

TERMS AND CONDITIONS



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TERMS AND CONDITIONS

For

MUNKHOLM CONSULT A/S
- Hereinafter called MC

1.0 GENERAL CONDITIONS

An order for assistance by service personnel from MC, regardless of the form in which the order is given, pre-supposes the acceptance by the Customer of the above "Terms and Conditions" from MC. These "Terms and Conditions" are valid until otherwise notified to the Customers by MC.

2.0 WORKING HOURS - TIME SHEETS

2.1

A normal working week comprises of 5 working days, (Saturdays, Sundays and holidays not incl.) at 10 hours per day.

All normal working hours will be charged as per agreed day rate between 07.00 – 20.00.

2.2

The first 2 exceeding hours will be charged at +50% overtime. After which it will increase to +100%.

2.3

All working hours between 20.00 – 07.00 will be considered “nighttime” and charged accordingly. Nighttime rate is +100%. Unless special agreements have been made, prior to project start.

2.4

Weekend rates: Saturday will be charged at +50% for the first 10 hours after which it will increase to +100%

Sundays will be charged +100% for the first 10 hours after which it will increase to +150% (special circumstances)

2.5

The Chief Engineer or any other authorized representative of the Customer is requested to follow the progress of the work closely.

2.6

Time sheets, showing the time MC repair team has been working for the Customer, shall be filled in weekly and shall be countersigned by the Chief Engineer or any other authorized representative of the Customer. If the representative of the Customer does not countersign the time sheets or if such representative does not approve of the time sheets that have been filled in by the foreman, the representative of the Customer or the Customer himself must immediately inform MC by e-mail of the reason for the refusal to approve the time sheets. If a time sheet has been countersigned in accordance with this article or if the Customer has not given due notice to MC in accordance with this article regarding unapproved time sheets, then any and all objections to invoices based upon time debited to the Customer will be null and void.

2.7

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The effective working time is defined as the time from the commencement of work by our repair team until it leaves the job, less the time spent on meal breaks. In case the repair team is accommodated on hotel etc. necessitating local transport to reach the work site, the daily time spent on local transport, will be considered working time, ref. 4.2.

3.0 WAITING TIME

3.1

Waiting time caused by lack of work or reduced number of working hours due to circumstances beyond the control of our personnel will be invoiced as normal working hours.

3.2

In those cases when our personnel have to wait for a vessel or the work site is not ready for any reason beyond our control, waiting time will be charged daily between 08.00 and 18.00 hours.

3.3

Waiting hours will be charged according to our Rates for Service.

4.0 TRAVELLING AND TRANSPORT EXPENSES

4.1

Travelling hours will be charged according to spent time, up to max 10 hours per calendar day.

4.2

In case our staff stays at a hotel etc. the transportation time between the hotel and worksite will be included in the daily working time, ref 2.5

4.3

Travelling and transport expenses will be invoiced at cost plus 10 % overhead charges.

4.4

We reserve the right to fly economy extra on all flights, and flights over 8 hours in total, business class.

5.0 HOTEL COSTS AND ALLOWANCES

5.1

Hotel and allowances will be invoiced at cost plus 10 % overhead charges.

5.2

Included in MC's offer and prices for service onboard is customers supply of free board and lodging of a reasonable standard.

5.3

Other costs necessary for the assistance, such as telephone calls, telegrams, etc., will be invoiced at cost plus 10 % overhead charges.

6.0 CONDITIONS WHEN STAYING ONBOARD A SHIP

6.1

Accommodation is to be of a reasonable standard and to be well ventilated / air-conditioned / heating.

6.2

Access to bath with hot and cold water has to be available.

6.3

Our team should be given at least 3 full meals a day.

These meals are to be well nourishing and in sufficient quantities and quality.

6.4

Possibilities are to be given our team for buying beverages and other daily needs.

7.0 INVOICING

7.1

The invoice for the assistance will be forwarded, according to terms and conditions mentioned in our quotation.

7.2

If payment is not made on the due date, interest is charged, from due date until payment is confirmed. Interest rate as stated in the Rates for Service.

8.0 PERMITS, LICENCES AND CERTIFICATES

It is the sole responsibility of the Customer to advise and where necessary to obtain permissions, permits, license's, or certificates from the appropriate authorities or classification societies in respect of work to be carried out by MC. 3

9.0 EQUIPMENT

9.1

MC will supply special tools invoiced according to price list enclosed.

All such tools and similar equipment shall be brought back by the repair team when leaving the worksite. All expenditures for transporting such tools and equipment will be charged to the Customer.

9.2

MC arranges transportation and Insurance of toolboxes to the working place at the Customer's expense. The Customer shall arrange transportation and Insurance of toolboxes onboard and back to MC at the earliest opportunity by sea, road or rail at the Customer's expense.

9.3

Within 7 days from termination of the work the Customer shall notify MC from where the toolboxes have been sent and by which means.

If MC has not received such message within 14 days, an invoice covering the tools will be issued.

Should the tools later be received un-damaged and complete without shortages, a corresponding credit note will be issued.

Damaged or missing tools will be charged to the Customer.

9.4

Hire of tools will be charged per day commenced, from date of dispatch from MC, until safely received back to MC – unless other terms have been stated in our offer.

9.5

All consumption materials for the repair job will be invoiced separately.

9.6

Provided no other arrangements have been made the following supplies and services are not included in our assistance but shall be at the disposal of our personnel if needed.

Assistance in transporting of materials to and from site

Availability of necessary scaffolding

General cleaning assistance etc.

Supplies of electricity, compressed air for personnel protection equipment and tools, necessary lighting.

Washing facilities for our personnel.

10.0 FORCE MAJEURE AND DELAYS

10.1

In case MC is hindered by an event of force majeure from carrying out the agreed work within the agreed time, MC shall be allowed the extra time that may be necessary from the time when the event of force majeure terminates.

10.2

A matter of force majeure shall include, but not be limited to, acts of God, strikes, lock-outs, general disturbance and major traffic disturbance in international transportation, bad weather conditions and other circumstances beyond the control of the parties.

10.3

If MC is delayed in the work by reasons that are caused solely or partly by the Customer or any of his representatives, employees, officers or agents, MC shall not only be allowed the extra time that is necessary but shall also be allowed compensation for the extra costs that may have been caused MC by such delay.

11.0 LIABILITY AGAINST DEFECTS AND PRODUCT

LIABILITY

11.1

Definition point 11 and 12.

When MC is mentioned it should be defined incl. MC's employees, subcontractors, sub suppliers and agents.

11.2

MC warrants a good and sound quality of the workmanship in respect of work carried out by the MC team.

11.3

The liability expires when the work has been examined and accepted by the representative of the classification society or when the Customer accepts the work.

11.4

MC shall not be liable to pay compensation for losses and/or damages due to inability to meet contractual obligations.

11.5

The vendor shall be liable for personal injury only if it is proved that such injury was caused by negligence on the part of the vendor or others for whom he is responsible.

The vendor shall not be liable for damage to property occurring whilst the plant is in the possession of the purchaser. Nor shall the vendor be liable for damage to products manufactured by the purchaser, or to the products of which the purchaser's products form a part.

Apart from these limitations the vendor shall be liable for damage to property on the same conditions as for personal injury.

The vendor shall under no circumstances be liable for loss of production, loss of profit or any other consequential damage and indirect loss.

To the extent that the vendor might incur product liability towards any third party, the purchaser shall indemnify the vendor as far as the vendor's liability has been limited by the three preceding paragraphs. The above limitations in the vendor's liability shall not apply where the vendor has been guilty of gross misconduct.

If a claim for damage as described in this Clause is lodged by a third party against one of the parties, the later party shall forthwith inform the other party thereof in writing.

11.6

The liability of the vendor set forth in article 11 + 12 shall under no circumstances exceed the amount of more than DKK. 1.000.000 in compensation for damages or injuries. 4

12.0 LIABILITIES AND INSURANCE

12.1

The Customer shall pay compensation and indemnify MC in case of property damage or injury or death of personnel employed by MC or any third party when and to the extent such injury or death is caused by negligence, direct or indirect, on the Customer's part. Such negligence may be constituted by lack of necessary instructions concerning the work to be carried out by the repair team.

12.2

For the protection of MC in those cases when any of them may be held liable for payment of compensations for damages or injuries and when the above mentioned indemnification does not apply, the following Insurance are carried by MC.

A)

General liability Insurance to cover the above mentioned liability limited to an amount of max. DKK. 1.000.000.

B)

Workmen's Compensation and Accident.

MC carries insurance for all its employees. Such Insurance covers costs of transportation to country of origin in case of sickness, injury or death. Such Insurance also covers cost of doctor's treatment and hospitalization. It is to be noted that such Insurance does not cover cost of deviation of ship, which always remains the cost of the Customer.

13.0

The provisions set forth in article 11 and 12 shall survive the termination of the contract.

14.0 REPAIR OF DEFECTS

Should MC make available service engineers and/or erectors for dismantling/assembling work in accordance with liability obligations for plants delivered by MC, only the labor cost for the work will be covered by MC.

Payment for travelling time, waiting time, travelling, hotel and meal expenses will be for the account of the Customer and will be invoiced.

15.0 MISCELLANEOUS

15.1

Unless otherwise specified, MC calculates with an effective working day of 10 hours when deciding the number of repair people for a job.

15.2

Working hours exceeding 10 per day, 7 days a week, can only be undertaken by our repair team after agreement with the Chief Engineer and with his written approval, - signed timesheets.

If the Customer wishes to retain one or more of our repair team for longer than the period agreed in advance, MC should be informed of this fact by the Customer.

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15.3

We draw attention to the fact that our team onboard a ship is required to inform MC of the ship's position once a week and at the same time to give their comments on the progress of the work and other conditions.

15.4

Payment for beverages, etc. bought onboard a ship should as far as possible be settled with our team before leaving the ship.

16.0 ARBITRATION AND LAW APPLICABLE

16.1

Any dispute between the parties regarding a situation arising from an agreement governed by these Conditions shall be settled according to Danish law in Copenhagen, which city shall be adopted as venue. The disputes shall be finally settled by a Court or Arbitration consisting of three members, of whom each of the parties shall appoint one member. Prior to commencement of proceedings, the said two members shall appoint the third arbitrator to conduct proceedings as chairman of the Court of Arbitration. Should the arbitrators fail to agree as to the appointment of a chairman, the matter shall be appointed by the President of the "Sø- og Handelsretten i København" (The Maritime and Commercial Court of Copenhagen).

The arbitrators to be selected by the parties shall be appointed within 14 days of the day on which one of the parties has notified the other party of his intention to have the Court of Arbitration set up. If either party fails to appoint an Arbitrator, the matter shall be appointed by the President of the "Sø- og Handelsretten i Køben-havn". Furthermore, the rules of existing Danish law on ar-bitration shall apply.

16.2

Any dispute regarding an agreement or an invoice shall not legalize to postpone payment of the issued invoice.