



STANDARD TERMS AND CONDITIONS

<i>Mod. SGQ:</i>	t&c
<i>Rev:</i>	04
<i>Rev. date:</i>	23/11/2011
<i>Page:</i>	1 of 2

1. General

The following Terms and Conditions shall constitute the entire Terms and Conditions between the parties hereto (hereunder referred to as "Agreement") and shall supersede and override all other warranties, representations and Terms and Conditions whether express or implied, oral or written, including the Client's standard terms.

SSTN shall provide its Services solely in accordance with these Terms and Conditions, utilising its knowledge in accordance with the Code of Professional Ethics as approved by the National Council of Engineers on 1.12.2006.

2. Definitions

"SSTN" means Sommella Studio Tecnico Navale – Associazione Professionale.

"Client" means the party at whose request or on whose behalf SSTN provides its Services.

"Disbursements" means the cost of all reasonable photography, reproduction of drawings, diagrams, sketches and printing, duplicating and, where applicable, electronic transmission fees, and all reasonable and appropriate expenses including travel, meals and hotel accommodation where an overnight stay is necessary.

"Fees" means the fees charged by SSTN to the Client including office charges and excluding any value added tax or equivalent where applicable and any Disbursement.

"Report" means any report or statement supplied by SSTN in connection with instructions received from the Client.

"Services" means the Services identified on the front of this Agreement.

3. Scope of Work

The Client will set out in writing the Services which it requires SSTN to provide. SSTN will confirm in writing acceptance of those instructions, or alternatively, what Services SSTN is willing to perform in accordance with the Client's instructions.

An initial dialogue with the Client may be necessary, prior to the issue of written instructions, to enable SSTN to fully understand and set out the scope of the Services.

In the event that the Services involve the survey of a vessel or any work or Services to or concerning a product or article any of which contain latent defects which were not apparent at the time that the vessel was surveyed and could not reasonably have been expected to have been discovered by such survey (either by reason of lack of access to a vessel part, limited availability of time or otherwise) then SSTN shall have no liability therefore.

In the event that it is intended that any vessel inspection or survey report is to be used, or relied upon by a third party, in order to make a decision on or to provide money for, the purchase of a vessel then these Terms and Conditions shall not apply and SSTN shall issue an Engagement Letter type of contract with different Terms and Conditions and different fees which shall apply in place thereof.

In such circumstances the Client shall not be entitled to use any report issued by SSTN in any way until such Engagement Letter has been signed and returned by the Client. Even then, any disclosure of the report to a third party shall be subject to the restrictions and further requirements of the Engagement Letter.

4. Variations

Once SSTN and the Client have agreed what Services are to be performed, any subsequent variations must be promptly agreed in accordance with a procedure agreed between the parties.

This shall be made by means of a contract variation form specifying technical and commercial details, any variation of the delivery date and/or the deliverables as well as any additional costs involved. In the event of any delay in the Client signing the contract variation form, SSTN shall be entitled to stop work until the contract variation has been signed and returned to SSTN.

Email confirmation will be accepted in lieu of a signed Agreement.

5. Effectiveness

These Terms and Conditions shall take effect on the earliest of the following events:

1. When the Client acknowledges receipt of the Terms, and SSTN accepts the full work scope, as instructed by the Client;
2. When the performance of the work has commenced by SSTN, unless the Client objects to these terms within 24 hours of SSTN starting to provide the Services.

6. Fees

If practicable, SSTN may agree at the outset a lumpsum fee (net of 4% pension funds, 21% VAT and disbursements) with the Client.

If not practicable, SSTN will offer to perform the work on an hourly or daily rate.

SSTN reserves the right to increase its hourly or daily rates at any time and shall give the Client reasonable notice of such increase. Where delays by the Client cause the Services to be extended beyond the time specified or the time originally anticipated, then the cost of the Services charged to the Client may be increased.

7. Expenses

Unless otherwise agreed, SSTN shall charge for legitimate expenses and disbursements incurred in connection with the Services. These may include travel and subsistence costs, reproduction of drawings, photography, courier charges and the hire of special equipment. Car mileage will be charged as per official current applicable fares.

8. Payment

1. The Client shall pay SSTN's fees (together with any associated bank charges) punctually and in any event not later than 30 days following the relevant invoice date, or in such other manner as may have been agreed in writing between the parties.
2. If any part of an invoice is genuinely in dispute, the Client shall notify SSTN immediately upon receipt of invoice as to any part of the invoice which is in dispute giving full reasons as to why a portion of the invoice is disputed and nevertheless pay the undisputed part within 30 days of the invoice date. The parties shall endeavour to resolve the disputed portion without delay. SSTN shall be entitled to charge interest on the basis of the applicable law on any overdue invoice or on any undisputed part thereof as appropriate. In any case where an invoice is more than 60 days overdue, SSTN may stop work or withhold any contract deliverables which relates to the overdue invoice.
3. Without prejudice to any rights of recovery which SSTN might have against a third party, SSTN shall treat the Client identified in the signed Agreement as the person responsible for paying for the work done. Therefore SSTN shall not need to verify

whether the Client considers itself to be principal or agent nor shall SSTN need to concern itself as to whether the Client is, or is not, paid by a third party.

4. If SSTN's advice or Services relate to a claim or a defence which may result in protracted discussions and/or litigation or any other protracted matter, SSTN will submit interim invoices or proforma invoices at regular intervals.
5. Unless the Client can clearly show that SSTN has performed its duties or the Services negligently, the Client must pay in full even though the outcome of negotiations, arbitration or legal proceeding was worse than the Client's expectations, or not in the Client's favour.

9. Obligations and Responsibilities

1. Client

The Client undertakes to:

- a) ensure that full information and instructions are given to SSTN and in sufficient time to enable the required Services to be performed effectively and efficiently;
- b) procure all necessary access for SSTN's staff to goods, premises, vessels, installations and transport and ensure that all appropriate safety measures are taken to provide safe and secure working conditions.

If the Client becomes aware of any claim or circumstances which might involve litigation or arbitration concerning or connected with the subject matter of this Agreement, the Client shall inform SSTN immediately.

2. SSTN

SSTN shall procure that its staff shall use reasonable care and skill in the performance of the Services in accordance with good marine surveying / consulting practice.

3. Reports

SSTN shall submit a final written report to the Client following completion of the agreed Services describing the findings, assessments and inspection relating to the purpose of the Client's instruction, unless otherwise expressly instructed by the Client not to do so.

Only the original copy of such report, signed by SSTN's staff, can be used by the Client as an evidence, for the purposes allowed by these Terms and Conditions.

4. Confidentiality

Both parties undertake not to disclose any information provided in confidence by the other party to any third party and the receiving party shall not permit access to such information by any third party unless the disclosing party expressly grants permission, save where required to do so by an order of a competent court of law.

5. Intellectual Property

Ownership rights to intellectual property resulting from the performance of the work created by SSTN and its staff shall vest in and remain the property of SSTN. The Client may disclose the report or document to a third party for whose benefit the work was specifically commissioned.

6. Conflict of Interest

SSTN shall promptly notify the Client of any matter, including conflict of interest or lack of suitable qualifications and experience, which would render it undesirable for SSTN to continue its involvement with the appointment. The Client shall be responsible for payment of the fees due to SSTN up the date of notification.

10. Liability

Without prejudice to Clause 11, SSTN shall be under no liability whatsoever to the Client for any loss, damage, delay or expense of whatsoever nature, whether direct or indirect and howsoever arising unless the same is proved to have resulted solely from the gross negligence or willful default of SSTN or any of its employees, partner or sub-contractors.

SSTN's maximum liability for professional negligence shall be the fee paid for the work carried out with regard to the assignment. Any multiple assignment shall be deemed to be one single assignment.

Aside from liability on the part of SSTN pursuant to mandatory stipulations and generally accepted rules of reasonableness and fairness, SSTN shall not be liable for and consequently never be bound to pay compensation for direct and indirect damages sustained by the Client's property, real, registered or otherwise, or by persons both on the premises of the Client or third parties, resulting from:

1. incorrect and/or incomplete data particularly in connection with information required by SSTN, inasmuch as it in all reasonableness was not possible to observe this information in order to obtain it;
2. activities not conducted by SSTN;
3. errors and/or delays, which came about due to incorrect operation of equipment which is used by SSTN in performing the assignment, as well as faults in the equipment itself, including any software which maybe used.

SSTN shall never be liable for indirect and/or consequential damages sustained by the Client and/or third parties connected with the assignment.

11. Indemnity

Except to the extent and solely for the amount therein set out that SSTN would be liable under Clause 10, the Client hereby undertakes to keep SSTN and its employees, partners and sub-contractors indemnified and to hold them harmless against any and all actions, proceedings, claims, demands or liabilities whatsoever or howsoever arising which may be brought against them or incurred or suffered by them, and against and in respect of all costs, damages and expenses (including legal costs and expenses on a full indemnity basis) which SSTN may suffer or incur (either directly or indirectly) in the course of the Services under these Conditions.

12. Time Bar

Any claims against SSTN shall be deemed to be waived and absolutely time barred upon the expiry of one year from the submission date of the report to the Client.



STANDARD TERMS AND CONDITIONS

<i>Mod. SGQ:</i>	t&c
<i>Rev:</i>	04
<i>Rev. date:</i>	23/11/2011
<i>Page:</i>	2 of 2

13. Breach

SSTN or the Client may without prejudice to any other rights it may have hereunder terminate this Agreement forthwith by giving notice in writing to the other party.

1. In the event of war, hostilities, civil war, rebellion, revolution, insurrection or other disturbance occurring in the Client's or Company's country or at a location where the work is to be performed;
2. If the other party shall commit any material breach of the terms of this Agreement on its part to be observed or performed;
3. If the other party compounds with or negotiates for any composition with his creditors generally or permits any judgement against the said "other party" to remain unsatisfied for 7 days;
4. Being an individual, the Client shall die or have a receiving order made against them or become bankrupt.

In the event that the Client shall be in breach of its obligations under this Agreement, SSTN shall have the following options:

- a) without prejudice to its entitlement to claim compensation for all work done (including work in progress), for all costs irrevocably incurred and for loss of profits, to terminate this Agreement by giving 14 days notice in writing to the Client of its intention to do so;
- b) to claim compensation from the Client in respect of the breach and in respect of any additional costs incurred as a result thereof and an extension of time to complete the Services where appropriate;
- c) to renegotiate this Agreement.

14. Suspension

In the event of a suspension of this Agreement for reasons of breach by the Client, force majeure or for the convenience of the Client, SSTN shall be entitled to payment by the Client of the following costs:

1. The full costs of laying off (and re-hiring if necessary) any employees and consultants employed or hired specifically for the purposes of this Agreement such full costs including any costs which SSTN has necessarily paid to an employment agent;
2. The costs irrevocably committed relating to the period of suspension by subcontractors, under a subcontract which relates to this Agreement;
3. Any other costs which SSTN or its employees or agents have irrevocably committed in respect of the period of the suspension;
4. Loss of SSTN's anticipated profit under this Agreement for the period of the suspension.

Without prejudice to its rights hereunder SSTN shall be entitled, at its option but shall not be obliged, to give notice of termination of this Agreement if any period of suspension continues for a period of more than 30 days.

15. Termination

In the event of termination of this Agreement for any reason whatsoever, SSTN shall be entitled to payment by the Client for all irrevocably committed costs associated with the Services. Unless otherwise specified and agreed in writing, the term "irrevocably committed costs" shall include but not be limited to the following items:

1. the cost incurred to the end of period of notice in developing any Services;
2. the full cost, including overhead, of employing and/or hiring any employees/contract staff specifically for the purposes of and for the period of the said Agreement;
3. the full costs of terminating the employment of or laying off of any such employees;
4. the costs of buying and/or hiring any materials, goods, plant, machinery or equipment specifically for the purposes of this Agreement;
5. the costs irrevocably committed by subcontractors specifically for the purposes of this Agreement - even if this commitment extends beyond the expiry of the period of notice;
6. recovery of the costs of all Services properly completed and delivered to the customer;
7. recovery of the costs of Services completed but not yet delivered and work in progress;
8. recovery of any costs irrevocably committed by SSTN even if this commitment extends beyond the expiry of the period of notice;
9. recovery of any monies due to SSTN.

16. Force Majeure

SSTN shall not except as otherwise provided in these Terms and Conditions, be responsible for any loss, damage, delay or failure in performance resulting from any of the circumstances defined in sub-clauses below.

1. SSTN shall be excused from the performance of any of its obligations under this Contract if and in so far and for so long as such performance is delayed or prevented by the Client's acts or omissions (including, but not limited to failing to provide timely information, supplying incomplete or defective information, delaying the Contract start date, failing to provide material or facilities required by this Agreement), or by circumstances beyond its reasonable control including but not limited to delays on the part of Classification Societies or other bona fide bodies in granting or giving approval to any documentation or inspection or survey which requires approval, strikes, lock-outs or labour disputes of any kind (whether relating to its own employees or others), fire, flood, explosion, natural catastrophe, military operations, blockade, sabotage, revolution, riot, civil commotion, war or civil war, adverse weather conditions or prolonged power failure.
2. In conducting any survey, SSTN shall rely in good faith upon any information with which it is provided by any ships broker or yacht broker and/or any Classification Society or bona fide third party body and/or upon the instructions and information received from any apparently authorised employees or agents of the Client and SSTN shall not be liable in respect of any act or omission or failure to advise or comment upon any matter which falls outside the scope of the Services or for any recommendation based upon the information or instructions with which it has been provided directly or indirectly by the persons or organisations referred to above.

17. Sub-contracting

SSTN shall have the right to sub-contract any of the Services provided under these conditions, subject to the Client's right to object on reasonable grounds. In the event of such a sub-contract, SSTN shall remain fully liable for the due performance of its obligations under these conditions.

18. Document retention

SSTN shall retain all data, documents and records that have a bearing on the Services provided to the Client for a period of 5 years after completion of the Services. The Client will be given the right to have its own disclosed documentation returned by SSTN at the Client's cost or destroyed upon completion of the Service.

19. Privity of Contract

This Agreement is intended to be a private contract between the parties hereto and it is not intended to confer any rights of enforcement on any third party (other than on a permitted assignee to whom it is actually assigned) even if any of the contract terms can confer a benefit on such a third party.

20. Alterations

Any alteration to these Terms and Conditions shall not be effective unless agreed in writing by both parties.

21. Severability

If any part of these Terms and Conditions is found by any court or authority of competent jurisdiction to be illegal, invalid or unenforceable, then that provision shall, to the extent required, be severed and shall be ineffective, but shall not affect any other provision of these Terms and Conditions which shall remain in full force and effect.

22. Governing Law

This Agreement shall be governed by and construed in accordance with the Italian law and any dispute shall be subject to the exclusive jurisdiction of Genoa Court. Nothing herein shall prevent SSTN from enforcing in any country an award made by the above exclusive jurisdiction.

23. Languages

These Terms and Conditions are available in both the Italian and English language. Should there be any discrepancy between these versions, then the Italian language version will prevail and that determined in the English version shall be set aside.