

**GENERAL TERMS AND CONDITIONS
GOVERNING THE REPAIR AND DOCKING
OF SHIPS AS APPLIED BY THE FINNISH
SHIPBUILDING INDUSTRY**

Confirmed on 1 January 2012

1. These general terms and conditions governing the repair and docking shall be applied, if the parties concerned have agreed on their application in writing. In addition to these terms and conditions, the Customer shall be obliged to observe the written or verbal docking instructions issued by the Shipyard.
2. The term "Customer" shall in this context refer not only to the owner of the ship and the shipping company, but also to the master of the ship and a representative of the owner. The term "ship" is hereinafter also used to refer to a part of the ship, pontoon, floating crane, floating container, etc.

The condition of the ship when docking and the preparatory measures

3. The Customer shall provide the required weight information to the Shipyard for the purpose of docking and provide the required drawings for the use of the Shipyard. The Customer shall also, in good time before docking, provide information concerning special constructions and circumstances in the ship, which affect the docking.
4. The master of the ship to be docked shall ensure that his/her ship is trimmed, according to the issued instructions, to the most advantageous position for a docking operation. The list of the ship shall be within the limits set in the instructions given by the Shipyard. If the ship is loaded at the time of docking, the Customer shall, in advance, separately notify the Shipyard thereof and the

Customer shall be liable for the soundness of the ship for docking.

5. When the ship is taken in for docking, the ship's crew shall assist in the mooring and hauling with the ship's own equipment, unless otherwise is agreed. The ship must have the necessary hauling lines and moorings.
6. A ship carrying inflammable or poisonous substances shall, pursuant to the legislation and authority regulations, be free of gases and cleaned at the time it enters the shipyard area. The Shipyard must be provided with the information concerning the inflammable or other hazardous objects on the ship. The Customer shall ensure that the measures required by safety are undertaken, pursuant to the authority regulations.

Docking

7. Ships are admitted to the dock in accordance with the docking schedule agreed with the customers. Shipwreck or other especially important ship repairs may cause changes in the docking schedule. Unless the ship reported for docking fails to be present at the time in accordance with the agreed docking schedule, the docking turn of the ship may be postponed, in which case the Shipyard shall not be liable for any possible delays or incurred costs.
8. The Shipyard shall be entitled to dock the ship at a place it deems more suitable. If two or more ships are docked at the same time, the first one to be completed must wait until also the other ships are ready to be relaunched. The owner of the ship thus compelled to wait shall not be entitled to receive any compensation for the delay caused by such reason.

Liability

9. The Shipyard shall not be liable for damage or losses, which may be caused, during or outside working hours, to the ship, its equipment, cargo, crew or visitors, while the ship remains on the dock or while it is being transferred to another location, docked or relaunched. What is stated herein shall apply, if it cannot be proven in a conclusive manner that the damage or loss was directly caused by the negligence of the Shipyard's personnel or its subcontractors.
10. The ship shall be liable for the damage to the shipyard, its personnel, a third party or waterways, which is caused by the discharge of oil, gas, a chemical, waste or other corresponding substance originating from the repaired ship, unless the said discharge of the substance can be proven conclusively to result from the gross negligence of the Shipyard's own personnel or its subcontractor.
11. If the material used by the Shipyard in the repair work or the undertaken work does not conform to the contract and the Customer has provided a written notice of defect concerning the matter before the ship leaves the dock, the only consequence shall be that the Shipyard shall be obliged to carry out the repair work, at its own choice and cost, either at its own shipyard or some other place of its choosing or to grant the Customer a corresponding reduction in price. For the purpose of repairing the defect, the Customer shall, at its expense, place the ship or equipment to be repaired at the Shipyard's disposal for the period of time required for carrying out the repair in question.
12. Notwithstanding what is stated in this chapter, the Shipyard shall not be liable

for the indirect damage or losses sustained by the Customer, such as loss of time or interest, or loss resulting from the changes in business cycles, loss of profit or markets or increase in costs.

13. The Customer shall be liable for the full payment of the work undertaken by the Shipyard and the used materials, also in the case that the said work would be destroyed, either completely or in part, by fire, explosion or any other such reason for which the Shipyard is not legally responsible. Any possible advance payment corresponding to the undertaken work or used materials shall, therefore, become due to the Shipyard and the part of the advance payment corresponding to the work remaining incomplete shall be refunded to the Customer.
14. The exploitation of the tenders submitted by the Shipyard and the commercial and technical material relating to them or their disclosure to a third party shall only be permitted with the permission of and on conditions set by the Shipyard.
15. The master of the ship shall be responsible for ensuring that the ship's crew observes the instructions and regulations issued by the Shipyard, which concern order, safety and cleanliness, as well as other instructions and regulations relating to the stay of the ship at the shipyard.

Insurance

16. The Customer shall be responsible for ensuring that the following objects are adequately insured on customary conditions, while the ship remains at the shipyard or repairs are carried out on the ship by the Shipyard.
 - a) The ship, its supplies, equipment and other property owned by or in possession of the Customer, also possible new

constructions and equipment provided by the Shipyard, which increase the value of the ship.

- b) The cargo and other property on board the ship, which belongs to a third party.
- c) The ship's crew and persons visiting the ship.

Security

- 17. The Customer shall, at its own expense, provide the security for the ship while it stays at the shipyard.
- 18. The Shipyard's project manager in charge shall be informed of the ship's own hot work by the master of the ship and he/she must ensure that the fire watch is undertaken in an appropriate manner both during and after the work. The Shipyard shall be responsible for the fire watch relating to its own hot work.
- 19. The ship's own fire extinguishing equipment must be in working order and easily accessible. However, as an exception, CO2 and other chemical fire-extinguishing systems must be locked by the master of the ship for the purpose of preventing their accidental release.

Regulations concerning the ships in the shipyard area

- 20. a) The use of the docked ships' toilet and sanitary installations shall be prohibited, unless the ship has its own self-contained system, which may be emptied into facilities reserved for the purpose. In addition, the use of the systems for pumping wastewater into the sea is prohibited without a permission given by the Shipyard.
- b) While the ship is docked, it is not permitted to move cargo, ballast, fuel or other loads without the Shipyard being aware of such.
- c) The discharge of oil or water possibly containing oil, etc. is prohibited, unless it

is specifically agreed with the Shipyard that they may be emptied into a tank indicated by it.

- d) Any waste from the ship may only be removed to places indicated by the Shipyard.
- e) The use of the ship's propulsion system is only allowed with a permission granted by the Shipyard.
- f) Before the ship is relaunched (released from the dock), the master of the ship shall make sure that the ship has sufficient ballast to ensure its stability.
- g) If a risk of freezing exists while the ship is on the dock, the ship's officers must be responsible for ensuring that the pipes etc. are blown empty and undertake or organize the required protective measures. The Shipyard shall not be liable for damage resulting from freezing.

Work orders

- 21. Work orders from the Customer or its representatives are accepted by the Shipyard's project managers or other persons assigned by the Shipyard.
- 22. Work orders may only be issued by the abovementioned Shipyard's personnel, who also manage the other communication between the Customer and the Shipyard.
- 23. A work order issued by the master or the chief engineer of the Customer's ship or a person separately nominated by the Customer shall be considered as binding, unless the Customer has stipulated otherwise.

Work carried out by the ship's own crew

- 24. The Customer shall not be entitled to have repairs to its ship made by outside labour, while it is in the shipyard area, without an approval given by the Shipyard.

25. The Customer shall be entitled, after notifying the Shipyard, to have such work carried out by the ship's own crew, which could be undertaken while the ship is in a harbour. The safety regulations issued by the Shipyard must be observed in connection with such work, and it shall not be allowed to cause danger or hinder the performance of the work to be done by the Shipyard.

Equipment etc. removed from the ship

26. Equipment, materials and parts removed from the ship during the repair work, which are not reinstalled, shall remain the property of the Shipyard, unless otherwise is agreed.

Cost of repair work

27. Repairs of this ship are charged at tendered or invoiced prices. Unless the price of the work has been agreed in advance, the work shall be performed as invoiced work in accordance with the Shipyard's pricing standards.
28. Unless otherwise is agreed, the tenders shall be valid for a period of 14 days from the date of issue and the prices are binding, with the exception of circumstances beyond the control of the Shipyard affecting the prices and delivery times.
29. Unless a requested plan of alterations submitted to the Customer does not, as such or in the corresponding extent, result in an order, the Shipyard shall be entitled to charge the planning costs arising from it.
30. Any work possibly carried out on ships in addition to the work pursuant to the tenders and the payment of the costs shall always be agreed in a binding manner with the Shipyard.

Payments

31. Unless otherwise is stated in the tender or agreed otherwise prior to the commencement of the work, the Customer shall be obliged, at the request of the Shipyard, to pay half of the estimated total sum of the invoice upon the commencement of the work.
32. The Customer shall be obliged, at the request of the Shipyard, to effect the payment or the estimated total sum of the repair costs before the ship leaves the shipyard.
33. In case the amount of the payment is subject to disagreement, the Customer shall have the right to take possession of the ship by paying the undisputed amount of the Shipyard's invoice and, unless otherwise is agreed, by submitting a bank guarantee or other security approved by the Shipyard for the part of the payment subject to dispute. In such a case, the Customer shall, within three months from the date of submitting the security, refer the matter to be settled by arbitrators; otherwise the said part of the payment subject to dispute shall also be considered to have become undisputed.
34. Any possible counterclaims by the Customer, which have not been approved by the Shipyard, do not entitle the Customer to withhold payments.
35. Claims against the invoices shall be made within 14 days of the date on which the invoice was received.
36. Unless the payment is made on the due date, the Customer shall be liable to pay an interest on arrears pursuant to the Interest Act. In addition, the Shipyard shall have a lien upon the ship until the overdue amount has been paid.

Time of delivery

37. Unless otherwise is agreed, the work shall be carried out as quickly as possible during normal working hours without overtime work, taking into consideration the other commitments of the Shipyard at the time the order is made.
38. If a specific time of delivery is agreed on, it shall be considered to commence only from the date on which the parties have agreed on the extent and the manner of the execution of the work, the possible advance payment is effected or an acceptable security has been given for the payment and the Customer has fulfilled the possible other obligations incumbent on it.

Extension of the time of delivery

39. If the parties, during the work, agree on changes or additional work, they must also at the same time agree on their effect on the time of delivery. The date of delivery shall be correspondingly postponed by the period of time corresponding to the period of time required for the preparation for and execution of such work.
40. The agreed time of delivery shall apply unless otherwise results from a force majeure. Force majeure is defined to include such circumstances, which do not result from negligence by the Shipyard, or which have been beyond the Shipyard's control, such as war, strike, lockout or other labour conflicts, not now known reduction of working hours based on an order to be observed by the Shipyard, shortage of labour or raw materials, defects in large-size forgings or castings or in ordered material, fire, accident, damage by sea, natural obstacle, delay in the deliveries by subcontractors or in the deliveries of raw materials, if such delays result from a force majeure or

the fact that a subcontractor or a seller has not observed the times of deliveries confirmed by them, although the Shipyard has placed its order in good time and exercised necessary due care, as well as supervised the fulfilment of the deliveries in an efficient manner, or a circumstance that has for such reasons affected other commitments of the Shipyard and has thus in turn hindered the fulfilment of this agreement.

41. In the event of a force majeure, the time of delivery shall be extended by the same number of working days that were lost by the Shipyard due to the abovementioned reasons; this shall also apply in case the cause of the delay occurs after the date of delivery pursuant to the agreement.
42. The Customer shall, as early as possible, be informed by the Shipyard of issues, which in the opinion of the Shipyard, shall result in the delay of the delivery. As far as it is possible, the probable duration of the delay must also be declared.
43. If the Customer does not fulfil its obligations pursuant to the agreement during the execution of the work, the Shipyard shall have the right to suspend the work until the obligations are fulfilled. In such case, the time of delivery shall be extended by a corresponding period of time.

Acceptance of work

44. The Shipyard shall replace all defective material delivered by it in its own premises and correct the defective work carried out by it in accordance with the terms stated in this section. The guarantee shall only apply to the work carried out and the material supplied by the Shipyard and/or its subcontractors and suppliers (hereinafter referred to in this section as "Shipyard").

The notice of defect concerning the defective material or the quality of the work supplied by the Shipyard must be made by the Customer immediately after the defects have been discovered and, if possible, before the day of delivery.

The work shall be considered as being accepted after the inspection has been carried out and the agreed handover trials have been carried out in an approved manner. When the ship leaves the shipyard, the Shipyard shall in any case be released of all liabilities concerning deficiencies, with the exception of such defects in material or quality of work originating from the delivery period, which the Customer cannot reasonably be expected to have discovered before or during the delivery, providing that a notice concerning such hidden defects is made to the Shipyard in writing within six months from the day of delivery.

The liability of the Shipyard, its subcontractors and suppliers shall be limited to the abovementioned obligations as to their extent and duration. The Shipyard and/or its subcontractors and suppliers shall neither be liable for any indirect losses or damage or other indirect losses or expenses ensuing from the abovementioned defects or relating to them or normal wear or stress or overloading, nor for the defects resulting from normal corrosion of a material or accidents, fire, incorrect loading or stowing or the poor or careless use or maintenance of the ship.

In cases where the Shipyard shall be liable for the defects mentioned in this section, the Customer shall have the right to have the repair or replacement work carried out by any other shipyard or factory in case the delivery of the ship to the Shipyard would cause considerable difficulty to the

Customer. In such cases, the Shipyard is liable for the real costs incurred as a result of the repair work or replacement; however, the Shipyard shall not be liable for the amount exceeding the sum that would have been incurred had the Shipyard itself carried out the repair work or replacement.

In such cases, the ship shall be delivered, at the Customer's cost and risk, to a place that is in all respects ready for the guarantee work to be commenced.

After the repair work and replacements mentioned in this section have been completed, the Shipyard shall not be responsible for other defects or deficiencies.

Disputes

45. Any disputes concerning the repair work and/or docking referred to in these general terms and conditions shall be referred for settlement, pursuant to the rules of the Arbitration Institute of Finland Chamber of Commerce, by a sole arbitrator in the district in which the Shipyard is located. However, the Shipyard shall always be entitled, on its own choice, to have a dispute concerning the collection of an invoice or other monetary receivable settled by a court of general jurisdiction located in the same district with the Shipyard.
46. Finnish law shall be applied in the settling of disputes.