO, the terms of payment will start to run at the stated time of delivery.

7 Packing list

7.1 All goods shall be marked in accordance with packing list and the specific terms in the PO. The packing list shall state TESS PO number, name of the purchaser, transportation mode, marking of the goods, number of packages, contents, weight, date of shipment, lot-number, and TESS article-number (if given in the PO).
7.2 The goods and delivery notes shall be marked with TESS product number, volume and bar codes which show product number and volume for TESS. TESS can supply the Supplier with the correct labeling.
7.3 The delivery notes following the goods shall be in one place and clearly indicate in which box the delivery notes are placed. There shall be a minimum of one delivery note per pallet.
7.4 Suppliers, who do not mark products, other specified labeling or do not deliver on the correct pallets, must expect that TESS will require a fee to cover the additional costs of labeling, handling etc.
7.5 Copy of packing list shall be send electronic to TESS when goods are shipped.

8 Invoice

8.1 One original invoice shall be issued, and shall refer to one PO/packing list.
8.2 All invoices shall be marked with the PO number, TESS article-number (if given in the PO), the Suppliers article-number, unit and price according to the PO, currency, lot-number, name of the purchaser, whether all the certificate requirements are met and due date of the invoice on the first page.
8.3 Invoices without the information stated in article 8.2 are considered incomplete and will be returned to the Supplier. Payment will be postponed according to article 6.1. TESS reserves the right to withdraw NOK 250.-for each incorrect invoice.
8.4 If certificate requirements and/or other required documents are specified in the PO, these shall be mailed/faxed separately to the

purchaser. One copy of the documents required shall accompany the goods. These documents are essential to the goods delivered, and the delivery will not be considered completed until the required documentation is received and approved. In case of breachment of article 8.4 payment will be postponed according to article 6.1

8.5 The SUPPLIER is not allowed to charge TESS any fees (such as billing fees etc), that are not pre-agreed in writing.

9 Delivery

9.1 Delivery terms are DDP, Delivered Duty Paid, according to the latest version of Incoterms.
9.2 The goods shall be properly packed and marked, and shall be delivered at the time and place agreed upon. In case of transport damages the Supplier will be held liable for any insufficient packing.
9.3 The place of delivery shall be according to the specific terms in each PO. If nothing else is agreed upon in writing, the latest edition of the INCOTERMS will apply.
9.4 When pallets are used delivery shall be on Euro pallets, alternatively shipping pallet that are adapted to the products and can be reused. Pallets which can only be used once are not accepted.
9.5 If wooden packaging material is used, please secure that it is according to ISPM No. 15 regarding heat treatment etc.
9.6 If installation by the Supplier is agreed upon, or functional testing is a part of the delivery, the delivery is only considered completed when TESS has accepted the delivery in writing.
9.7 Deliveries not according to the quantity specified in the PO shall not be made without the written approval of TESS.
9.8 Suppliers, who do not mark products, other specified labeling or do not deliver on the correct pallets, must expect that TESSs will require a fee to cover the additional costs of labeling, handling, etc.

10 Quality Assurance – Inspection – Control – HES

10.1 The Supplier shall have a satisfactory quality assurance system and a system for HES suitable for the PO. Supplier of products that will be a part of TESS's end products shall have ISO9000:2000 or a corresponding quality assurance system. TESS reserves the right to approve the systems based upon an audit of the Supplier.
10.2 The Supplier shall assure that all materials that are used in production or all processes fulfill the HES regulations that are in force in the countries for production and sale.
10.3 The Supplier shall assure that all deliveries/products meet the requirements describe in EU's chemicals list.
10.4 TESS, or its representative(s), shall have the right at any time to make a reasonable investigation and inspection at the Suppliers and/or their subcontractors facilities. This is to assure that the delivery is executed in accordance with the quality system agreed upon, and according to the specific PO. The Supplier is obliged to assist in carrying out such an inspection at no additional cost. TESS may also demand test records, material certificates and calculations presented.
10.5 The SUPPLIER shall provide documentation of quality testing confirming SUPPLIERS Quality Control system for the production process. This by delivering reports, documented on the product or together with the products on request. SUPPLIER shall execute a root analyze regarding every deviation/findings and document corrective actions. Root analyze shall be done internal or in cooperation with TESS.
10.6 If the audit discovers that the workmanship is insufficient, or in any other way unsatisfactory, the Supplier shall immediately carry out the necessary improvements or follow the directions of TESS's inspector. The Supplier will cover the cost of these improvements and inspections.
10.7 The quality assurance inspection does not relieve the Supplier from any risks and responsibilities concerning the execution of the PO.
10.8 TESS's incoming inspection is deciding the contractual fitness of the goods at the delivery. See article 11.
10.9 When incoming inspection is performed at the Supplier's premises, the Supplier is required to notify TESS in writing in reasonable time before the inspection takes place.
10.10 When chemical goods or products are delivered, the Supplier is responsible for registration and maintenance of Safety data sheet in ECO online system in Norwegian and covers the cost for this.

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11 Acceptance, Defects and Claims

- 11.1 Transfer of the title occurs when the goods have arrived at TESS's premises, and TESS has had the opportunity to inspect that the delivery is in accordance with the PO.
- 11.2 The delivery shall meet the specifications in the PO, including the performance and consumption figures agreed upon, and shall not have defects of any kind. Furthermore, the technical performance shall conform to what modern techniques can require with reference to design and first class workmanship. Important spare parts shall be available throughout the life of the goods, limited upwards to 10 years. Use and possible resale of the goods shall not disagree with public regulation, legislation, third party patents or other immaterial privileges. If TESS has inspected the goods prior to delivery, or the Supplier has sent drawings, goods or samples for inspection, this does not limit the Supplier's responsibility for shipping according to his contractual obligation.
- 11.3 TESS shall inspect received goods within reasonable time after delivery. TESS is not obliged to inspect the goods before it has arrived at the place of use, and not before the instalment is completed. TESS's obligation to inspect the goods applies similarly when the Supplier has completed the improvements.
- 11.4 TESS shall submit a written complaint within reasonable time after a defect is discovered. The deadline for claims is minimum 24 months after accepted delivery. For replaced or repaired parts, an equivalent period runs from the day the parts were replaced or repaired. The deadline for claims will not run as long as the machine is inoperative due to necessary improvements to meet the contractual obligations.
- 11.5 If defects occur within the deadline for claims, the Supplier shall immediately, or later if the Supplier has a legitimate reason to demand such an extension, repair the defects. This shall be done without any costs for TESS.
- 11.6 If the Supplier cannot perform what is necessary to meet the contractual obligations within reasonable time, TESS can it self or with help of others take the actions necessary at the cost and risk of the Supplier. The same rule applies if it will lead to considerable inconvenience for TESS to wait for the Supplier's repairment. In such cases the Supplier shall be notified immediately.
- 11.7 If the delivery has defects that are not fully repaired according to the rules above, TESS shall be entitled to a deduction in price.
- 11.8 If the delivery has material defects that cannot be repaired within reasonable time, TESS has the right to terminate the contract and demand to be reimbursed for it's direct costs. The same rule applies if the delivery has material defects that are not repaired within reasonable time.
- 11.9 Any direct losses TESS incurs due to defects shall be compensated by the Supplier.

12 Late deliveries /Liquidated Damages

- 12.1 The Supplier is required to notify TESS in writing immediately if there is any reason to believe that the time of delivery agreed upon can not be met. Such notification shall state the reason as well as the probable length of the delay. The Supplier is responsible for direct losses that TESS suffers.
- 12.2 If the delivery has not taken place at the time agreed upon, TESS has the right to cancel or uphold the PO. Contracts customized deliveries for TESS based on TESS's specifications, which the Supplier cannot use in other ways without substantial losses can only be terminated by TESS if the delay constitutes a material breach of contract. When the maximum fine is reached, the buyer may terminate the contract independently of reason. If the goods have defects that make the goods not fit for the intended purpose, the rules for late deliveries apply.
- 12.3 In case of delays, Liquidated Damages shall be payable of 2% of the total amount of the PO per calendar day, or minimum NOK 1 000,- per calendar day, until the delivery has taken place or TESS terminates the contract. Liquidated Damages shall nevertheless not exceed 10% of the total PO amount. The total PO amount is the amount in the main PO including all possible additional PO's marked with the same order Number. The Liquidated Damages will not apply if the Supplier can prove that the late delivery is caused by force majeure. In case of a force majeure plead, a certified declaration must be presented. If the Supplier disregards this, he cannot use the plead as a reason for late deliveries in the future, and the fine applies even when force majeure reasons are factual.
- 12.4 Certificates and/or other documents specified in the PO are a part of the delivery. When late deliveries occur, article 12.3 applies.
- 12.5 Direct losses due to delay shall be compensated even if Liquidated Damages has applied according to 12.3 Any Liquidated Damages applied will be deducted from the compensation.

13 Insurance Documentation

- 13.1 Upon TESS request, the Supplier will hand over original insurance certificates including the conditions of the requested insurance according to the agreement.

14 Warranties

- 14.1 The Supplier warrants against defects and deficiencies for a period of 24 months after the transfer of title (according to article 11), unless the warranty is extended according to article 14.4 below, or in accordance with other legislation.
- 14.2 Should defects or deficiencies occur or be proven within the warranty period, the Supplier shall upon notice by TESS correct these as soon as possible without any cost to TESS by:
- Repairment on site if possible, or
 - Repairment on an assigned place, or
 - Replacement of the delivery.
- This shall be at the Suppliers cost and risk.
- 14.3 If the Supplier does not repair or replace the goods within reasonable time, TESS can correct or replace at the cost and risk of the Supplier. The same rule applies if TESS due to its time of delivery or other reasons cannot wait for the fulfilment of the contract by the Supplier. Repair or purchase from another company does not relieve the Supplier, and articles 14.1 and 14.2 apply in full.
- 14.4 When TESS has a claim according to article 11, the warranty will be extended to 24 months after TESS has accepted the repair or replacement or a purchase from another vendor has occurred according to article 11.
- 14.5 This warranty does not in any way limit TESS the right to enforce breach of contract based on other legislation.

15 Property of the buyer

- 15.1 All documentation with reference to certificates, drawings, instructions, e.g. specified in the PO are a part of the delivery, and the property of TESS.
- 15.2 Drawings, product descriptions and other information that TESS has supplied to the Supplier are the property of TESS, and shall not be given to a third party or used for other purposes than fulfilling the contract between the Supplier and TESS.
- 15.3 For PO's were TESS pays the cost of tooling, the tooling will be the property of TESS. The Supplier shall make a directory of the specific tooling included in the PO, and mark the tooling properly. The Supplier shall not use these tools in production for a third party without the written consent of TESS.

16 Confidentiality

- 16.1 Sensitive information in descriptions, patterns, models and alike that the Supplier has received from TESS in connection with the execution of the delivery shall remain confidential and not be copied or used for any other purposes than the execution of the contract. The Supplier is responsible for any loss that TESS may suffer as a result of breach of these obligations. If required, the Supplier shall without delay return all documentation to TESS.
- 16.2 Without TESS's written consent, the Supplier shall not issue any press release, publish, announce or in any way advertise in connection to the PO received or use the TESS name or brand.

17 Indemnification – Immaterial rights

- 17.1 The Supplier warrants that TESS can own, use and sell the goods delivered, and that patents or any other immaterial rights do not prevent this.

18 Applicable law and legal venue

This agreement and any dispute arising out of the agreement shall be resolved according to the national law of TESS. By national law is meant the law of the country in which TESS is registered.

Legal venue shall be the domicile of TESS. The Supplier accepts Drammen vernetting as legal venue.