

General Terms and Conditions
Garant Service UAB, Klaipeda, Lithuania

1. Introduction and Definitions

- 1.1. These General Terms and Conditions (hereinafter – the Conditions) shall, unless otherwise agreed in writing, apply to all service work performed and goods, products delivered in the field (“Object of delivery”) by any authorized member, agent or representative of Garant Service UAB to a client. The Contractor’s offers are not binding until accepted and confirmed by a purchase order issued by the Client, which is acknowledged by the Contractor’s confirmation letter – Quotation. These Conditions shall form an integral part of the Contract. The Client may not change or cancel any purchase order after it has been received by the Contractor unless the Contractor had agreed in writing to such change or cancellation.
- 1.2. The Contractor hereby rejects any term or condition of any order, confirmation or other document sent by the Client (whether before or after date hereof) and by accepting the Object of delivery the Client agrees that any such terms and conditions shall not be part of this agreement, unless expressed in writing and signed by the Contractor after the date hereof.
- 1.3. In addition to Client being responsible for payment of the Contractor Object of delivery to the Vessel, purchase price and any relevant costs, the Contractor reserves the right to demand payment from the Vessel’s owner. Vessel’s owner, managers, charterers, agents and all other parties associated with the vessel and order of the Object of delivery are jointly and severally liable for payments in time. The Client, if he is not the registered owner of the vessel, hereby expressly warrants that he has the authority of the Vessel owner to pledge the Vessel’s credit as aforesaid and that he has given notice of the provisions of all Clauses of these General Terms and Conditions to the Vessel owner.
- 1.4. The Contractor provided Object of delivery is upon the faith and on the credit of the Vessel.

1.5. Definitions:

- 1.5.1. **Client** – shall mean the person or company placing an order on behalf of the Vessel/ Vessel’s owner;
- 1.4.2. **Contractor** – shall mean Garant Service UAB, registered at the register of legal entities, Republic of Lithuania, with registered No. 302573959, at Dubysos str. 27A, Klaipeda, Lithuania;
- 1.5.2. **Object of delivery** - consists of (i) products, goods, delivered to the Client on order by the Contractor to a worldwide destination agreed in advance, it spare parts or equipment of other manufacturers, or equipment and parts produced and/or supplied by the Contractor; (ii) services ordered by the Client and delivered by the Contractor solely or with subcontractors in a worldwide location agreed in advance;
- 1.4.3. **Partners** - shall mean the Client’s partner(s) (person or company) placing to Contractor an order on behalf of the Vessel /Vessel’s owner to supply the Object to delivery; the person or companies legally associated with the Vessel;
- 1.4.4. **Receipt document**- duly signed by the Master of the Vessel or other crew officer to confirm the Object of delivery is received by the Vessel;
- 1.4.5. **Quotation** – the Contractor’s confirmation letter about readiness to supply the Vessel with Object of delivery and description with the date, place, price and other important data for Contractor’s;
- 1.4.6. **Vessel** -the vessel, ship or craft duly nominated to receive Object of delivery from the Contractor;
- 1.4.7. **Vessel owner** – shall mean any person or company who owns a Vessel in whole or in part;
- 1.4.8. **Invoice** – a document issued by the Contractor, indicating final or partial price of the Object of delivery and terms for payment.

2. Performance and acceptance

2.1. The Client must inform the Contractor about needed services, terms, scope of work in advance by email or fax. Any telephone request or information must be accompanied by an email or fax. Upon the Contractor's request the Client must provide the following information to the extent possible:

2.1.1. Vessel's name, IMO number, ETA, ETD;

2.1.2. Clients' full style. State if she/he is acting as an "agent" only or has different association to the Vessel;

2.1.3. Description of the existing problem that needs attention with type of equipment and OEM details, symptoms and effects of the malfunction (as much information as possible for better preparation);

2.1.4. List of spare parts held on board (only for the equipment in scope) or a suggested list of needed spare parts;

2.1.5. Vessel's nominated agent in port of arrival;

2.1.6 Superintendents' contact details, Superintendent must have authorization to supervise and accept the provided services (Valid authorization proof by Power of Attorney letter or other means);

2.1.7. Classification society for the Vessel in scope of services;

2.1.8. Information on all available technical documentation such as manuals, measuring tables (if applicable), previous repair protocols and etc. for items that are covered by the scope of services.

2.2. If Client is different to the Vessel owner and acts as an "agent" only, upon the Contractor's request must disclose the full style of the Vessel owner and provide legal evidence authorizing to conduct such requests on behalf of the owner. Bankruptcy, liquidation and restructurization of a ship manager or other entity who acts as "agent" only does not give a right to avoid payment for the Object of delivery provided. If the ship manager or other entity who is acting as "agent" only for the vessel or the Owner of the vessel, files for bankruptcy, liquidation or restructurization the Vessel owner will be liable for payment.

2.3. All Receipt documents shall be signed by the Master whose signature express acceptance and authority of the Vessel owner.

2.4. Title to the Object of delivery provided by the Contractor to the Vessel is transferred to the Client only after full payment is received, in other cases the Object of delivery is considered as property of the Contractor. The Client's person in possession of the Object of delivery shall hold such as a mere bailee.

2.5. On completion of performance to the Object of delivery, the Contractor shall prepare and the Client shall accept the Receipt document. The Receipt document signed by the Master is considered as completion of Object of delivery and the Client has no objections to the performance of the Contractor and becomes financially responsible to the Contractor.

2.6. When the information provided from the Client is sufficient to determine the Object of delivery, the Contractor prepared and submits the Quotation with sufficient details for request confirmation on the Object of delivery.

2.7. During the process of actual delivery, the scope of Object of delivery can be altered. Any changes in the Object of delivery or other alterations to the Quotation shall be mutually agreed between the parties allowing the Contractor to complete the repair services partially, in stages or in full and satisfy the Client request on early use of the Vessel or its equipment before all final acceptance conditions are met. The Contractor will provide all documentation to support altered scope of delivery. In such a case, the Client shall pay to the Contractor for the performance.

2.8. If the Master refuses to accept the Object of delivery and sign the Receipt document, the Client has to present in writing to the Contractor reasons for the refusal with references to the agreed Object of delivery. If the written refusal of acceptance is not received within 5 calendar days from the Receipt document issue date, the Contractor has the right to accept the Object of delivery unilaterally and the Client becomes liable for full payment to the Contractor in time.

2.9. In addition to the Receipt document, the Contractor submits the following documents to the Client:

2.9.1 Final estimate (calculation) for the object of delivery (has to be signed by the Client authorized person)

2.9.2 Invoice

2.9.3 Technical acts including measurement protocols and other technical documentation in relation with the specific project (if applicable and on the discretion of the Contractor) (upon the Client's request);

2.9.4 Technical evaluation conclusions (reason for breakage), recommendations and technical solutions etc. (if applicable and on the discretion of the Contractor) (upon the Client's request).

2.10 If not specified or agreed otherwise the Contractor arranges all the Object of delivery during regular working hours. On special request from the Client, the Contractor can arrange the Object of delivery outside regular work hours, however, the Client has to reimburse the Contractor for the overtime as per following rates:

2.10.1 Work after regular hours from 5 PM to 8 AM Monday through Friday – labor cost has to be multiplied with coefficient 1.5

2.10.2 Work on Saturday – labor cost has to be multiplied with coefficient 1.5

2.10.3 Work on Sunday and public holidays – labor cost has to be multiplied with coefficient 2

2.11. Recalculated labor cost will be provided in the Final estimate (calculation) document by the Contractor (not necessarily detailed or specified). Supporting details and calculation can be provided on written request from the Client.

2.12. When necessary the Contractor submits for acceptance or certification all services performed and documentation to the IACS members, port authorities and other official institutions by a separate request of the Client

3. Responsibilities of the parties and insurance.

3.1 The Client is liable for:

3.1.1. arrangement of suitable working and accommodation conditions to the Contractor's personnel, on the same level of comfort or better as the regular crewmembers of the vessel during the whole period of stay onboard. In such a case during the whole period of stay onboard the Client arranges provision of:

(a) Proper accommodation with shower possibilities, clean linen, matching minimum hygiene and sanitary requirements

(b) Meals and general nutrition

(c) Access to washing machines and etc.

(d) Access to the computer and the internet for sending daily reports to the Contractor (if such service is available on the ship, if not, at least telephone line for voice conversation with the Contractor head office)

3.1.2. Vessel's stability, buoyancy and safe vessel's standing, while being in water.

3.1.3. The general tidiness and cleanliness (condition of gangways and passing, lighting and compliance with requirements of environmental laws).

3.1.4. Preservation of vessel's mechanisms and equipment taken from vessel for repairs and remaining on the vessel, if not agreed otherwise;

3.1.5. providing proper and timely information to the Contractor related to the Object of delivery. General rule for notification is at least 4-3 days before vessel's arrival to Riga, Liepaja, Ventspils (Latvia) ports or at least 2-1 days before vessel's arrival to Klaipeda port. Client is in no obligation to follow this rule, but if informed too late, the Contractor reserves the right to decline the inquiry. For work in foreign ports, ample time should be given for preparations and time for reaching the vessel.

3.2 The Contractor is liable for:

3.2.1. providing a reasonable amount of administrative effort to ensure, that all travels are arranged to reach the agreed terms of arrival and return by selecting transportation means that are safe, comfortable enough and cheap (in the listed priority). All Contractor technical repair teams' expenses for travel, hotel, taxi, train, bus and etc. to reach the Client vessel and return to Klaipeda (Lithuania) will be added to the Final estimate (calculation) document and Invoice.

3.2.2 Timely and qualified response to Client's inquiry about possibility to perform Object of delivery

3.2.3 Preservation of vessel's mechanisms and equipment taken from vessel for repairs in the Contractor's possession;

3.3 Performance of hired subcontractors and/or partners; in such a case the responsibility for quality to Object of delivery remains to the Contractor.

3.4. Contractor provides insurance for the Garant Service UAB employees and liability (for the direct damages done to the vessel by the Contractor. Garant Service UAB liability insurance is 1000.000,00 Euros).

4. Warranty

4.1. The Contractor warrants Object of delivery (work quality, quality of Contractor's delivered and used equipment and materials).

4.2. General warranty period for the Object of delivery of the Contractor is 6 months from the issue date of the Receipt document (upon the faith that the equipment is utilized strictly following the OEM requirements).

4.3. Warranty claims to the Contractor, regarding Object of delivery, shall be submitted in writing during 48 hours after detection of a defect. Upon receipt of claim, the Contractor undertakes to inform the Client within 72 hours in writing about further actions to be taken.

4.4. The Contractor undertakes to eliminate defects, occurred due to his direct fault, within his facilities on own account.

4.5. Warranty does not cover natural wear and tear, Client negligence, third party fault, improper use and care of equipment by the crew, Client's delivered units and equipment; vessel's parts, broken units or equipment repaired by Client's request, which have not complied to standards and usual industrial practice of work completion and certain instructions.

4.6. If after the Contractor's warranty investigation, it is found that the Client does not have a warranty claim within the scope of these General Terms and Conditions, then the Client shall be responsible for all applicable costs and expenses for such inspection and performed object of delivery.

5. Liability

5.1. If Client made order for the Object of delivery, but fails to take delivery or rejects some items of the Object of delivery, the Client shall be liable for all expenses and losses incurred by the Contractor and arising out of such failure or rejection of the Client.

5.2. All claims for damages, errors, or shortages must be made by Client within 5 (five) business days after the Object of delivery is delivered. Failure to make such claim within the stated period shall constitute an irrevocable acceptance of the Object of delivery and an admission it fully complied with all terms, conditions and specifications of this agreement.

5.3. The Contractor's liability for breach of any condition or conditions whatsoever or shall be limited to the payment of direct damages, which can not exceed the price of the agreement. The Contractor shall not be liable for any damages resulting from incorrect plans, incorrect drawings or other mistakes in the documents provided by the Client for repaired or manufactured goods.

5.4. If Client does not pay in full for the Object of delivery as agreed on the payment terms, the Contractor is entitled to put a lien on the vessel or any other property owned by the Client and request official authorities to hold the vessel in any port until full payment is made. All the expenses related to the vessel overstay will be on Client's account.

5.5. The Contractor shall have the right to suspend the Object of delivery, if the Client fails to perform their obligations on accordance with the agreement. In such a case the Contractor shall not be held liable for any losses incurred by the Client due to such suspension.

5.6. The Contractor shall not be held liable for any defects due to or arising in connection with: (1) any materials, components, tools, design or software provided by the Client; (2) negligence or willful misconduct of the Client; (3) parts, accessories, or attachments other than those supplied by the Contractor; (4) improper service work, installation or alterations carried out by the Client; (5) use of unsuitable material or consumables by the Client; (6) any use, service or operation of any equipment, part or components upon which Object of delivery was performed, which is not in conformity with manuals, instructions or specifications provided by the Contractor or which is otherwise not in accordance with normal industry practice.

6. Payment and punitive sanctions

6.1. Unless agreed otherwise, payment to the Contractor for the Object of delivery shall become due on the terms provided in the Quotation.

6.2. All payment has to be in Euros unless agreed otherwise. The Client bears all expenses related with the transfer of funds.

6.3. The Client does not have a right to withhold the payment for the Object of delivery in any circumstances. In warranty case, the Client is still obligated to conduct payment to the Contractor for Object of delivery. Only after full payment is received warranty cases will be considered.

6.4. Interest for late payment will be due on any overdue amount at the rate of 0.05% per day.

6.5. If the Contractor does not perform to the Object of delivery on the agreed terms, the Contractor will pay an interest of delay at the rate of 0.02% from the final sum for each delayed day, however, to such an interest will not exceed 8 % of final amount of the Object of delivery.

7. Force majeure

7.1. Neither the Contractor nor the Client shall be liable for any failure or delay in performing its obligations hereunder, or for any loss or damage resulting therefrom, caused by or arising from an event of force majeure, which includes without limitation acts of God, war whether declared or not, any events involving armaments of war, civil wars and riots, hostilities, public disorder, acts of terrorism and severe threat of terrorism, any measures taken by public authorities in connection with threat of terrorism, embargos, acts of civil or military authorities, fire, flood, accidents, strikes, failure of subcontractor or sub-supplier to provide manpower, materials or goods caused by an event that qualifies under this clause, epidemics, unusually severe weather affecting either party, or causes beyond their control.

7.2. The Contractor or the Client is exempt from executing its obligations arising from causes stated in clause 7.1 for the period of duration of force majeure event.

7.3. Should any such force major event occur, the Contractor or the Client shall promptly notify each other in writing of such occurrence and the time for Object of delivery term shall be extended to meet the Contractor's requirement, where the additional expenses involved therein shall be borne by the Client. However, the Contractor may continue on the Object of delivery its own risk.

8. Disputes

8.1. Disputes of technological content shall be resolved as first step by mutual consultation between qualified representatives from the Client and Contractor. If no resolution is reached an Independent Technical Surveyor upon which both the Client and Contractor agree is invoked and his/her decision is final and obligatory.

8.2. If disagreement cannot be resolved by mutual negotiations between the Contractor and the Client, then either of them can submit a claim to the Court.

8.3. The General Terms and Conditions are construed in accordance with the law of Republic of Lithuania and all the disputes or claims arising from these General Terms and conditions shall be resolved in the courts of Lithuania by the registered place of the Contractor.