

GENERAL TERMS & CONDITIONS

1. INTRODUCTION

- 1.1 These General Terms and Conditions (the “**Conditions**”) shall, unless otherwise agreed in writing, apply to purchases made by any company in the Knutsen Group¹ (each a “**Buyer**”), whether or not any reference to the Conditions is made in the respective contract, order or confirmation of order.
- 1.2 Inclusion by the Buyer’s supplier (the “**Supplier**” and together with the Buyer the “**Parties**”) of any terms inconsistent with or in addition to these Conditions are hereby disclaimed and shall have no effect unless accepted in writing by a duly authorized representative of the Buyer.
- 1.3 If not otherwise agreed in writing between the Parties, all purchases made by the Buyer from any Supplier, shall be regulated by the documents listed in item 1-3 below (each a “**Document**”, together the “**Documents**”). The Documents shall have the priority as listed below. In case of any discrepancy or inconsistency between the terms of the Documents, the Document with the highest priority shall prevail.
 1. These Conditions;
 2. a purchase order describing certain details of the purchase, issued by the Buyer (the “**PO**”); and
 3. the Knutsen Code of Conduct, dated 20.02.2023.

2. CONFIRMATION OF PURCHASE ORDER (PO)

- 2.1 The Supplier shall immediately upon receipt, and no later than 2 working days after receipt, confirm or invalidate the PO.
- 2.2 If the Supplier fails to confirm the PO as described in section 2.1, the Buyer shall have the right to cancel the PO without any liability towards the Supplier whatsoever.

3. DELIVERY OF GOODS

- 3.1 The Supplier shall deliver the goods in accordance with the description and/or requirements specified in the PO (the “**Goods**”). All deliveries shall be individually packed for each PO and marked with the Buyer’s PO number and name of vessel.
- 3.2 If the Goods are not described and/or specified in the PO, the Supplier accepts that the Goods shall be of a standard which the Buyer can reasonably expect on the basis of the market standards for good workmanship.
- 3.3 Unless otherwise is agreed in writing between the Parties, the Supplier shall not be entitled to deliver only parts of the Goods, and the Buyer shall not be obliged to perform any partial payments.
- 3.4 The Supplier shall deliver the Goods in safe and secure packaging. All Goods shall be delivered in a packaging designed for storage and further carriage/shipment by the Buyer. All such packaging shall always be deemed to be included in the purchase price agreed between the Parties. All packages shall be properly fumigated and, if necessary, preserved for long-time storage by the Buyer.
- 3.5 Unless otherwise agreed in writing between the Parties, delivery is not complete until the Supplier has provided the Buyer with all necessary documentation, certificates, authorisations and other necessary information relating to the Goods and transportation of the Goods, including but not limited to:
 - sufficient labelling of the package enabling the Buyer to obtain necessary information regarding storing and/or further shipment without opening the packaging;
 - a pro forma invoice attached to the packaging;
 - in case the Goods contain hazardous materials, all required information and certificates related to the relevant hazardous materials; and
 - all necessary technical descriptions and documentation.

4. OWNERSHIP

- 4.1 The goods shall remain the property of the Supplier until delivery is completed in accordance with the Incoterms (as defined in the PO).
- 4.2 Each Party shall bear the risk for any and all damages to the Goods that may occur while the Goods are the property of the relevant Party, cf. clause 4.1. Notwithstanding the foregoing, the Supplier shall be liable for all damage to the Goods which is a consequence of improper or insufficient packaging.

5. DELAY

¹ Knutsen Group – Knutsen OAS Shipping AS, KNOT Management AS and/or their respective subsidiaries.

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- 5.1 Unless otherwise agreed in writing, it shall always be construed as a delay if the Supplier does not deliver the Goods to the Buyer within the time agreed in the PO (“**Supplier’s Delay**”).
- 5.2 The Supplier shall, as soon as practically possible, give the Buyer written notice of any Supplier’s Delay or anticipated Supplier’s Delay.
- 5.3 In case of Supplier’s Delay, the Buyer shall have the right to:
 - (i) claim a daily penalty fee of 0,5 % the purchase price agreed in the PO from the Supplier (limited to a maximum of 10 % of the purchase price), and/or
 - (ii) terminate the purchase.
- 5.4 If a delay is caused by an act or omission on the part of the Buyer (“**Buyer’s Delay**”), the time for delivery shall be extended by a period to be agreed in writing between the Parties, which is reasonable having regard to the circumstances relevant for the Buyer’s Delay.

6. WARRANTIES AND INDEMNITIES

- 6.1 The Goods, and any part thereof, shall be delivered without any defects and/or deficiencies and/or latent defects or deficiencies (“**Defects**”).
- 6.2 The Supplier undertakes to repair and rectify, at its own cost and expense and free of charge to the Buyer, any Defects that is discovered (i) within 12 months (for vessel spare parts), and (ii) within 24 months (for consumables) after delivery in accordance with clause 3 (the “**Guarantee Period**”).
- 6.3 Any Defects shall be notified to the Supplier as soon as possible after delivery, and at the latest within 10 days after expiry of the Guarantee Period. Such notice shall include particulars of the Defects in such detail as can reasonably be expected.
- 6.4 Notwithstanding the above, if the relevant Defects could only be discovered through dry docking of a vessel, notice of such Defects need not be tendered before the relevant vessel is in the dry-dock, but must be tendered before the relevant vessel leaves the dry-dock.
- 6.5 Notwithstanding the above, the guarantee period for Goods preserved for long-time storage shall be the earlier of (i) 12 months after the date when the Buyer takes the relevant Goods into use, or (ii) 24 months after delivery in accordance with clause 3.
- 6.6 If the Supplier is liable for Defects as aforesaid, its obligations shall be as follows:
 - The Supplier shall rectify the Defects or cause the Defects to be rectified or replace the Goods with object(s) of similar or better quality.
 - All rectifications and/or replacement of Goods with Defects shall be made entirely without cost for the Buyer, including but not limited to freight costs for returning the Goods from the relevant vessel (if relevant).
- 6.7 The Supplier further warrants that (clauses 6.1-6.5 shall apply similarly):
 - the Goods are fully fit for its intended purpose throughout the Guarantee Period;
 - the Supplier has all licenses, certifications, etc, required for the trading of the Goods in all respects and in all jurisdictions;
 - the Goods comply with all relevant requirements for the use of the Goods in all relevant jurisdictions, including but not limited to the following regulations:
 - The International Maritime Dangerous Goods Code (IMDG).
 - The 2015 Guidelines for the Development of the Inventory of Hazardous Materials (MEPC 269(68)).
 - Regulation (EU) No 1257/2013 of 20 November 2013 (the EU Ship Recycling Regulation).
 - the Goods have minimum the same durability as can normally be expected of similar objects; and
 - all information that can reasonably be required by a normally prudent buyer is given in order for the Buyer to make a qualified decision before purchasing the Goods.
- 6.8 Each Party shall be liable for any breach of the terms of the Documents made by any members of the Buyer or the Supplier respectively, including but not limited to their employees, subsidiaries, contractors, sub-contractors (at any level) and agents.
- 6.9 Both Parties shall indemnify and hold the other Party harmless against any indirect loss, including but not limited to loss of production, loss of profit or any other consequential economic loss, except if such loss is a result of gross negligence or wilful misconduct by the respective Party.

7. TAXES AND VAT

- 7.1 For Goods bought for vessels in international trade, the Supplier shall not invoice the Buyer for any VAT.

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- 7.2 In case of Goods bought for vessels in international trade, the Supplier shall be responsible for informing the Buyer about any applicable laws and regulations in the relevant jurisdiction, relating to any VAT matters relevant for the relationship between the Parties.
- 7.3 For Goods bought for use in Norway the Supplier shall invoice the Buyer for VAT in accordance with applicable Norwegian law.
- 7.4 All prices and rates contained in the PO are inclusive of all other taxes, duties and charges including, but not limited to, corporate income taxes, individual taxes and other social contributions (labour law taxes).
- 7.5 Notwithstanding anything else herein to the contrary, the Buyer shall have the right to withhold from any amounts otherwise payable pursuant to the PO such federal, state or local corporate, income, employment, or any other taxes or duties as may be required to be withheld pursuant to any applicable law or regulation determined by the Buyer in its sole discretion, always exercised in good faith.
- 7.6 The Supplier acknowledges that it may have tax obligations outside of its state or residence or incorporation or the state from where it operates, including specific tax reporting or filing obligations.

8. PAYMENT

- 8.1 Payment shall be made as agreed between the Parties in the PO.
- 8.2 Unless otherwise is agreed in writing, the Supplier shall be entitled to invoice the Buyer on or after the delivery has taken place, as specified in the PO.
- 8.3 The Buyer shall pay all correct and complete invoices (net of any agreed discounts, rebates or other sums due) latest sixty (60) days after reception of such invoice. If the Buyer fails to pay within the sixty (60) days, the Supplier shall be entitled to interest from the day on which payment was due and to compensation for recovery costs. The rate of interest shall be at the bank of Norway Base rate plus 2% (two per cent) p.a. proportionally for the period.
- 8.4 The Supplier shall direct all invoices according to the invoice information given in the PO.
- 8.5 In case of any errors in the invoice, the Buyer shall have the right to withhold payment until the Supplier has corrected and provided a new and correct invoice.
- 8.6 Invoices must contain the PO number and each invoice shall cover one PO only. Split- or part invoicing is not accepted, unless agreed in writing between the Parties and specified in the PO.
- 8.7 If the invoice has not been received within ninety (90) days after complete delivery of Goods, the invoice will be rejected at no liability to the Buyer.
- 8.8 All invoices shall be submitted electronically through an agreed and accepted electronic format, with a soft copy sent to the Buyer's nominated e-mail address.

9. FORCE MAJEURE

- 9.1 The Parties shall not be liable for any loss, damage or delay that occurs as a result of any of the force majeure events listed in clause 9.2. This shall only apply as far as the Party that claims force majeure actually is delayed or prevented from performing its contractual obligations towards the other Party, and that the Party has made all reasonable measures to avoid or minimize the effect of a force majeure event.
- 9.2 Acts of god; requirements from government authorities; war or warlike condition; civil commotion or riots; sabotage, strike or lockout (except local labour disturbances); flood, typhoons, hurricanes, storms or other extraordinary weather conditions not included in normal planning; earthquakes, tidal waves or other natural disasters; fires or explosions; import or export bans or restrictions; COVID-19 or COVID-19 related restrictions imposed by a competent government; and any other extraordinary event beyond the control of the Party (each a "**Force Majeure Event**").
- 9.3 The Party claiming a Force Majeure Event shall inform the other Party in writing as soon as reasonably possible and latest within five (5) days after the Force Majeure Event occurred.

10. OTHER RIGHTS AND OBLIGATIONS

- 10.1 Both Parties shall comply with all applicable laws and regulations.
- 10.2 The Supplier shall have a HSEQ system in place, suitable for the Goods to be delivered under the PO.
- 10.3 The Buyer shall have the right to conduct audits of the Supplier's and any of the Supplier's subcontractors' quality systems, including quality inspections, verifications and surveillance activities at the Supplier's and any of its subcontractors' locations.
- 10.4 The Supplier acknowledges that the Buyer is bound by the Norwegian Transparency Act of 1 July 2022, and will comply with all Buyer's request which is relevant under the act, including but not limited to answering any reasonable question about the Supplier's efforts to respect fundamental human rights and decent working conditions in connections with their business operations.

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10.5 The Buyer has the right to return unused Goods to the Supplier within 24 months after delivery in accordance with clause 3, provided always that the packaging remain intact and unopened. The Buyer shall bear reasonable costs which are directly related to the return of unused Goods to the Supplier.

10.6 Each Party undertakes to keep confidential any information of a confidential or proprietary nature relating to the other Party which it obtains under or in connection with the PO and not to use such information or disclose it to any third party.

11. INSURANCES

11.1 Each of the Buyer and the Supplier shall at its own cost provide for and maintain sufficient insurance coverage to protect its own property and personnel.

11.2 Each party shall obtain a waiver of all rights of recourse and subrogation against the other Party from its insurers as well as indemnify and hold the other Party harmless for all claims of or by either of the Parties' insurers.

11.3 Both Parties shall have the right to, upon written request, require the other Party to provide proof of insurances relevant for the relationship between the Parties.

12. ESG

12.1 Both the Buyer and the Supplier acknowledges that they have a responsibility to seek environmental friendly and sustainable solutions for packaging, transport and other services.

13. GOVERNING LAW

13.1 These Documents shall be governed by and construed in all respects by the laws of Norway.

13.2 Any dispute arising out of or in connection with these Conditions shall be referred to arbitration under the NOMA² rules, subject to the procedures applicable therein.

² Nordic Offshore & Maritime Arbitration Association – <https://www.nordicarbitration.org/>