

General Conditions of Purchase



REL-000-D002

GENERAL

1. All orders from Relay for Goods or Services and any variations or amendment thereof are given or made subject to these Conditions of Purchase. Any other term or any conditions put forward by the Supplier which are inconsistent with these conditions shall be void unless specifically agreed in writing by Relay.
2. The Contract is formed, including acceptance of these General Conditions of Purchase when the Supplier accepts Relay's Order or the commencement of work in connection with the supply of the Goods or the performance of the Services.
3. The headings in these Conditions of Purchase are for convenience only and shall not affect their interpretation.

DEFINITIONS

4. The following definitions shall apply:
 - 4.1. "Relay" means Relay Engineering Limited, its subsidiaries and associated group companies (whether UK based or elsewhere). It also means Relay Engineering Limited trading as Denholm Engineering or Industrial Air Power;
 - 4.2. "Supplier" means the company, firm, organisation or individual named on the Order;
 - 4.3. "Services" means any services or work to be performed by the Supplier pursuant to the Contract;
 - 4.4. "Goods" means any goods, materials or articles (including any part or parts of them) to be supplied to Relay by the Supplier pursuant to the Contract;
 - 4.5. "the Contract" means and includes all obligations arising from acceptance of the Order, these General Conditions of Purchase and any mutually agreed addition or variation thereof;
 - 4.6. "the Order" means the Purchase Order issued to the Supplier by Relay and in which these Conditions of Purchase are incorporated.

TIME AND DELIVERY

5. The Supplier shall deliver Goods to the place stated in the Order (and in accordance with any additional instructions included with the Order by Relay) or such other place of delivery as is specified by Relay in writing prior to delivery. If no such date is stated, within 28 days of the date of the Order.
6. The Supplier shall complete Services and associated deliverables by the dates specified in the Order (and in accordance with any additional instructions included with the Order by Relay).
7. Time is of the essence with regards to delivery or completion dates stated in the Order. In the event of non-compliance with delivery or completion dates, Relay reserves the right to cancel the Order or any part of it and the Supplier shall be liable for any damages, costs or loss suffered or incurred by Relay by reason of non-delivery or non-completion by the due date.
8. Relay reserves the right to apply liquidated damages and all associated costs for each week or part of the week for any delay to the due delivery or completion dates.
9. Neither Relay or the Supplier shall be under any liability for failure to perform any obligation under the Contract to the extent that the performance is prevented, frustrated, hindered

or delayed by war, insurrection, riot, fire, floods, strikes, lock-outs or Government intervention or any cause reasonably beyond the control which by its nature could not have been foreseen by such the party or if it could have been foreseen was unavoidable of the Supplier or Relay. Notice of any force majeure claim must be given promptly and confirmed in writing by the party intending to rely on it.

PAYMENT TERMS

10. The Price for the provision of Goods or Services is that agreed between Supplier and Relay and confirmed in writing by Relay and/or specified in the Order. The Price of the Goods and/or Services shall be exclusive of value added tax ("VAT") but inclusive of all other charges. All other charges shall include every cost and expense of the Supplier directly or indirectly incurred in connection with the performance of the Services or manufacture, delivery and packaging of the Goods.
11. No variation in the Price or any extra charges shall be accepted or payable by Relay unless agreed in writing by Relay.
12. The Supplier shall issue an invoice or invoices, to Relay, for the Price of any Goods or Services at intervals agreed in the Contract, or in the absence of such terms, following the delivery date or completion date. Each invoice must be a VAT invoice showing VAT, where applicable, separately and proving full details of the Supplier's VAT registration.
13. Where any taxable supply for VAT purposes is made under the Contract, Relay shall, on receipt of a valid VAT invoice from the Supplier, pay to the Supplier such additional amounts in respect of VAT as are chargeable on the supply of the Goods and/or Services.
14. Relay will pay undisputed invoice(s) within 60 days following the end of the month in which the invoice is submitted, unless otherwise agreed in writing.
15. Relay shall have the right to set-off against any sums due to the Supplier any sums which in Relay's opinion is due from the Supplier to Relay.

ADDITIONS AND VARIATIONS

16. Relay shall not be liable to pay for or be responsible for any additions or variations to the Order, unless Relay confirms the same in writing.
17. Any addition or variation to the terms and conditions to the Contract shall only be binding when agreed in writing by Relay.

WARRANTY, GUARANTEE AND DEFECTS LIABILITY

18. Where the Supplier is supplying Goods to Relay, the Supplier warrants that the Goods supplied shall:
 - 18.1. be in accordance with the Order or Relay's specification or comply with any description given by the Supplier; and
 - 18.2. be of satisfactory quality; and
 - 18.3. be free from defect (actual or latent); and
 - 18.4. comply with all applicable statutory and regulatory requirements relating to the manufacture, labelling, packaging, storage, handling and delivery of the Goods;

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- 18.5. be delivered with relevant conformity certification and/or test certificates as specified by Relay in the Order or where it is industry practice to do so.
19. Where the Supplier is providing a Service to Relay, the Supplier shall:
- 19.1. exercise utmost diligence, care and skill in doing so and in accordance with any applicable industry standards; and
 - 19.2. use suitably skilled, qualified and experienced personnel to perform the Services; and
 - 19.3. ensure that the Services will conform with all descriptions and specifications provided by Relay, and any Services deliverables shall be fit for any purpose expressly or impliedly made known to the Supplier by Relay; and
 - 19.4. provide all equipment, tools and vehicles and such other items as are required to provide the Services; and
 - 19.5. observe all health and safety rules and regulations and any other security requirements that apply at any of Relay or its customer's premises or sites;
20. The Supplier shall obtain and maintain all the licences, permissions, authorisations, consents and permits that it needs to carry out its obligations under the Contract in respect of the Goods or Services it is providing.
21. The Supplier warrants that Goods or Services shall be free from defects in design, materials and workmanship and remain so for [12] months after Goods or Services have been brought into service by Relay or the date upon which any vessel, machinery or structure for the construction of which they are intended has been delivered by Relay (whichever is later).
22. If the Goods or Services are not in accordance with the Contract or if there is a defect during the warranty period and notice thereof is given by Relay (as soon as reasonably practicable), the non-conforming or defective Goods or Services shall, at the option of Relay, either be replaced or made good at the expense of the Supplier at any place directed by Relay.
23. Any Goods replaced/repared, or Services made good, shall be guaranteed for further period of 12 months.

INSPECTION AND RIGHT OF ACCESS

24. Relay, its customer and/or customer representative shall be entitled to enter the Supplier's, its sub-suppliers or sub-contractor's premises at all reasonable times for the purpose of checking progress and carrying out or witnessing tests and/or procedures.

INTELLECTUAL PROPERTY

25. The Supplier warrants there is no infringement of any intellectual property rights and that all licences or other permits necessary for the performance of the Contract have been obtained or granted.

26. The Supplier shall indemnify Relay against any actual or alleged infringement of any other persons (anywhere in the world) intellectual property rights (patent, registered design, trade mark, copy right, know-how, licence or any similar rights) arising out of or in connection with the provision of the Services or the supply or use of the Goods

CONFIDENTIAL INFORMATION AND SECURITY

27. The Supplier agrees that the Contract shall be treated as confidential and no reference to the existence of the Contract, Relay's name or its customers' names shall be made or disclosed in any publicity material or other similar communications to third parties without Relay's prior written consent.

28. The Supplier shall regard any technical and commercial information (including, but not limited to customer details, drawings, written instructions, specifications, descriptions, ideas, photographs, data, contract documents, contract records, pricing information, technical "know-how", drawings, patterns) derived from the Order or issued to Supplier by Relay as confidential. The Supplier shall not publish or disclose such information to any third party; the Supplier shall not use information for any other purposes other than in the performance of the Contract.

29. The Supplier shall at all times implement and maintain appropriate effective information security systems (electronic and physical), policies and procedures (including staff training and audits) that:

- 29.1. ensure the security and confidentiality of information provided to the Supplier by Relay; and
- 29.2. protects against anticipated threats or hazards to the security or integrity of this; and
- 29.3. protects against any unauthorized access or use of this information; and
- 29.4. ensure the information is disposed of properly.

OWNERSHIP OF GOODS, ITEMS SUPPLIED AND WORK IN PROGRESS

30. Where Relay issues technical and commercial information or tooling of any nature to the Supplier these items remain the property of Relay and if required by Relay shall be returned to it after the completion of the Contract. Any written instructions, specifications and other technical information, drawings, patterns or tooling of any nature produced by the Supplier in connection with or for the purpose of performing the Contract shall become the property of Relay. The Supplier shall be responsible for the safe custody of all such items in accordance with CONFIDENTIAL INFORMATION AND SECURITY of this Contract.

31. Where Relay issues goods or materials free of charge to the Supplier, such goods or materials shall be and remain the property of Relay and shall be maintained by the Supplier in good order and condition. The risk in such goods and materials shall be with the Supplier who shall insure accordingly. Where there are surplus goods or materials these are to be either handed back or disposed of in accordance with the instructions of Relay.

32. Where it is agreed, payment will be made by instalments for work done or Goods delivered or earmarked and intended for the completion of the Contract, the Supplier agrees that after payment of the first instalment applicable to such work and/or Goods they are deemed to have been unconditionally appropriated to the Contract and shall become the absolute property of Relay free from all debts, contracts and engagements on the part of the Supplier. As soon as practicable the Supplier shall place an identifying mark on the various parts of the work and on all Goods ordered or intended for the Contract as instructed by Relay.

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33. Without prejudice to the foregoing, all Goods and work in progress shall be at the Supplier's risk until delivered to Relay's premises or to such other specified place of delivery and/or completion in accordance with the Contract.

34. In the case of Goods or work done not subject to payment by instalments, the property in it shall pass to Relay on delivery to the premises of Relay and/or completion in accordance with the Contract.

WORKING TIME & MINIMUM WAGE REGULATIONS

35. The Supplier shall be responsible for the observance of the Working Time Regulations and Minimum Wage Legislation. The Supplier procure the same observance from its supply chain.

WORKING CONDITIONS, RULES & STATUTORY OBLIGATIONS

36. The Supplier shall provide its employees with suitable protective clothing and safety equipment whilst providing any Services to Relay. The Supplier shall ensure that its employees and subcontractors use these items.

37. The Supplier shall protect the health, safety and welfare of its employees and sub-contractors whilst engaged upon work at Relay premises or the premises of Relay's customer, by ensuring compliance:

37.1. to rules, regulations and procedures in force at those premises; and

37.2. to statutory obligations under the Health and Safety legislation or regulation.

38. The Supplier is responsible for the insurance and safe custody of its own plant, equipment and stores at all times and for the proper stowage of all materials or equipment belonging to or in its use. The Supplier shall not store more than two days' supply of oil, cork or other combustible materials on board any vessel. Any such materials are to be carefully stowed away each night.

39. The Supplier shall maintain good standards of housekeeping whilst on Relay or its customers premises and shall clean up at the end of each day.

ENVIRONMENTAL & WASTE MANAGEMENT

40. The Supplier shall respect and protect the environment by complying with all relevant environmental obligations, including but not limited to its legal obligations in respect of waste management and control.

41. The Supplier shall promptly clear away and remove from Relay or customer's premises all rubbish and empties to the satisfaction of Relay, unless different arrangements are agreed in writing. Failure to do so will result in Relay completing and a charge being issued to the Supplier. The Supplier shall ensure all waste is removed by registered carriers and disposal is at licenced facilities. The Supplier shall ensure hazardous waste is managed in accordance with current legislation relating to hazardous waste.

42. The Supplier shall indemnify Relay against all liabilities, costs, expenses, damages and losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other reasonable professional costs and expenses) suffered or incurred by Relay arising out of or in connection with any breach by the Supplier

of its legal obligations/duties and duties and obligations contained within clauses 40 and 41.

INDEMNITIES

43. The Supplier agrees to indemnify and hold Relay harmless against:

43.1. any and all loss, damage or expense suffered by Relay in consequence of any negligence or breach of statutory or other duty on the part of the Supplier, its employees, sub-suppliers, sub-contractors or agents or any servants of the Supplier in any way arising out of or connected with the performance of the Contract or any defect in or incorrect assembly of any Goods or Services supplied or executed under or for the purpose of performing the Contract, notwithstanding the same may have been inspected and/or accepted by Relay;

43.2. all claims made against Relay by any third party including any servant or the personal representative or dependents of any servant of Relay for any such negligence or breach of duty or defect or incorrectness as aforesaid;

43.3. against any claim for injury, death or damage to property arising out of the performance of the Contract and against any losses, costs or expenses (including, but not restricted to, legal expenses on a full indemnity basis) that Relay may incur, howsoever arising, irrespective of Relay negligence or breach of duty, statutory or otherwise.

43.4. all legal and other direct, indirect or associated costs howsoever incurred by Relay.

INSURANCE

44. The Supplier shall hold the appropriate level of insurance cover for all its obligations under the Contract including but not limited to:

44.1. Public and Products liability insurance for an amount of not less than GBP 10 million (or value equivalent if different currency) per occurrence;

44.2. Employers liability insurance for an amount of not less than GBP 10 million per occurrence (or value equivalent if different currency);

44.3. Professional Indemnity insurance for an amount of not less than GBP 5 million per occurrence (or value equivalent if different currency)

45. The Supplier shall promptly provide Relay with evidence of such insurances on request.

ANTI-BRIBERY AND CORRUPTION

46. The Supplier shall:

46.1. comply with all applicable laws, statutes, regulations, and code relating to antibribery and anti-corruption including but not limited to the Bribery Act 2010; and

46.2. not engage in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010;

46.3. maintain its own policies and procedures to ensure compliance to the Bribery Act 2010; and work in accordance with any Relay or Denholm Energy Services (DES) published policies on bribery, corruption and unethical business conduct force from time to time, including the DES Code of Conduct (available from www.denholm-oilfield.com)

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- 46.4. promptly report to Relay any request or demand for any undue financial or other advantage of any kind received by the Supplier in connection with this Contract.
47. The Supplier shall ensure that it imposes on persons/organisations in its own supply chain anti-bribery and corruption terms equivalent to those imposed on the Supplier by this Contract.

MODERN SLAVERY

48. The Supplier shall:
- 48.1. comply with all applicable laws, statutes, regulations and codes relating to slavery, servitude, forced or compulsory labour and human trafficking including the Modern Slavery Act 2015;
 - 48.2. have in place and shall maintain its own policies and procedures to ensure its compliance with this clause; and work in accordance with any Relay or DES published policies on supply chain conduct from time to time, including the DES Code of Conduct (available from www.denholm-oilfield.com)
 - 48.3. immediately notify Relay in writing if it becomes aware of any breach or alleged breach of this clause within its supply chain
49. The Supplier shall undertake not to purchase any resource, materials or products from producers, suppliers or manufacturers using forced or compulsory labour in its operations or practices or subject to any investigation, enquiry or enforcement proceedings in connection with slavery and human trafficking.

DATA PROTECTION

50. The Supplier shall:
- 50.1. comply with the General Data Protection Regulations and all other applicable laws and regulations currently effective in the UK relating to the processing of personal data and privacy;
 - 50.2. have in place and shall maintain its own policies and procedures to ensure its compliance with data protection regulations;
51. The Supplier shall not perform its obligations under this Contract in a way as to cause Relay to breach any of its obligations under the data protection regulations.

EXPORT CONTROL

52. The Supplier shall comply with all applicable import and export control laws and regulations in fulfilling the Order and will provide all information that may be necessary for Relay's compliance with all applicable import and export control laws.

TERMINATION

53. Relay may terminate the Contract with immediate effect by giving written notice to the Supplier if the Supplier:
- 53.1. commits a material or persistent breach of the Contract and (if such a breach is remediable) fails to remedy that breach within 14 days of being given notice of breach; and/or
 - 53.2. enters into any compromise or arrangement with its creditors, commits any act of bankruptcy or if an order is made or an effective resolution is passed for the Supplier's winding up (except for the purposes of amalgamation or reconstruction as a solvent company), or if a petition is presented to Court, or if a receiver/manager, administrative receiver or

administrator is appointed in respect of the whole or any part of the Supplier's undertaking or assets; or

53.3. ceases or threatens to cease to carry on its business; or

53.4. the financial position of the Supplier deteriorates to such an extent that, in the reasonable opinion of Relay, the capability of the Supplier to adequately fulfil its obligations under the Contract has been placed in jeopardy.

54. If Relay terminates for any of the reasons in clause 52, Relay shall have the right to off-set all costs associated with the failure to complete all described obligations and recover any deficit from work completed, goods, equipment or materials loaned or supplied to Relay. The exercise of the right of termination shall be in addition to any other right of action or remedy of Relay.

55. Relay may (without limiting its other rights or remedies) terminate the Contract for convenience:

- 55.1. 28 days-notice written notice in respect of the supply of Services;
- 55.2. with immediate effect in respect of the supply of Goods

56. If Relay terminates for convenience, Relay shall pay the Supplier fair and reasonable compensation for any work in progress at the time of termination. This compensation shall not include loss of anticipated profits or any consequential loss. The Supplier will take all reasonable steps to mitigate the effects of termination. Title in all Goods and any deliverables associated with the Services shall pass to Relay on such payment, and (if not already delivered) shall be delivered to Relay at that time.

57. All goods, materials, equipment, technical or commercial information loaned or supplied to the Supplier in connection with the Contract (whether worked or not) shall be returned to Relay upon termination.

58. Clauses expressly or by implication have effect after termination shall continue in full force and effect.

59. Any rights or remedies accrued by Relay at the time termination shall not be affected.

ASSIGNMENT

60. The Supplier shall not assign the whole or any part of the Contract without prior application and the written consent of Relay.

MINISTRY OF DEFENCE CONTRACTS

61. When the Order is for Goods to supply, or the Services for, the Ministry of Defence (MoD) or a defence contractor on behalf of the MoD, additional conditions shall apply. These will be in accordance with MoD Terms and Conditions in force at the time. The Contract will also be subject to the Terms and Conditions of the main contract between the MoD (or defence contractor on behalf of the MoD) and Relay.

62. The Supplier shall not publicise the Contract in any way unless prior approval of the MoD is obtained.

APPLICABLE LAW AND ARBITRATION

63. The Contract shall in all respects be construed and operate as a Contract in England and shall be subject to English Law and jurisdiction.