



TERMS OF ENGAGEMENT

We are committed to providing all our clients with a highly professional service. We believe it is important to establish a clear understanding of the basis upon which our services are provided and with this in mind, we would refer you to the information set out below.

These terms apply to all our contracts with you for design and other services we provide, save as expressly agreed in writing to the contrary.

1. Definitions

"The Consultant" is Marine Design International Ltd. trading under these conditions.

"Client" is the party at whose request or on whose behalf The Consultant undertakes design, survey or other naval architecture services.

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

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

" Fees" means the fees charged by The Consultant to the Client and including any value added tax where applicable and any Disbursements

2. Scope

The Consultant shall provide its services solely in accordance with these terms and conditions.

3. Work

The Client will set out in writing the services which it requires The Consultant to provide. The Consultant will confirm in writing that it accepts those instructions: alternatively what services it will perform in connection with the Client's instructions. Alternatively, if the Client sets out the scope of services verbally, The Consultant will provide a quotation setting out in writing the scope of services to be performed. The Consultant will provide a project agreement citing a quotation number. Once The Consultant and the Client have agreed what services are to be performed, and a signed Project Agreement is received by The Consultant, any subsequent changes or additions must be agreed by both parties in writing.





4. Payment Terms

The Client shall pay The Consultant's Fees punctually in accordance with these Conditions 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. Any delay in payment shall entitle The Consultant to interest at 8% above the Bank of England Base Rate prevailing at the time of default, in accordance with the Late Payment of Commercial Debts (Interest) Act 1998

5. Obligations and Responsibilities

(a) Client

The Client undertakes to ensure that full instructions are given to The Consultant and are provided in sufficient time to enable the required services to be performed effectively and efficiently and to procure all necessary access for The Consultant to goods, premises, vessels, installations and arrangements for transport and to ensure that all appropriate safety measures are taken to provide safe and secure working conditions.

The Consultant shall not be liable for the consequences of late, incomplete, inadequate, inaccurate or ambiguous instructions.

(b) The Consultant

The Consultant shall use reasonable care and skill in the performance of the services in accordance with sound marine surveying/consulting practice.

(c) Deliverables

The Consultant shall submit a set of deliverables to the Client following completion of the agreed services. These deliverables shall be as set out in the quotation issued to the Client at the outset of the project. Where the services have no agreed deliverables, the Consultant shall submit a report detailing the work undertaken, the Consultant's findings and the condition and/or quality of the object and/or purpose of the assignment, unless otherwise expressly instructed by the Client not to do so.

(d) Confidentiality

The Consultant undertakes not to disclose any information provided in confidence by the Client to any third party and will not permit access to such information by any third party unless the Client expressly grants permission in writing save where required to do so by an order of a competent court of law.





(e) Property

The right of ownership in respect of all original work created by The Consultant remains the property of The Consultant.

(f) Conflict of Interest/Qualification

The Consultant 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 The Consultant to continue its involvement with the appointment. The Client shall be responsible for payment of The Consultant's Fees up to the date of notification.

6. Liability

(a) Without prejudice to Clause 7, The Consultant 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 same is proved to have resulted solely from the negligence, gross negligence or wilful default of The Consultant or any of its employees or agents or sub-contractors.

(b) In the event that the Client proves that the loss, damage, delay or expense was caused by the negligence, gross negligence or wilful default of The Consultant aforesaid, then, save where loss, damage, delay or expense has resulted from the Marine Design International Ltd's personal act or omission committed with the intent to cause same or recklessly and with knowledge that such loss, damage, delay or expense would probably result, Marine Design International Ltd's liability for each incident or series of incidents giving rise to a claim or claims shall be limited as follows:

(i) Where the Consultant has undertaken the full design of a new vessel, as sole designer, and where design characteristics such as speed or stability were agreed beforehand in writing, in the event that the vessel fails to fulfil one or more of these characteristics, the Consultant shall have the option to provide remedies for such deficiencies in performance. If the Consultant is unable to provide such remedies, the Consultant's liability for any resulting loss shall be limited to ten times the Consultant's fees.

(ii) Where the Consultant has participated in the full design of a new vessel, either as sole designer or subcontractor, if any malfunction or defect shall appear in any of the vessel or part thereof contracted by the Client during the construction, trials and warranty period which is caused by defective design by the Consultant, the Consultant shall rectify such defective design. Such rectification shall be limited to the supply of revised design specifications, drawings,





calculations and all other such technical documentation necessary to rectify such defective design.

(iii) Where the Consultant has provided calculations relating to the stability characteristics of a vessel, whether new or existing, and these calculations are later found to be incorrect, the Consultant's liability for any resulting loss shall be limited to ten times the Consultant's fees.

Under no circumstances shall the Consultant's liability exceed a sum calculated on the basis of ten times the Consultant's fees. The Consultant shall not be liable for loss of or damage to equipment and other items placed at its disposal by or on behalf of the Client however such loss or damage occurs unless such loss or damage can be shown to be the direct result of The Consultant's wilful negligent behaviour. The Consultant shall not be liable for fees due to Classification Societies, Regulatory Bodies, Flag Authorities, third-party surveyors or agents acting on behalf of any of these organisations however such fees arise. Should losses resulting from delays arise, there will be no liability if The Consultant can demonstrate that every reasonable effort was made to minimise such delays. The responsibility for the health and safety of the Client and the Client's employees, agents, or subcontractors lies with the Client, and the Consultant shall not be liable for injury or loss of life caused to the Client or the Client's employees, agents or subcontractors in the course of any project however such injury or loss of life occurs.

7. Indemnity

Except to the extent and solely for the amount therein set out that The Consultant would be liable under Clause 6, the Client hereby undertakes to keep The Consultant and its employees, agents and sub-contractors indemnified and to hold them harmless against 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, loss, damages and expenses (including legal costs and expenses on a full indemnity basis) which The Consultant may suffer or incur (either directly or indirectly) in the course of the services under these Conditions.

8. Force Majeure

Neither The Consultant nor the Client shall, except as otherwise provided in these Conditions, be responsible for any loss, damage, delay or failure in performance hereunder arising or resulting from





act of God, act of war, seizure under legal process, quarantine restrictions, strikes, boycotts, lockouts, riots, civil commotions and arrest or restraint of princes, rulers or people.

9. Insurance

The Consultant shall effect and maintain, at no cost to the Client, Professional Indemnity Insurance for such loss and damage for which The Consultant may be held liable to the Client under these terms and conditions.

10. Surveyor's/Consultant's Right to Sub-contract

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

11. Time Bar

Any claims against The Consultant by the Client shall be deemed to be waived and absolutely time barred upon the expiry of one year from the submission of the final invoice to the Client.

12. Jurisdiction and Law

These Conditions shall be governed by and construed in accordance with the laws of Scotland and any dispute shall be subject to the exclusive jurisdiction of the Scottish Courts. Marine Design International Ltd. reserves all rights, including copyright, trademarks and other intellectual property rights, in these standard trading conditions and no part thereof can be redistributed, republished or stored in any format without the express written permission of Marine Design International Ltd.

