

General terms and conditions for Digitalisation and Software Development Projects

1 Background

- 1.1 Cegal AS (hereinafter "**Cegal**") is a private limited company registered in the Norwegian Register of Business Enterprises with business register number 996 221 423.
- 1.2 These General terms and conditions for digitalisation (hereinafter the "**Agreement**") governs the delivery of software that is developed or customised for the customer (the "**Customer**"), as well as configuration, the setting of parameters, integration work, and other services associated with the customisation of software for the Customer (including any related equipment etc.) as further described in **Appendix 1** (the "**Deliverables**").
- 1.3 Cegal and the Customer are hereinafter collectively referred to as the "**Parties**" or individually as a "**Party**".

2 Scope of work

- 2.1 The scope and delivery of the deliverables are described in more detail in Appendix 1 as a part of the Agreement. Cegal has in Appendix 1 *inter alia* described its solution, based on the Customer requirements specification, including any requirements relating to the Customer's operating environment that must be satisfied in order to enable the Customer to utilize the deliverables

3 Appendices

- 3.1 Unless the Parties agrees otherwise, the Agreement shall include the following Appendices:
 - **Appendix 1:** Scope of Work (SoW)
 - **Appendix 2:** Total price and pricing provisions
 - **Appendix 3:** Changes to the general terms and conditions
 - **Appendix 4:** Changes subsequent to the conclusion of the Agreement
- 3.2 In case of conflict, the appendices shall prevail over the general contractual wording.

4 Performance of the deliverables

4.1 Preparations and organization

- 4.1.1 Project and progress plan: An overall project and progress plan for the delivery of the deliverables shall be included in **Appendix 1**. During the planning phase, the Parties shall in cooperation prepare a detailed project and progress plan defining activities, milestones and time estimates. The plan shall be updated in case of changes.
- 4.1.2 Project organisation: Provisions regarding project organisation, definitions of roles, responsibilities and authorisations, management documents, reporting, meetings and frequency of meetings, etc. are (if applicable) described in **Appendix 1**.

4.2 Detailed specification

- 4.2.1 Preparation of a detailed specification: Cegal shall prepare a detailed specification for the deliverables in Appendix 1. Unless otherwise is set out in Appendix 1, the detailed specification shall contain an overall description of the deliverables, a detailed description of the functionality and a specification of the interface, and any guidelines for the technical architecture, for those components of the deliverables that the Parties otherwise find it necessary to specify in more detail. The specification work shall be carried out in close cooperation with the Customer.

The detailed specification shall set out the choices made for the solution in respect of the deliverables, including details and clarifications of the requirements, within the framework of Appendix 1. To the extent that changes are made to the

framework of Appendix 1 and these have consequences for the contract price, progress plan, Customer's participation, other requirements in Appendix 1, or other factors, a change order shall be issued.

4.3 Performance of the deliverables

- 4.3.1 Development: Cegal shall develop what is described in the detailed specification. Cegal is responsible for carrying out design and development, as well as its own testing, of the software in accordance with the detailed project plan.
- 4.3.2 Interaction with equipment and other software: Cegal is responsible to ensure that the deliverables work together with those components of the Customer's current solution that the Customer has informed Cegal of in writing and that the appendix states they shall work with, unless Cegal has in writing stipulated that upgrading is required.

Cegal is responsible for integrating the software with other software that the Customer has described in Appendix 1 as well as Cegal's proposed solution and assumptions in respect of the integration work in Appendix 1. Appendix 1 shall set out which integrations Cegal shall bear responsibility for in respect of their results and progress, and which shall be delivered as additional services (contribution obligation). Integrations that are delivered as additional services shall, unless otherwise is agreed, be paid for by the Customer on the basis of time spent charged at the Cegal's hourly rates in **Appendix 2**.

- 4.3.3 Documentation: Unless otherwise is agreed in Appendix 1, the Customer shall be granted access to Cegal's standard documentation for the solution, as well as the documentation of the components of the solution that have been developed or customised especially for the Customer.

4.4 The Customer acceptance test

- 4.4.1 Solution ready for acceptance test: Cegal shall inform the Customer in writing once the development and customisation of the software has been completed and it has been tested by Cegal. Cegal's test report, which shall include a list of known errors, shall be appended to the notice.

If, during the first ten (10) working days after the Customer received notification, it becomes clear that the solution is so defective that it would entitle the Customer to stop the acceptance test pursuant to clause 4.3.3, the Customer may contest the notice. Such complaints from the Customer shall be sent within ten (10) working days after the Customer received the notice from Cegal.

- 4.4.2 Scope of the acceptance test: The Customer acceptance test shall comprise the software and the equipment that form part of the deliverables. The scope of the acceptance test may be described in more detail in **Appendix 1**.
- 4.4.3 Performance of the Customer acceptance test: The acceptance test shall be commenced and completed in accordance with the deadlines set out in **Appendix 1**.

All errors reported during the Customer acceptance test shall be documented. All reported errors shall be categorised as either A, B or C. Unless Appendix 1 specifies otherwise, the following error definitions shall apply:

- A) **Critical error:** Error that results in the stoppage of the software or equipment, a loss of data, or in other functions that, based on an objective assessment, are of critical importance to the Customer not being delivered or not working as agreed.
- B) **Serious error:** Error that results in functions that, based on an objective assessment, are of importance to the Customer not working as described in the Agreement, and which it is time-consuming and costly to work around
- C) **Less serious error:** Error that results in individual functions not working as intended, but which can be

worked around with relative ease by the Customer

The Customer shall report errors to Cegal on an ongoing basis, and Cegal shall repair the errors without undue delay. Rectified errors shall be delivered for.

If the type or scope of the errors prevent all of the planned tests being conducted within the period of time set aside for the acceptance test, the Customer shall be entitled to extend the acceptance test by the period of time necessary.

4.4.4 Approval of the Customer acceptance test: If the Customer approves the acceptance test, the Customer shall give Cegal written notice to such effect without undue delay. The acceptance test is under any circumstance deemed to be approved unless the Customer has notified Cegal in writing, within ten (10) working days after the expiry of the acceptance test period, stating that it is not approved. The acceptance test is also deemed to have been approved if the Customer opts to put the software into operation.

The Customer may not refuse to approve the test on the basis of matters that are immaterial for purposes of the Customer's use of the deliverables. A and B errors are deemed to be individually material, with the exception of B errors that are not of material importance to the ability of the Customer to put the software into operation and commence the approval period. C errors are deemed to be immaterial, unless several C errors imply, in aggregate, that approval would be clearly unreasonable. Other, or more detailed, acceptance criteria may be described in Appendix 1.

If the Customer refuses approval, the reasons for this shall be explained in writing with a statement of which errors are preventing approval. If Cegal wishes to argue that the refusal is unjustified, including that Cegal disagrees with the categorisation of errors, written notice shall be given to such effect, which notice shall be given within five (5) working days. If the Customer still refuses to approve the test, the dispute shall be resolved pursuant to chapter 17. Cegal shall in all circumstances rectify the asserted errors as quickly as possible.

If Cegal does not dispute the Customer's refusal, Cegal shall within five (5) working days send the Customer a timetable for repairing the errors. Cegal shall give written notice to the Customer when the repairs have been carried out. Repairs are not deemed to be performed until they have been properly tested by Cegal and acceptance tested by the Customer.

The Customer shall, as soon as Cegal has given notice stating that the errors have been repaired and tested, resume its acceptance test. The Customer shall be entitled to a reasonable amount of additional time for purposes of carrying out such testing.

The approval period may only commence when the acceptance test has been approved.

4.4.5 Applicability of the Customer acceptance test: This clause 4.3 (the Customer acceptance test) shall only apply unless otherwise stated in Appendix 1. Appendix 1 may also include a different test regime than what is set out in this clause 4.3.

4.5 Approval period and delivery date

4.5.1 Duration: A three (3) month approval period commences on the date on which the deliverables are put into regular operation, unless a different duration has been agreed in Appendix 1.

4.5.2 Implementation of the approval period: The Customer shall carry out, during the approval period, examinations as to whether the deliverables are in conformity with what has been agreed. The examinations carried out by the Customer during the approval period shall be performed on the basis of the ordinary, daily operational and other duties.

The Customer shall during the approval period give Cegal written notice of any errors on an ongoing basis, including a

description of the errors, in accordance with the same procedures as for the acceptance test. Cegal shall, as quickly as possible, rectify the errors and test the error rectifications before they are handed over to the Customer for retesting.

Unless otherwise agreed in Appendix 1, any errors shall be repaired, at the latest, by the end of the approval period, except for errors that are of only minor significance in respect of the Customer's use of the solution, and which will be rectified in a planned update of the software within a reasonable period of time and at the latest by the end of the warranty period.

4.5.3 Final approval – delivery date: The Customer shall, prior to the end of the approval period, give Cegal written notice as to whether the deliverables are deemed to be in conformity with the agreed deliverables and, consequently, whether or not they can be approved. If such notice has not been sent by the end of the approval period, the deliverables shall nevertheless be deemed to be approved (through laches).

The Customer may not refuse to approve the deliverables on the basis of matters that are immaterial for the Customer's use of the deliverables. Unless otherwise is agreed in Appendix 1, the following shall apply: A-errors and three (3) B errors are deemed to be individually material. C-errors are deemed to be immaterial, unless several C errors imply, in aggregate, that approval would be clearly unreasonable.

If the Customer refuses to approve the deliverables, such refusal shall be explained in writing. If Cegal is of the opinion that the refusal is unjustified, written notice shall be given no later than five (5) working days after the receipt of Customer's notice. If the Customer still refuses to approve the deliverables, the dispute shall be resolved pursuant to chapter 17. Cegal shall in all circumstances rectify the asserted errors as quickly as possible.

If Cegal does not dispute the Customer's refusal, Cegal shall within five (5) working days send the Customer a timetable for repairing the errors associated with the deliverables. Cegal shall give written notice to the Customer when the repairs have been carried out. Repairs are not deemed to be performed until they have been retested by the Customer. The Customer shall retest the rectification(s) within five (5) working days.

If the deliverables are not approved, the approval period shall be extended until the prerequisites for approval have been met.

If, at the end of the approval period, the deliverables have errors and deviations that would entitle the Customer to reject the deliverables, the Customer may nevertheless choose to approve them on the condition that the errors be rectified in accordance with an agreed rectification plan. If the rectification plan is not complied with, the remedies shall apply as if the approval period was rejected (delay from the end of the original approval period).

The first working day after the deliverables are, or are deemed to be, approved, is referred to as the "**Delivery Date**".

4.6 Cancellation

4.6.1 Cancellation: The Customer may cancel, in whole or in part, the items contracted under this Agreement on one (1) month's written notice.

In the event of such cancellation, the Customer shall pay:

- a) Any amount due to Cegal in respect of such part of the project as has already been completed
- b) Cegal's necessary direct costs in relation to the reassignment of personnel
- c) Other documented direct costs incurred by Cegal as the result of the cancellation.

In addition, the Customer shall pay a cancellation fee equal to the lower of:

- Four (4) per cent of the contract price, or

- Six (6) per cent of such part of the contract price as remains unpaid as per the cancellation date, and which has not been paid pursuant to letter a) above

In case of partial cancellation, the cancellation fee shall be calculated on the basis of the share of the contract price accounted for by the cancelled items. The consequences that partial cancellation has in respect of the remaining parts of the deliverables, including the effect on the contract price, shall be handled in accordance with the provisions in chapter 5.

- 4.6.2 Handover of specifications, etc.: Upon cancellation, Cegal shall hand over to the Customer all specifications and other materials prepared for the Customer up and until the cancellation date.

5 Changes after the conclusion of the Agreement

5.1 Right to change the contents of the Agreement

The Customer may order changes in the form of increases or reductions in the scope, nature, type, quality or delivery of the deliverables, as well as changes to the progress plan, provided that such changes fall within the scope of what the Parties could have reasonably expected upon the conclusion of the Agreement. However, Cegal is not obliged to carry out additional work that represents, in aggregate, a net addition of more than fifteen (15) per cent to the original contract price (other than in the case of a disputed change order).

If the overall consideration of Cegal, net of all reductions and additions, is reduced by more than fifteen (15) per cent of the original contract price, such reduction shall be dealt with as a partial cancellation, cf. clause 4.6.

5.2 Change estimate

Unless otherwise specified in Appendix 1, Cegal shall, within ten (10) working days from receipt of a written request for a change, submit a study of potential risk and change consequences, as well as a price estimate. In the event of a request for major changes, the Parties shall agree an extension of the deadline.

The study shall contain i.a. a description of the change, the scope of work, the time required, implications on the requirement, solution and detailed specifications, etc.

Costs in connection with the preparations of change estimates are carried by the Customer.

5.3 Change orders

If the Customer accepts the study and the price, the Customer shall inform Cegal, by issuing a change order. The terms and conditions of the Agreement shall apply to the change order as well, unless otherwise explicitly stated in the change order.

Cegal shall maintain a directory of the changes which shall form part of **Appendix 4**.

5.4 Consequences of change orders

If the Customer requires a change, Cegal shall have the right to require adjustments to the contract price and progress plan, etc. caused by the change requirement.

Adjustments to the contract price shall be calculated on the basis of the hourly charges or other unit prices set out in Appendix 2, provided that the work occasioned by the change is, in the main point, similar to work for which hourly charges or unit prices have been specified.

If it is not possible to calculate the change based on the hourly rates or unit prices in Appendix 2, Cegal shall present a quote in respect of the addition or deduction for the changes. The offer shall reflect the general price level of this Agreement.

5.5 Dispute concerning the consequences of a change

If the Parties agree that there is a change, but disagree on the effect of such change as far as the contract price is concerned, the Customer shall pay a preliminary consideration calculated pursuant to clause 5.4

5.6 Disagreement as to whether there is a change

If the Customer requests performance of certain specific work that Cegal believes to fall outside the scope of its obligations pursuant to the Agreement, Cegal shall request the Customer to issue a change order.

Together with the change order request, Cegal shall provide the Customer with a study of relevant risk and change consequences, as well as a price estimate (change estimate) pursuant to clause 5.2. The costs associated with the preparation of change estimates shall be paid by the Customer if Cegal's request for a change order is accepted.

5.7 Disputed change order

If Cegal has requested the Customer to issue a change order pursuant to clause 5.6, the Customer shall issue a change order pursuant to clause 5.3, or issue a written waiver of the request.

If the Customer deems the work to form part of the deliverables, it shall be explicitly stated that the change order is disputed (**disputed change order**). The change order shall include an explanation as to why the Customer deems the change order to be disputed.

Even if the change order is disputed, Cegal shall perform what has been ordered in return for the Customer paying a provisional consideration corresponding to half of the amount to which Cegal believes it is entitled. If Cegal does not demand a decision concerning the disputed change pursuant to clause 5.8 within three (3) months after the consideration has been paid, or if the work is deemed to fall within the scope of the Agreement, the provisional consideration shall be set off against the consideration due upon the next payment milestone. If the work is deemed to be a change, the fixed consideration for the change, adjusted for the provisional consideration, shall be incorporated into the ordinary payment plan.

Cegal may contest the duty to perform the work by instituting legal proceedings, cf. chapter 17. Such a request must be submitted without undue delay after the Customer has provided notice that the change is disputed.

5.8 Dispute resolution – disputed change order

If Cegal has received a disputed change order, Cegal shall within six (6) months of having received the disputed change order, institute legal proceedings, cf. chapter 17.

6 The duties of Cegal

6.1 The responsibility of Cegal for its performance

To the extent that standard software included in the deliverables must be delivered under standard licence terms and conditions, this shall be explicitly stated in a separate chapter in Appendix 1.

The provisions of the licence terms and conditions governing right of disposal shall prevail over the provisions governing right of disposal in this Agreement. In the event of defects in title, Cegal shall not be liable for damages for defects in title associated with standard software beyond that which follows from these standard license terms and conditions.

Errors in standard software shall not be included in the assessment of whether or not the acceptance or approval criteria have been fulfilled.

6.2 Requirements regarding resources and expertise

Cegal warrants that the deliverables will be performed with sufficient qualitative and quantitative resources and expertise, given the requirements in the Agreement.

7 Duties of the Customer and Cegal

7.1 Responsibility for subcontractors and third parties

If Cegal appoints a subcontractor or the Customer appoints a third party to perform work in connection with this Agreement, the relevant Party shall remain fully responsible for the performance of such work in the same manner as if said Party was performing the work itself.

7.2 Confidentiality

All information exchanged between the Parties in connection with the Agreement shall be treated as confidential and shall not be disclosed to any third parties without the written consent of the other Party. A Party may nevertheless make such information available to third parties provided that the information was already known to that Party at the time the information was received, that the information is or becomes part of public domain other than through a fault of either of the Parties or is rightfully received from a third party without an obligation of confidentiality. Information may also be disclosed to third parties to the extent disclosure is demanded pursuant to laws or regulations, or is necessary for execution of the Agreement, provided, however, that the receiver of such information shall be bound by a confidentiality obligation similar to this clause 7.2. Cegal is entitled to make it publicly known that Cegal has entered into this contract with the Customer.

The Parties shall take all necessary precautions to prevent unauthorised persons from gaining access to, or knowledge of, confidential information.

The confidentiality obligation shall not prevent the Parties from utilising general experience and expertise developed in connection with the implementation of the Agreement.

The confidentiality obligation shall continue to apply after the expiry of the Agreement. Employees or others who resign from their positions with one of the Parties shall be subjected to a confidentiality obligation following their resignation as well, as far as factors mentioned above are concerned. The confidentiality obligation shall continue to apply five (5) years subsequent to the Delivery Date, unless otherwise stipulated by law or regulation.

8 Consideration and payment terms

8.1 Consideration

All prices and detailed terms governing the consideration are set out in Appendix 2. Unless otherwise explicitly specified, all prices are quoted exclusive of value added tax (VAT).

8.2 Invoicing

Payment shall be made within thirty (30) calendar days of the invoice date. Invoices relating to hours recorded on an ongoing basis shall be accompanied by a detailed specification of the hours accrued. Disbursements shall be specified separately.

The payment schedule and other payment terms are set out in Appendix 2.

8.3 Late payment interest

If the Customer fails to make payment by the agreed time, Cegal shall be entitled to claim statutory interest on any overdue amount, calculated from the due date at a rate of 10% (ten percent) p.a.

8.4 Payment default

If overdue consideration, with the addition of late payment interest, has not been paid within thirty (30) calendar days of the due date, Cegal may send a written notice to the Customer, stating that the Agreement will be terminated for breach, unless settlement has taken place within thirty (30) calendar days.

8.5 Price adjustments

Prices for the deliverables and hourly rates charges for services may be adjusted at the beginning of every calendar year by an amount equivalent to the increase in the retail price index (the main index) of Statistics Norway, with the initial reference index value being the index value for the month in which the Agreement was formed, unless a different index value is agreed in Appendix 2.

The prices may be adjusted to the extent that rules or administrative decisions pertaining to indirect taxes are amended in a way that affects the consideration or costs of Cegal.

9 Data protection and security

9.1 General external legal requirements and measures

The Customer shall identify, in Appendix 1, which legal requirements that are of relevance to the conclusion and implementation of this Agreement. The Customer is responsible for specifying, in Appendix 1, any relevant functional and security requirements that are applicable to the deliverables.

9.2 Information security

Cegal will take appropriate measures to address the information security requirements associated with the performance of the deliverables. This includes that Cegal will take measures to ensure the confidentiality of the Customer's data, as well as measures to ensure that data does not fall into the hands of unauthorised persons. Furthermore, Cegal will take measures to protect against the unintended modification and deletion of data, and against virus and other malware attacks.

9.3 Personal data

If Cegal is to process personal data during the performance of the deliverables, this shall comply with the relevant personal data protection regulations. If the Customer has any further requirements relating to Cegal's information security measures, the Customer must state this in Appendix 1.

Documentation which proves that the information and security measures are satisfactory, shall be made available, upon request, to the Customer and its auditors, as well as the Data Protection Authorities.

Cegal may not entrust personal data to other parties for storage, processing or deletion without the Customer's prior written consent.

If the assignment concerns the processing of personal data on behalf of the Customer, the Customer and Cegal shall enter into a data processor agreement according to the personal data protection legislation before the processing of personal data begins. Such agreement shall take precedence in the event of conflict with this Agreement's provisions relating to the processing of personal data.

10 Right of ownership and right of disposal

10.1 Right of ownership to equipment, etc.

Equipment that is delivered pursuant to this Agreement becomes the property of the Customer upon delivery. Cegal shall retain title to all hardware and software until receipt of full payment by the Customer.

10.2 Right of disposal of standard software

The Customer is granted a limited right of disposal of the standard software that forms part of the deliverables. The right of disposal comprises the rights that are necessary for the Customer to be able to utilise the deliverables as agreed, including a right to make such number of copies of the software as follows from ordinary operational and safety procedures.

10.3 Security for access to source code

The Customer may, in Appendix 1, stipulate a requirement that Cegal shall offer the Customer an agreement concerning

access to source code or some other solution that satisfactorily secures the Customer's interest in case of bankruptcy, etc. on the part of Cegal.

10.4 Rights to development and customisations

10.4.1 The rights of Cegal: Cegal shall retain the copyright to software that is developed specifically for the Customer.

10.4.2 The rights of the Customer: The Customer is granted a perpetual and non-exclusive right to utilise the various parts of the software developed or customised specifically for the Customer. This right of disposal includes the right to use, copy, modify and develop the customisations, either on its own or with the assistance of a third party, for the Customer's own internal use. For the avoidance of doubt, the Customer may not sublicense, sell products based on the software or transfer its rights granted in this clause 10.4.2 without the prior written consent of Cegal. The Customer shall receive a copy of the source code and associated specifications and documentation within ten (10) working days after the Delivery Date.

If a right of disposal has been agreed in return for the payment of ongoing consideration, the right of disposal may be terminated by the Customer upon three (3) month's written notice.

In case of such termination, the Customer shall return or delete all copies of the software and documentation that fall within the scope of the Agreement.

10.5 Right of disposal of documentation

10.5.1 Making of copies: Cegal shall make available such number of copies of the documentation as is desired by the Customer, at the prices listed in Appendix 2.

10.5.2 Documentation of development and customisation: The Customer is granted a corresponding right of disposal of documentation prepared in connection with development and customisations, cf. clause 10.2, as the Customer is granted in relation to the development and customisations. This shall also cover training materials.

10.6 The tools and methods of Cegal

Unless otherwise specified in Appendix 1, Cegal, the subcontractors and any third party from whom Cegal derive its rights, shall retain the right to their own tools and to the methodological basis used by Cegal in respect of the deliverables. This includes any customisations that Cegal has developed independently of the Customer and has reused for purposes of these deliverables.

11 Free software

11.1 General provisions pertaining to free software

Free software means software that is offered under what are generally recognised to be free software licenses.

If free software is to be used in connection with the deliverables, Cegal shall prepare an overview of the relevant free software as a separate chapter in Appendix 1.

11.2 Cegal's responsibility for the overall functionality of the deliverables when using free software

Cegal shall be responsible for the deliverables (the overall solution) meeting the requirements under the Agreement, irrespective of the provisions of any particular free software licence.

Cegal shall rectify errors in free software in order to make the deliverables conform to what is agreed.

Cegal shall only use free software that is offered under generally recognised free software licences.

11.3 Effects of distributing free software to others

If the deliverables are to be distributed to others, the terms of the relevant free software licence shall apply.

11.4 Liability of the Customer if it requires the use of free software

If the Customer requires the use of specific free software as part of the deliverables, the Customer shall itself cover any costs resulting from inadequate functionality caused by errors or defects in the free software.

The Customer shall itself carry the risk of defects in title relating to free software that the Customer has requested be used as part of the deliverables. The Customer shall indemnify Cegal in respect of any liability for damages imposed as a result of defects in title in respect of free software that the Customer has chosen.

12 Breach of contract on the part of Cegal

12.1 What is deemed to constitute breach of contract

There is a breach of contract on the part of Cegal if the deliverables do not conform to the agreed functions, requirements or deadlines, or if Cegal fails to perform other duties under the Agreement. There is no breach of contract if the situation is caused by circumstance related to the Customer or by force majeure.

The Customer shall submit a written complaint without undue delay after the breach of contract has been discovered or ought to have been discovered.

12.2 Notification obligation

If Cegal's deliverables cannot be delivered as agreed, Cegal shall give the Customer written notice thereof as soon as possible. The notice shall specify the reason for the problem and, insofar as it is possible, when the performance can take place.

No damages or other remedies for breach of contract may be claimed for circumstances that have not been notified at the latest prior to the expiry of the warranty period.

12.3 Extensions of deadlines

Cegal may request an extension of the deadline, which extension must have the written approval of the Customer in order to apply.

The Customer shall not be entitled to claim liquidated damages, ordinary damages or other remedies for breach of contract in respect of the period comprised by an extension of the deadline.

12.4 Rectification

Cegal shall commence and complete the rectification work for the breach of contract without undue delay.

Rectification may, for example, take the form of repair, redelivery or supplementary delivery.

To the extent that rectification is not provided, the Customer may request a proportional price reduction or terminate the Agreement for breach if the conditions for this in clause 12.5.3 or clause 12.5.4 are met.

If Cegal has failed to rectify the breach of contract within the stipulated or agreed deadline, or if the conditions for termination for breach are met, Cegal shall pay all reasonable expenses incurred by the Customer in obtaining rectification work from a third party, provided that any extended deadline has expired.

The Customer shall give written notice to Cegal prior to appointing a third party.

12.5 Remedies for breach of contract

12.5.1 Payment withholding: In the event of breach of contract, the Customer may withhold payment, although the amount withheld shall not be obviously higher than what is necessary to secure the Customer's claim resulting from the breach.

12.5.2 Liquidated damages: If the agreed deadlines are not complied with, and this is not caused by force majeure or circumstances related to the Customer, there is a delay on the part of Cegal.

The liquidated damages shall accumulate automatically. The liquidated damages amount to 0.10 per cent of the total consideration payable for the deliverables (the contract price),

excluding VAT, for each calendar day of delay, but albeit limited to a maximum of 100 calendar days. If the delay pertains to a partial delivery, the liquidated damages shall amount to 0.10 per cent of the total consideration (exclusive of VAT) for the partial delivery in question for each calendar day the delay lasts, but limited to a maximum of 100 calendar days. If no price has been quoted for the partial delivery in Appendix 2, the liquidated damages shall be calculated based on the partial delivery's relative share of the consideration for the total delivery. In the case of the final, comprehensive acceptance test, liquidated damages shall be calculated based on the total consideration for the deliverables. The sum of previously accumulated liquidated damages for the partial deliveries and the comprehensive acceptance test may not exceed 10 per cent of the total consideration for the deliverables.

The total liquidated damages shall not exceed 10 per cent of the total consideration for the deliverables.

The Customer shall not have the right to terminate the Agreement for breach for as long as the liquidated damages continue to accumulate.

If only parts of the agreed deliverables are delayed, Cegal may request a reduction in the liquidated damages proportional to the ability of the Customer to utilise the part of the deliverables that has been delivered.

12.5.3 **Price reduction:** If Cegal has not succeeded, despite repeated attempts, in rectifying a defect, the Customer may claim a proportional reduction in the contract price. The price reduction shall compensate for the reduced value of what has been delivered.

12.5.4 **Termination for breach:** If there is a material breach of contract, the Customer may, after having given Cegal a written notice and granted Cegal a reasonable deadline for remedying the breach, terminate all or part of the Agreement for breach with immediate effect.

The Customer may terminate all or part of the Agreement for breach with immediate effect if the deliverables are materially delayed. There is a material delay if delivery has not occurred by the time liquidated damages reach their maximum limit, or by the expiry of an extended deadline, if this expires later.

12.5.5 **Damages:** The Customer may claim damages in respect of any direct loss, including additional costs the Customer incurs due to substitute purchases, any loss caused by additional work and other direct loss in connection with delays, deficiencies or other breaches of contract pursuant to clause 12.1, unless Cegal demonstrates that Cegal did not cause the breach of contract or the reason for the breach.

Liquidated damages shall be deducted from any other damages in respect of the same delay.

12.5.6 **Limitation of damages:** No damages may be claimed in respect of indirect loss. Indirect loss includes, but is not limited to, lost earnings of any kind, loss of production, lost savings, loss of data, and claims from third parties.

Overall damages over the term of the Agreement are limited to an amount corresponding to the contract price exclusive VAT.

Overall damages per calendar year for any loss occurring after the Delivery Date are limited to an amount corresponding to the overall annual consideration in respect of the deliverables, excluding VAT.

The said limitations shall not apply in case of gross negligence or wilful misconduct on the part of Cegal or anyone for whom Cegal is responsible.

13 Breach of contract on the part of the Customer

13.1 What is deemed to constitute breach of contract

There is breach of contract on the part of the Customer if the Customer fails to perform its duties under the Agreement

unless the situation is caused by circumstances related to Cegal or by force majeure.

Cegal shall submit a complaint without undue delay after the breach of contract has been discovered or ought to have been discovered.

13.2 Notification obligation

If the Customer is unable to perform its duties under the Agreement, including observing any deadlines, the Customer shall notify Cegal in writing accordingly as soon as possible. The notice shall specify the reason for the problem and, to the extent possible, when the Customer will again be able to perform the agreed duty.

13.3 Termination for breach

In the event of payment default, Cegal may terminate the Agreement for breach if the Customer has failed to settle overdue payments within 30 calendar days of the Customer having received Cegal's notice pursuant to clause 8.4.

In the event of other material breach of contract, Cegal may send the Customer a written notice stating that the Agreement will be terminated for breach unless the Customer has discontinued or cured the breach within 60 calendar days after the Customer received the notice.

13.4 Damages

Cegal may claim damages in respect of any direct loss that arises from breach of contract pursuant to clause 13.1, unless the Customer demonstrates that the breach of contract or the cause of the breach is not attributable to the Customer. If the Customer's performance of its duties under the Agreement is delayed, and this results in Cegal spending more time implementing its part of the deliverables, Cegal shall have the right to adjust the agreed consideration by an amount corresponding to the number of hours of additional work Cegal has been caused due to the breach on the part of the Customer.

The limitations set out in clause 12.5.6 shall apply correspondingly.

14 Infringement of intellectual property rights of third parties

14.1 The Parties risks and responsibilities

Each Party is responsible for ensuring that its deliverables do not infringe the copyrights or other intellectual property rights of third parties and shall carry all risks in this respect. There is a defect in title if the deliverable entails such infringement.

14.2 Third-party claims

If a third party asserts to one of the Parties that the deliverables entail a defect in title, the other Party shall be informed thereof in writing as soon as possible.

The responsible Party shall deal with the claim at its own expense. The other Party shall assist the relevant Party with this task to a reasonable extent.

The relevant Party shall commence and complete the effort of remedying the defects in title without undue delay, by

- a) Ensuring that the other Party is able to use the deliverables as before, without infringing any third-party rights, or
- b) Providing a corresponding deliverable that does not infringe any third-party rights

If the defect in title cannot be resolved, the Customer shall cease any further use of the solution and delete the relevant software component.

14.3 Termination for breach and indemnification

A defect in title that is not cured, and that is of such nature as to be of material importance to the other Party, shall give the other Party the right to terminate the Agreement for breach.

A Party shall be fully indemnified in respect of any liability for damages imposed on it in relation to a third party in connection with a defect in title.

15 Settlement upon termination for breach

Upon termination for breach, the Customer shall have the rights set forth in chapter 10 to what has been produced and made available to the Customer, and the Customer shall pay the agreed consideration for the deliverables that were performed prior to the date of the termination for breach.

When the rights of the Customer in relation to what has been made available to the Customer lapse, and if requested by Cegal, equipment and software and all other materials, whether in an electronic or other format, and irrespective of the medium, shall be handed back or deleted or destroyed in a proper manner. Cegal may request confirmation from an impartial auditor stating that this has been done. In the event of termination for breach by the Customer, the fee of the auditor shall be paid by the Customer, otherwise it shall be paid by Cegal.

16 Miscellaneous

16.1 Force Majeure

If an extraordinary situation should arise which is outside the control of the Parties which makes performance of the duties under this Agreement impossible, and which according to the applicable background law must be classified as force majeure, the other Party shall be notified of this as soon as possible. The obligations of the affected Party shall be suspended for as long as the extraordinary situation prevails. The corresponding obligations of the other Party shall be suspended for the same period.

In force majeure situations, the other Party may only end the Agreement with the consent of the affected Party, or if the situation prevails or is expected to prevail for more than 90 calendar days as of the date on which the situation arose, and in such case only with 15 calendar days' notice. Each of the Parties shall cover their own costs associated with the ending of the contractual relationship. The Customer shall pay the agreed price for the part of the deliverables that was performed prior to the Agreement coming to an end. The Parties may not present other claims against each other due to the Agreement coming to an end pursuant to this provision.

The Parties shall, in connection with force majeure situations, have a mutual disclosure obligation towards each other concerning all matters that must be deemed relevant to the other Party. Such information shall be disclosed as soon as possible.

16.2 Limitation of liability

Notwithstanding any provisions to the contrary, Cegal's total cumulative liability under the Agreement, regardless of whether the Agreement is terminated or not, shall be limited to 100 % of the contract price.

17 Governing law, disputes and legal venue

17.1 Governing law

The rights and obligations of the Parties under this Agreement shall in their entirety be governed by Norwegian law.

If a dispute is not resolved through negotiations, each Party may require such dispute to be resolved with final effect before the Norwegian courts. The dispute shall be brought before the Stavanger District Court.

