

# HÖEGH LNG FLEET MANAGEMENT AS

## GENERAL TERMS OF PURCHASE

25.06.2018

### 1 OFFER AND PURCHASE ORDERS

- 1.1 The Vendor shall give all offers free of charge. All divergences from the inquiry documents must be explicitly specified.
- 1.2 HÖEGH LNG FLEET MANAGEMENT AS (“HLFM”) has the right to accept every offer or reject each and all offers.
- 1.3 Purchases made by HLFM are as agent for the Owner of the vessel named in the Purchase Order.
- 1.4 Any Purchase Order sent by electronic means shall be regarded as signed by HLFM on behalf of the vessel’s Owner.

### 2 CONFIRMATION OF PURCHASE ORDER

- 2.1 All correspondence regarding reference to HLFM Purchase Orders shall contain our PO number. Correct format on PO is e.g. PO 13/123-STFR.
- 2.2 The Vendor to confirm the Purchase Order in writing latest 3 business days after the Purchase Order has been received (the “PO Confirmation”). The PO Confirmation shall contain the total price (the “Purchase Price”), the price per commodity and the delivery date (the “Delivery Date”).
- 2.3 If the Vendor confirms a Purchase Order received without Purchase Price, HLFM reserves the right to consider the PO Confirmation as an offer up to 24 hours after receipt of the PO Confirmation. Any divergences from the Purchase Order must be explicitly specified; otherwise HLFM may cancel the Purchase Order. If not confirmed, HLFM has the right to cancel the Purchase Order.
- 2.4 The prices given in the Purchase Order and the PO Confirmation are fixed and cannot be altered, unless agreed in writing.
- 2.5 By issuing the PO Confirmation, the Vendor agrees to these general terms of purchase without any reservations. Vendor’s conditions are not accepted unless agreed to in writing by HLFM.
- 2.6 The PO Confirmation and these general terms of purchase are hereinafter referred to as the “Contract”. In case of any discrepancy between the provisions of these general terms of purchase and the PO Confirmation, the latter shall prevail. 2.6 “Deliverables” shall mean all goods, services and documentation, as appropriate, to be delivered by the Vendor pursuant to the Contract.
- 2.7 Suppliers, including agents, lobbyists and intermediaries, are required to comply with HLNG Supplier of Code, Attachment A (SCoC), being accountable for ensuring that their sub-contractors, subsidiaries and associated companies are informed and comply with the SCoC.

### **3 PACKING, INSURANCE AND DELIVERY**

- 3.1** Prices include all required packing and protection for shipment by air or ship according to shipping practice.
- 3.2** The Deliverables shall be individually packed for each Purchase Order, properly labelled with complete Purchase Order number and name of vessel in English.
- 3.3** Packing lists shall contain all necessary data regarding marking, contents, number of packages, units etc.
- 3.4** The Vendor shall take out at its own expense cargo insurance covering 110% of the Purchase Price. The insurance shall not expire until the Deliverables have been received at the agreed delivery place provided that HLFM has not found any defects.
- 3.5** The ordered material shall be delivered FCA, FOB or FAS at the time and place stated in the PO Confirmation, unless otherwise agreed in writing. The INCOTERMS version in force when issuing the PO Confirmation shall apply.
- 3.6** Part delivery or split invoicing is not accepted, unless agreed in writing.
- 3.7** For deliveries to be delivered directly to the Vessel, the Vendor is obliged to keep in contact with the Vessel's agent in order to have the correct information about the Vessel's arrival and departure.

### **4 DELIVERY TIME AND CONSEQUENCES FROM DELAYS**

- 4.1** The Vendor shall give immediate written notice if there are reasons to assume that the Delivery Date cannot be met. The notice shall contain the reason for the delay and the approximate delay of the Delivery Date. The Vendor is responsible for the direct and indirect losses, which HLFM suffers, and which could have been avoided if the Vendor had given timely notice.
- 4.2** If the delivery has not taken place at the stipulated Delivery Date, HLFM is entitled to cancel the Contract unless the Vendor can prove that the delay is caused by force majeure. If delayed delivery necessitate more expensive and/or extra means of transportation than anticipated, such extra expenses to be paid by the Vendor, except in cases of force majeure.
- 4.3** In the event of delay or non-delivery, HLFM is entitled to liquidated damages of 0,2% of the total contract amount for each and every day the Delivery Date is exceeded, however the penalty shall not exceed 20% of the Purchase Price. If the delay is caused by gross negligence or willful misconduct on the part of the Vendor or someone for whom it is responsible, HLFM may, at its sole option, instead of the liquidated damages, claim compensation for the losses suffered by HLFM due to the delay.
- 4.4** If the Deliverables have been confirmed for a specific port and delivery has not taken place, HLFM is entitled to instruct the Vendor to deliver at the next port. The Purchase Price to be adjusted in case the amended port price is cheaper.

### **5 REQUIREMENTS, QUALITY AND CONTROL**

- 5.1** The Deliverables shall be in compliance with HLFM's requirements to quality and services, applicable laws and regulations and requirements and orders of relevant certifying agencies (i.e. IMO, SOLAS, classification society, flag state and EU Directives, etc.) at the time of the Delivery Date.

- 5.2** All documentation needed to take on board, install, operate and dispose such as certificates, drawings, etc. specified, shall be considered part of the Deliverables.
- 5.3** The Vendor to prove valid certificates for ISO 9001 and ISO 14001. Alternatively have a satisfactory quality and environmental management system, suitable for the Deliverables. The Vendor shall do their utmost to control and limit their use of non-recyclable natural resources in spare parts and consumables. For goods with limited shelf life and expiration dates, the goods purchased shall have the best possible shelf life and expiration date from that time the delivery of the goods to HLFM has taken place. Safety equipment parts and consumables shall be purchased with genuine parts. HLFM has at all times the right to control the Vendor's and possible sub-contractors and be granted access to their premises to make sure that the delivery is carried out according to the Contract. If at any point in time the execution of the Contract is defective or does not live up to expectation, the Vendor shall without undue delay undertake improvements which are necessary or which the HLFM expects. The Vendor pays for the cost of the improvements and of the control.
- 5.4** Prior to Delivery, the Vendor shall control and ensure that the Deliverables are in accordance with the Contract.
- 5.5** The Vendor guarantees that the Deliverables in all respects meet the requirements of the Contract, and shall in addition be of high quality, incorporating first class workmanship and shall be fit for their intended purpose as stated in, or as may reasonably be inferred from, the Contract.

## **6 TERMS OF PAYMENT AND INVOICES**

- 6.1** Invoice should contain reference to HLFM PO.
- 6.2** Correct format on PO is e.g. PO 13/123-STFR.
- 6.3** All invoices should be in English
- 6.4** Invoice should be A4 portrait
- 6.5** Invoicing address is stated in the purchase order document.
- 6.6** Our company is trading in USD, but we can agree other currency with suppliers if wanted.
- 6.7** If not otherwise agreed, the due date shall be free month + 30 days.
- 6.8** Sales VAT is to be excluded on all invoices for Purchase Orders related to Vessels trading in international waters.
- 6.9** All taxes and duties, bank charges and any other charges payable shall be borne by the Vendor.
- 6.10** If advanced payment is agreed, HLFM shall demand a bank guarantee for the advanced amount.
- 6.11** All expenses in connection with payment of invoices to be for the Vendors account.
- 6.12** If payment is not received within agreed time, Vendor shall contact HLFM accounting department before sending an invoice of interest.

## **7 CHOICE OF LAW AND LEGAL VENUE**

**7.1** The Contract is subject to Norwegian law.

**7.2** Oslo Tingrett (Oslo City Court) shall settle any dispute between the parties in connection with the Contract, unless otherwise agreed in writing.

# **Attachment A**

## **Supplier Code of Conduct**

### **1. Compliance with laws and regulations**

The Supplier shall comply with all applicable local and international laws and regulations. Where the requirements of such laws and this Code differ, or are in conflict, the Supplier shall comply with the highest standard consistent with applicable laws.

### **2. Human rights**

The Supplier shall respect internationally proclaimed human rights, and shall avoid being complicit in human rights abuses of any kind. In conducting its business, the Supplier shall consistently respect the personal dignity, privacy and rights of each individual.

### **3. Forced labor**

The Supplier shall respect internationally recognized principles under the International Labor Organization's ("ILO") core conventions. The Supplier shall not use or tolerate any form of forced, bonded or compulsory labor and shall strictly prohibit any form of slavery or human trafficking. The Supplier shall ensure that all workers are free to leave their employment after giving reasonable notice.

### **4. Minimum age of labor**

The Supplier shall not employ or use child labor. In this Code "child" means anyone under 15 years of age and "child labor" means any work by a child or young person unless it is considered acceptable under the ILO Minimum Age Convention 1973 (C 138). If the Supplier discovers that child labor is used, the Supplier shall address and rectify the situation immediately.

### **5. Discrimination**

The Supplier shall treat employees equally and fairly. The Supplier shall oppose and not tolerate any form of harassment or discrimination, based on race, ethnicity, nationality or other origin, disability, age, gender, sexual orientation, language, religion or any other characteristic where a person is not treated as an individual.

### **6. Employment conditions**

The Supplier shall provide remuneration that meets any national legal standard on minimum wage. The basis on which workers are paid is to be clearly conveyed to them in a timely manner. The Supplier shall secure that working hours are not excessive.

The Supplier shall secure that all workers have written and legally binding agreements of employment setting out employment conditions in a language understandable to the worker.

## **7. Freedom of association and the right to collective bargaining**

The Supplier shall recognize and respect the right of free association and the right to collective bargaining of its employees and/or workers consistent with local laws and regulations.

Where the right to freedom of association and collective bargaining are restricted under national law, the Supplier shall allow workers to influence their work situation.

## **8. Health and safety**

The Supplier shall secure that the workers have a healthy and safe working environment in accordance with local and internationally recognized standards.

## **9. Environment**

The Supplier shall act in accordance with relevant local and internationally recognized environmental standards, and strive to minimize its environmental impact and continuously improve its environmental performance.

## **10. Privacy, confidentiality and data protection**

The Supplier shall respect the privacy of all individuals, and will handle personal data responsibly and in compliance with applicable privacy laws. The Supplier shall also safeguard business information, including confidential and proprietary information relating to HLNG.

## **11. Corruption and other prohibited business practices**

HLNG is firmly opposed to all forms of corruption. HLNG's objective is to compete in the marketplace based on competitive services and prices. Under no circumstances whatsoever, shall HLNG Representatives solicit, receive, accept or agree to receive or accept, directly or indirectly, any financial or other advantage, including bribes (i.e. kick back, side payment, or profit sharing) in connection to a position, office or assignment. It is not required that the improper advantage has influenced a decision or inaction for the advantage to constitute corruption

The Supplier is obliged to report to HLNG's Compliance Officer (e-mail [compliance@hoeghln.com](mailto:compliance@hoeghln.com)) any suspicion they might have about any corruption, fraud or improper conduct in relation to the contract with HLNG.

HLNG expects the Supplier to comply with applicable laws and regulations concerning bribery, corruption, fraud and any other prohibited business practices. The Supplier shall not offer, promise or give any financial or other advantage, favor or incentive to any public official, international organization or any other private third party in connection to a position, office or assignment. This applies regardless of whether the undue advantage is offered directly or through an intermediary.

## **12. Gifts, hospitality and expenses**

Employees of HLNG are prohibited from accepting anything more than modest gifts from Suppliers. Gifts of cash or cash equivalents (i.e. gift cards), are never allowed. Hospitality, such as social events, meals or entertainment may be offered if there is a business purpose involved, and the cost is kept within reasonable limits. Travel expenses for the individual representing HLNG shall be paid by HLNG.

Gifts shall not be offered or received in situations of contract negotiation, bidding or award.

The Supplier shall not, directly or indirectly, offer or give any gifts or hospitality to any third party, including public officials, in order to obtain or retain business or a business advantage on HLNG's behalf.

### **13. Conflict of interest**

Suppliers are expected to disclose to HLNG's Compliance Officer (e-mail [compliance@hoeghln.com](mailto:compliance@hoeghln.com)) any situation that may appear as a conflict of interest, and disclose to HLNG's Compliance Officer if any HLNG director, officer, employee or professional under contract with HLNG may have an interest of any kind in the Supplier's business or any kind of economic ties with the Supplier or its employees.

### **14. Fair competition**

The Supplier shall avoid involvement in any anti-competitive activity or business practice. The Supplier shall comply with all applicable competition laws.

### **15. Money laundering prevention**

The Supplier shall only conduct business with reputable partners involved in legitimate business activities with funds derived from legitimate sources. The Supplier shall comply with all applicable anti-money laundering and anti-terrorist financing laws.

### **16. Sanctions**

The Supplier shall take reasonable steps to ensure that no entity or person subject to United Nations, United States, United Kingdom, European Union or other applicable sanctions laws and regulations is involved in or unlawfully benefits from the Supplier's operations. The Supplier shall also prevent involvement in any transaction or activity prohibited by applicable sanctions law and regulations.

### **17. Violation of the Code**

Breach of the Code may result in actions being invoked against the Supplier, in addition to any contractual or legal remedies. The actions applied will depend on the nature and seriousness of the breach and on the degree of commitment shown by the Supplier. The range of actions available to be imposed on the Supplier includes, but is not limited to, the following:

- Formal warnings: That the continued non-compliance will lead to more severe actions
- Disclosure of nature of breach to all sub-contractors, subsidiaries and associate companies
- Immediate termination of contract, without recourse

The Supplier must maintain all documents necessary to demonstrate compliance with the Code. The Supplier shall allow representatives from HLNG and, if requested, HLNG's customers, full access to its facilities, worker records and workers for confidential interviews.