

## CONDITIONS OF PURCHASE

### 1. DEFINITIONS

- 1.1 "The Order will mean an IST Marine Limited Purchase Order under which goods are to be supplied or work done.
- 1.2 "The Buyer" will mean IST Marine Limited.
- 1.3 "The Seller" will mean the person, firm or company stated on the face of the Order form.
- 1.4 "The Goods" will mean all goods, whether raw materials or finished products, or services covered by the Order.
- 1.5 "Delivery Date" will mean not later than, nor earlier than, the specified date in the Order.
- 1.6 "Late Delivery" will mean more than 1 day after the Delivery Date.
- 1.7 "Early Delivery" will mean more than 1 day before the Delivery Date.
- 1.8 "Price" will mean the Order price, exclusive of value added tax, but inclusive of all other costs.

### 2. ORDERS

- 2.1 No Order is valid, nor will the Buyer be liable in respect of any purported order, unless it is issued or confirmed on the Buyer's Official Order and signed by an authorised signatory of the Buyer.
- 2.2 The person authorised to sign Orders on behalf of the Buyer is the Managing Director. No other persons are authorised to bind the Buyer unless the Buyer advises the Seller in writing of additional persons and their terms of authority.
- 2.3 The price quoted in the Order will be firm for the duration of the Order, except where Seller and Buyer agree otherwise in writing and such agreement is the subject of an amendment to the Order.
- 2.4 The Order is liable to cancellation by the Buyer if not acknowledged by the Seller on its official order acknowledgement within 5 days of the date of the Order.
- 2.5 The acceptance of our Order indicates acceptance of our Conditions of Purchase and the requirements of the Order.

### 3. STANDARD OF THE WORKS/GOODS

- 3.1 It is a condition of this Order that all goods supplied or work done in the execution of the Order will comply in all respects, with the Order description/specification and with any statements or undertakings made by the Seller or his servants or agents, prior to the giving of the Order. The Seller undertakes that all Goods and services supplied by him shall be of first class quality and shall use the best materials and workmanship of their respective kinds and recognises that the Buyer has placed the Orders relying upon the skill and expertise of the Seller and any statements and representations made by him. If samples or patterns are provided by the Seller and approved by the Buyer, then the Goods or work will not be inferior in any respect to the said samples or patterns.
- 3.2 Any change made by the Seller to the Order specification must receive prior written agreement from the Buyer before the change to the specification can proceed.
- 3.3 All information regarding possible quality problems (faulty components, production faults, etc) must immediately be sent to the Buyer.

### 4. INSPECTION

- 4.1 The Buyer will have the right to inspect the Goods or work during manufacture, processing, or testing and the Seller will furnish all reasonable assistance necessary therefor.
- 4.2 Both during such inspection and upon delivery, the Buyer will have the right to reject all Goods or work which do not conform to the requirements of 3.1 above.
- 4.3 In the interests of both parties, the Buyer shall inspect the Goods as quickly as reasonably possible and shall advise the Seller of any matter or any thing by reason whereof the Buyer alleges that the Goods are not in accordance with these Conditions of Purchase whether as to quantity, quality or otherwise. Such advice may initially be given by telephone and subsequently in writing. The Buyer will use his best endeavours to advise the Seller as promptly as possible of any problems.
- 4.4 Inspection, measuring and test equipment which is used by the Seller to demonstrate conformity to required specification shall be calibrated at regular intervals. Records and certificates of calibration shall be recorded and kept. All such equipment shall be identified with a suitable indicator. Handling and storage of such equipment will be suitable to ensure accuracy and fitness for use is maintained. Any equipment out with calibration date shall be promptly removed or suitably identified to prevent unintended use. A certificate of conformance to specified requirements shall be mandatory for finished product.

5. DELIVERY
- 5.1 Late Delivery will entitle the Buyer to cancel the Order.
- 5.2 Unless written notice is given by the Buyer to the contrary, the Seller must deliver the quantity specified on the Order in one delivery. Failure by the Seller to deliver in one delivery or complete any stage to the Buyer's satisfaction will give the Buyer the option to cancel the balance of the Order with no further liability whatsoever.
- 5.3 The delivery point, if not otherwise specified in the Order, will be IST Marine Limited, c/o Linn Products Limited, Glasgow Road, Waterfoot, Eaglesham, Glasgow G76 0EQ, or as advised. This delivery point may change upon written notification.
- 5.4 All prices agreed will be carriage paid to delivery address.
- 5.5 Subject to prior agreement, the Buyer will accept for some commodities a small overage or underage to be not more than 2% of the order quantity.
- 5.6 For deliveries to c/o Linn Products Limited, Glasgow Road, Waterfoot, Eaglesham, Glasgow G76 0EQ, the Buyer will not accept deliveries before 8.30 a.m. or after 4.00 p.m. unless by prior arrangement
6. QUALITY
- 6.1 The Seller agrees that Goods delivered by the Seller may be checked by the Buyer or the relevant surveyor using the appropriate quality system or Inspection Level: General Level II unless otherwise stated on the Order.  
Critical, Major and Minor defects will be defined for each part by the fault classification list. This list may accompany the Order and will be updated by the Buyer from time to time as faults become apparent. The Fault Classification List may, on occasion, be sent separately from any Order.
- 6.2 The Seller agrees that the Buyer may choose not to inspect the Goods upon delivery. This does not relieve the Seller of any responsibilities he has under these Conditions of Purchase. The Buyer will notify the Seller of any problems with the Goods as soon as they become apparent.
7. DELAYS
- 7.1 The Seller recognises that late delivery will cause the Buyer consequential loss and agrees to pay liquidated damages and compensation towards such loss at the rate stated on the face of the Order.  
In the event of Late Delivery, if no rate for liquidated damages is stated on the front of the Order, then liquidated damages will apply at the rate per week shown below:  
Week 1 - 2%      Week 2 - 2%  
Week 3 - 2%      Week 4 - 2%  
Week 5 - 2%      Week 6 - 3%  
Week 7 - 3%      Week 8 - 3%  
Week 9 - 3%      Week 10 - 3%  
These percentages are cumulative, i.e. an Order 3 weeks late will incur liquidated damages of 6% of the total Order value.  
Liquidated damages are to be computed as a percentage of the full value of the Order. If the Order includes tooling costs, this is deemed to be included in the full value of the Order.  
The maximum consequential liability will not exceed 25% of the value of the Order.
8. EXTENSION OF TIME
- 8.1 In the event that the performance of the Buyer's obligations pursuant to an Order is hindered or prevented by reason of circumstances beyond the reasonable control of the Buyer (including, but not by way of limitation, industrial disputes) the Buyer will be under no liability whatsoever to the Seller for any loss or damage, howsoever resulting, and the time for performance of such obligations by the Buyer will be extended by a reasonable period.
9. FORCE MAJEURE
- 9.1 If delivery is delayed by some cause totally outside the control of the Seller ("force majeure") than he shall give written notice of such cause within 7 days of the occurrence and the Buyer may then (but without prejudice to its other rights) allow such extra time for delivery as is reasonable in the circumstances. If the event of force majeure continues beyond a period of 7 days, the Buyer may terminate the Order.
10. WARRANTY
- 10.1 If the Goods (or any of them) supplied shall be defective upon delivery or shall prove to be defective within 12 months of delivery then the Buyer may call upon the Seller (but without prejudice to the Buyer's other rights) to rectify the defects or replace the Goods (at the Buyer's option) at the Seller's own expense.

11. PACKAGING
- 11.1 The Seller is responsible for ensuring that all Goods will be properly packed and clearly labelled and will be delivered carriage paid in accordance with delivery instructions unless otherwise arranged. All documents and labels will clearly show the IST Marine Limited Order Number.
- 11.2 The Seller is responsible for ensuring that all Goods packed on pallets will not exceed the following dimensions which include the pallet itself:
- |                |   |                    |
|----------------|---|--------------------|
| Overall width  | - | 1200 mm            |
| Overall depth  | - | 1000 mm            |
| Overall height | - | 1100 (inc. pallet) |
- If the Seller wishes to palletise in dimensions other than the above, he requires the Buyer's written consent and agreement to the new pallet sizes.
12. DOCUMENTATION
- 12.1 The Seller will send to the Buyer, at his Accounts Department, the following:
- (1) invoices fully priced and quoting the Order number and stating the place of delivery.
  - (2) statements quoting invoice number and our Order numbers.
- 12.2 Advice notes quoting Order number are to be sent at the same time the Goods are despatched, addressed to the company at the place of destination of the Goods.
- 12.3 All invoices and statements must show separately the VAT rate and the amount of VAT charged and the Seller's VAT registration number.
13. OWNERSHIP
- 13.1 The property and risk in the Goods will remain in the Seller until delivery to the point specified in the Order.
- 13.2 Unless otherwise agreed, the Buyer will pay the Seller for the Goods 30 days after delivery, provided that the Goods meet all the other applicable conditions within these Conditions of Purchase.
- 13.3 Should the Buyer not pay for the Goods 30 days after delivery and such non-payment is not due a breach of these Conditions of Purchase by the Seller, then property in the Goods will revert back to the Seller.
14. ASSIGNMENT
- 14.1 The Seller shall not sub-contract, assign or otherwise dispose of the Order or any part thereof without the written consent of the Buyer. If the Buyer gives his written consent then the Seller will inform the Buyer of the name and address of the sub-contractor as well as a contact name to enable the Buyer to carry out inspection during manufacture and allow quality assurance of the sub-contractor.
- 14.2 The Seller shall be responsible for the acts, defaults and omissions of its sub-contractors, whether approval has been given to their appointment under this Clause or not, as if they were his own and any consent given under this Clause shall not relieve the Seller of any of his obligations under these Conditions of Purchase.
15. PATENT, DESIGN & COPYRIGHT
- 15.1 The Seller will indemnify the Buyer against any claim for infringement of patent, registered design, trade mark or copyright by the use or sale of any article or material supplied by the Seller to the Buyer and against all costs and damages which the Buyer may incur in any action for such infringement or for which the Buyer may become liable in any such action.
- 15.2 The terms in 15.1 above will not apply if the Seller is providing articles, materials or goods where the design is solely provided by the Buyer.
- 15.3 Any work carried out on behalf of the Buyer in fulfilment of the Order or any part thereof and any intellectual property rights, including copyright and future copyright, created during the course of carrying out the work will be deemed to be the property of the Buyer as the owner of the full right, title and interest in any such work and any intellectual property rights therein. You, as the author of the work and/or provider of the product(s) and/or services, on request by the Buyer or its agent, will execute a formal assignment (as provided to you by the Buyer) of the work and all of the intellectual property rights therein, including copyright and future copyright, to the Buyer for no further consideration.

16. INDEMNITY
- 16.1 The Seller will indemnify the Buyer against any loss of, or damage to the property of the Buyer and against any claims for injury to, or death of any person or for loss of or damage to the property of any other person by reason of any negligent act or omission of the Seller or his employees, sub-contractors or agents arising out of the execution of the Order.
- 16.2 The Seller shall conform to all relevant environmental standards, guidelines and Codes of Practice issued by the EU, or any relevant governmental authority, agency or body or any relevant local authority and shall take all practical steps in the design of the work to be performed to minimise any risk to the environment.
17. MISTAKES IN INFORMATION
- 17.1 The Seller shall be responsible for and shall pay extra costs occasioned by any discrepancies, errors or omissions in drawings, documentation or other information supplied in writing by him, whether they have been approved by the Buyer or not, provided that such discrepancies, errors or omissions are not due to inaccurate drawings or information and decisions supplied in writing to the Seller by the Buyer.
- 17.2 The Buyer shall be responsible for and shall pay any extra costs directly occasioned by any discrepancies, errors or omissions in the drawings, information and decisions supplied in writing to the Seller by the Buyer.
18. TOOLING
- 18.1 Material, plant, tools, jigs or other equipment supplied by the Buyer solely for use in connection with Orders placed by the Buyer will remain the property of the Buyer. Responsibility for their safe custody and maintenance and return upon demand in good condition, fair wear and tear excepted, will rest with the Seller.
- 18.2 Where the Order price includes the cost of making or purchasing jigs, tools, etc., these become the property of the Buyer and on completion of the Order or its earlier termination must be held in safe custody and maintained in good condition until such time as disposal instructions are received from the Buyer.
- 18.3 Any tooling ordered will be required to make a minimum number of good components. This quantity to be agreed between the Buyer and Seller will be stated on the Order for tooling. Should the tooling fail to make that minimum number of components then the Seller shall, at the Buyer's option, either repair or replace the tooling in order to make the required number of components, or make a pro rata payment to the Buyer. The pro rata payment shall be based on the full cost of the tooling and will be the same percentage of such full cost as the percentage shortfall of good components from the agreed minimum number.
19. TOOLING DESIGN
- 19.1 For any jigs, tooling etc., ordered or associated with any order the responsibility for the design of such tooling lies solely with the Seller, regardless of whether or not the Buyer has supplied any drawings, sample parts or information of any kind. It is the Seller's express responsibility to ensure that any such tooling, jigs, etc., produces Goods that conform to the description in Clause 3 of these Conditions of Purchase.
20. CONFIDENTIALITY
- 20.1 Technical information, drawings, design and other data supplied by the Buyer are confidential and will not, without the prior written consent of the Buyer, be disclosed to any third party and will be used solely for the purpose of the Order and at all times remain the property of the Buyer.
- 20.2 The Seller undertakes to ensure compliance by its employees, agents or sub-contractors with the obligations as to confidentiality of information obtained or received in relation thereto and will be responsible to the Buyer for any failure by any employee, agent or sub-contractor to comply with such obligations whether such employee, agent or sub-contractor was aware of them or not.
21. WAIVER
- 21.1 Any failure by the Buyer to insist at any time upon the performance of any of the terms, provisions or undertakings of the Seller contained in these Conditions of Purchase or to exercise any rights thereunder shall not constitute or be construed as a waiver thereof or a relinquishment of the Buyer's rights to require the future performance of any such term, provision or undertaking but the obligation of the Seller with regard to the same shall continue in full force and effect.

22. PUBLICITY
- 22.1 The Seller will not, without the prior written consent of the Buyer, advertise, publicly announce or provide to any other person information relating to the existence or details of the Order or use the Buyer's name in any format for any promotion, publicity, marketing or advertising purpose.
23. CANCELLATION
- 23.1 The Buyer shall be entitled to cancel this Order or part of this Order at any time by giving written notice to the Seller.
- 23.2 If the Buyer, through no fault of the Seller, under these Conditions of Purchase contained herein, exercise his right or cancellation, then the Buyer shall be bound to pay a reasonable price for and gain possession of any work done up to the date of termination, including any jigs, tools, fixtures, drawings and components in any state of completion and such payment shall release the Buyer from all further obligations under the Conditions of Purchase.
- 23.3 If the Buyer exercises his right of cancellation arising from non-performance or breach of these Conditions of Purchase by the Seller or his sub-contractors, then no financial or other liability whatsoever shall be incurred by the Buyer.
- 23.4 In any circumstances where the Buyer's Order is cancelled for any reason whatsoever, all and any advanced payments for designs, tooling, fixtures, materials, etc. pertaining to the Order will be returned to the Buyer in full within 7 days of written notice of cancellation of the Order.
- 23.5 Notwithstanding delivery of the Goods and/or payment of the price or cancellation of the Order, Conditions 3.1, 7.1, 10, 14.2, 15.1, 16.1, 16.2, 17.1, 18.1, 19, 20.1, 20.2, 21.1, 22.1, 26.1 and 27.1 shall remain in full force and effect.
24. TIME OF THE ESSENCE OF THE CONTRACT
- 24.1 The time for delivery and/or completion of the work to be performed under this Order shall be of the essence of the Contract. Delivery dates cannot be changed without the Buyer's written permission.
25. NOTICE
- 25.1 Any notice or other communication which either party is required to serve on the other party shall be sufficiently served if sent to the other party at its address as specified in the Order either (a) by hand; (b) by registered or first class or recorded delivery post or (c) by facsimile or electronic mail transmission confirmed by registered, first class post or recorded delivery post within 24 hours of transmission.
- 25.2 Notices are deemed to have been served as follows: delivered by hand; on the day when they are actually received, sent by post, registered post or recorded delivery post; two working days after posting, sent by facsimile or electronic mail; on the day of transmission, provided that the required confirmation is sent.
26. SUBSISTENCE
- 26.1 If any clause or sentence paragraph item or other part of these Terms or the application thereof to any party shall for any reason be adjudged by a court of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of the Agreement with shall continue in full force and effect.
27. LAW
- 27.1 The construction, validity or performance of this contract shall be governed by the Law of Scotland to the jurisdiction of whose courts the parties agree to submit.