

Standard Terms of Engagement for Accounting Assignments

General contractual terms for agreement on accounting assignments entered into between

The Client and Exacta AS

Contractual terms last revised on 10 December 2020

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1. THE AGREEMENT BETWEEN THE PARTIES

1.1 Agreement documents

The Client and the Accounting Firm have entered into an agreement on accounting assignments. This document, the Standard Terms of Engagement, sets out the conditions that apply between the Parties in the contractual relationship.

The agreement between the Client and the Accounting Firm consists of the following documents:

- The Assignment Agreement specifying which services and responsibilities the Accounting Firm has undertaken to perform on behalf of the Client
- The Standard Terms of Engagement specifying the general contractual terms that apply between the Parties
- Any supplementary annexes on other services agreed between the Parties that are not covered by the Assignment Agreement

The Parties' Standard Terms of Engagement have been drawn up on the basis of Regnskap Norge's template for Standard Terms of Delivery for Accounting Assignments, but with a number of adjustments for the contractual relationship between the Client and the Accounting Firm. Where the Standard Terms of Engagement and the Standard Terms of Delivery disagree, the Parties' Standard Terms of Engagement will apply. The Standard Terms of Engagement also comply with the requirements for data processor agreements pursuant to data protection legislation.

In the event of a conflict between the Standard Terms of Engagement and other documents that form part of the Assignment Agreement, the other documents will take precedence where this is made clear, provided that the agreed provisions are not contrary to existing acts, regulations or the Standard for Good Accountancy Practice (GRFS).

1.2 Background to and purpose of the agreement

The assignment involves the Parties cooperating on preparing financial reports and submitting forms and statements as defined in the Assignment Agreement, etc. The Assignment Agreement does not release the Client from their own obligation to submit correct forms and statements and prepare reports pursuant to legislation, but the Accounting Firm assumes a defined obligation to draw up defined reports, forms and statements, etc., on the basis of the Client's information and material obtained. Cooperation between the Parties depends on good, comprehensive communication, and the Client contributing to accurate information.

2. THE PARTIES' OBLIGATIONS

2.1 The Accounting Firm's obligations

The Accounting Firm will perform the work tasks that are necessary to provide the services that follow from the Assignment Agreement, existing acts, regulations and the Standard for Good Accountancy Practice (GRFS). The Accounting Firm will carry out the assignment professionally to what is regarded as a normal professional standard in the industry, including the GRFS.

Inquiries from the Client must be answered as soon as possible.

2.2 The Client's obligations

The Client will loyally participate in ensuring that the Accounting Firm is able to perform the assignment.

The accounting records that are handed over to the Accounting Firm must be complete and relate to the enterprise's activities. The time limits are stipulated in the *Assignment Agreement*. If it is not clear from the accounting records how they are to be processed, the Client must provide the necessary supplementary information on their own initiative.

The Accounting Firm must be informed of anything that could affect performance of the assignment, both before the assignment starts and as the need arises. The Client must inform the Accounting Firm of actual circumstances that are necessary for the Accounting Firm to be able to prepare correct reports and forms and statements. The Client must also inform the Accounting Firm of notifications and information from the public authorities that are of relevance to the assignment.

As soon as the financial statements, reports, tax returns, etc., have been made available, the Client must check these documents and make the Accounting Firm aware of possible errors and omissions.

Inquiries from the Accounting Firm must be answered as soon as possible.

2.3 Fees

The Accounting Firm will charge fees in accordance with its current rates and calculation methods at the time in question. Prices will be adjusted annually. The Accounting Firm will inform the Client of changes in its rates/calculation method by email, with such changes taking effect one month after notice is given.

2.4 Communication and documentation

All inquiries regarding the Assignment Agreement must be addressed to the Parties' designated representatives as per the Assignment Agreement, or to employees designated by these representatives.

As a general rule, communication between the Parties must take place electronically. The Parties accept that all communications under this agreement may be sent electronically to the agreed email address.

Both Parties must ensure proper communication, storage and back-up copies of documents and other material for which the Party is responsible and which are relevant to the assignment.

2.5 Accounting records

If the assignment entails original accounting records being entrusted to the Accounting Firm, the Accounting Firm will only be responsible while the records have to be in its possession under the agreement.

The Accounting Firm must return the Client's accounting records (vouchers and documentation) within six months of the end of the accounting year or as agreed between the Parties.

In connection with the return of accounting records to the Client, documentation and itemised statements that are in an electronic format must be surrendered in a generally accessible format. Booked information that is to be kept electronically accessible must be surrendered in the file format of the accounting system or in a standard data format for electronic accounting records (SAF-T).

Other accounting records must be returned on their original medium. Original documents in hard copy that have been scanned will only be returned electronically.

2.6 Confidentiality

The Accounting Firm's duty of confidentiality follows from Section 10 of the Norwegian External Accountants Act (Regnskapsførerloven).

Both Parties must treat as confidential any information of which the Parties acquire knowledge in connection with the assignment and ensure that the information is not disclosed to unauthorised parties without the other Party's consent.

The duty of confidentiality will not prevent the Accounting Firm giving information about the assignment to the Client's elected auditor or another person who is personally responsible for the Client's financial reporting pursuant to legislation.

The duty of confidentiality will remain in force after termination of the Agreement.

The Accounting Firm must ensure that subcontractors and assistants who help with performance of the assignment are subject to the same duty of confidentiality.

3. PROCESSING OF PERSONAL DATA BY THE ACCOUNTING FIRM ON BEHALF OF THE CLIENT

3.1 Nature and purpose of personal data processing

The Accounting Firm processes personal data with a view to ensuring correct identification, financial reporting and deduction information, as well as for communication purposes. The Accounting Firm will only process personal data on behalf of the Client as agreed between the Parties or in accordance with the Client's documented instructions.

The purpose and nature of personal data processing by the Accounting Firm is to satisfy the requirements incumbent on the Client, including accounting obligations. The processing of personal data under this agreement relates to personal data that is obtained, stored or otherwise processed pursuant to the special legislation in force at the time in question, including the Norwegian Accounting Act (Regnskapsloven), Bookkeeping Act (Bokføringsloven), Tax Administration Act (Skatteforvaltningsloven), National Insurance Act (Folketrygdloven), Tax Payment Act (Skattebetalingsloven) and Statistics Act (Statistikkloven), or the GRS. The Parties will not process personal data over and above what is specified in this special legislation. If the Parties decide to process personal data over and above such mandatory processing in the course of their cooperation, a separate agreement will be entered into in this respect.

3.2 Use of subcontractors

The Accounting Firm is entitled to use subcontractors at any time to fulfil its obligations under the Assignment Agreement. The Accounting Firm must notify the Client if it uses a new subcontractor of whom the Client has not previously been made aware.

The Client has been made aware that the Accounting Firm cooperates with its sister company ProAccount Lanka LTD, which is based in Sri Lanka. ProAccount assists with verifying and registering invoice information, as well as entering data on the Accounting Firm's systems in Norway, and therefore has access to the Client's accounting documents. The Accounting Firm will ensure that ProAccount Lanka satisfies the security and data protection requirements for processing personal data.

The Client has also been made aware that the Accounting Firm currently uses the following subcontractors:

- Devion AS for the operation of servers with related software
- Digital Accounting AS for the electronic storage of documents, verification of invoices and any use of communication platforms between the Accounting Firm and the Client where an agreement has been entered into in this respect

3.3 Data protection

The Parties must take appropriate technical and organisational security measures to the extent considered expedient and necessary when processing personal data. At the Client's request, the Accounting Firm must be able to demonstrate how the Client fulfils their obligations in the contractual relationship pursuant to data protection legislation. The Accounting Firm must, to the best of its ability, assist the Client to fulfil their obligations under data protection legislation.

If the Parties discover a breach of data protection in the course of a scheduled data protection audit or in any other way, they must notify the other Party without undue delay. If a breach of data protection is discovered, the Client is responsible for notifying the Norwegian Data Protection Authority and, if appropriate, the registered person(s) if such notification is required.

4. POWER OF ATTORNEY TO ACCESS INFORMATION AND SUBMIT FORMS AND STATEMENTS

Under the present agreement, the Accounting Firm is granted power of attorney to obtain:

- Accounting information from relevant third parties, including subsidiary ledger information and bank statements of account.
- All relevant information for filling in public forms and statements, including downloading electronic data for the relevant software at the Accounting Firm.

In addition, when this forms part of the assignment, the Accounting Firm is granted power of attorney to:

- Fill in and submit public forms and statements via the Altinn web portal or another portal for reporting to the public administration(s) in question. This includes signing the form(s) and/or statement(s) on behalf of the Client. Such signing may only be done if the Accounting Firm is of the opinion that it is not contrary to good accountant practice and the firm has no reason to doubt the basis or correctness of the form or statement.
- Provide subsidiary ledger information to the Client's customers and suppliers.

By signing on the Client's behalf, the power of attorney holder confirms that the submitted forms and statements are in accordance with the registered and documented information and that, to the power of attorney holder's knowledge, the information tallies with the actual circumstances.

The Accounting Firm may delegate all matters regulated under this power of attorney to employees of the Accounting Firm by written power of attorney. The Client may ask to see the power of attorney. The power of

attorney applies from the formation of the present agreement until the end of the assignment or until the power of attorney has been revoked in writing.

5. TITLE

The Client has title to their own submitted accounting records. The Client also has title to complete and incomplete accounting records that the Accounting Firm has prepared for them.

The Accounting Firm has an obligation to surrender any accounting records and other material that it has prepared as part of the assignment unless the rules on right of retention apply.

The Accounting Firm retains the rights to its own tools and methods. The Accounting Firm may also exploit general knowledge (know-how) acquired in connection with the assignment provided that it does not constitute a breach of confidentiality or good business practice.

6. BREACH OF CONTRACT

6.1 Definition of breach

There is a breach of the agreement if the Parties fail to meet their obligations under this agreement and breach exists under general non-mandatory background law.

Any errors or misunderstandings in the ongoing performance of the assignment do not necessarily constitute breach of the agreement. Performance of the assignment requires ongoing, mutual cooperation between the Parties, and the normal rules of loyalty between professional parties apply. Rectifications and corrections are a necessary part of this cooperation and are not regarded as breach of the agreement if of normal scope. Errors must be corrected as soon as the assignment provides a basis for doing so.

The Accounting Firm only offers advice within the accounting field and such advice is only given on the basis of explicit and written confirmation of assignment to the Client. The Client is encouraged to contact the Accounting Firm and other expert advisers to obtain the assistance it needs. The Accounting Firm recommends that the Client should use independent expert advice from specialised personnel; the Accounting Firm is not responsible for advice given by subcontractors or advisers to whom it refers the Client. There is a failure of performance in the consultancy assignment only where the advice differs substantially from the knowledge and propriety that can reasonably be demanded from an authorised accountant. The Accounting Firm is not responsible for the outcome of the advice given.

6.2 The Parties' obligations in case of breach

The Parties must notify the other Party in writing if circumstances are discovered that are claimed to represent a breach of the agreement. Notification must be given without undue delay once the Party becomes or should have become aware of the circumstances cited. The other Party must be given a reasonable time limit of at least 14 days in which to rectify the situation, but see Clause 6.3 on the Accounting Firm's right to cease work.

The Client must put forward any complaints in respect of the invoice in question before the due date. If no complaint is made within the time limit, the Client loses their right to object to the invoice. This does not apply, however, if the Accounting Firm has acted with intent or gross negligence in its invoicing of the Client.

Sanctions for breach available to the Parties are regulated by the general rules of sales law with the exceptions specified in the Standard Terms of Engagement.

6.3 Right to cease work and right of retention

If the Client breaches the agreement, the Accounting Firm may cease work and/or exercise its right of retention with regard to documents, materials or other items that it has prepared on behalf of the Client until the breach has been remedied. The Accounting Firm must notify the Client before ceasing work.

Under this provision, the Accounting Firm is not responsible for any failure to meet time limits, late fees, etc., incurred by the Client as a result of the right to cease work or right of retention being exercised. When the Client's breach ceases, the Accounting Firm may, for a supplementary fee, decide to perform the assignment with increased resources or work outside ordinary working hours to avoid, where possible, the time limits being exceeded.

6.4 Material breach

The Parties are entitled to cancel this agreement in the event of material breach.

The Accounting Firm is regarded as being in material breach of the agreement if:

- The performance of the assignment deviates significantly from the rules applicable to the services that the Accounting Firm has undertaken to provide in accordance with the Assignment Agreement, or
- The Accounting Firm has failed to meet the time limit for delivery of the services, and such delivery has still not been made within a week after receipt of a written notice from the Client, and failure to meet the time limit is not due to circumstances on the part of the Client

The Client is regarded as being in material breach of the agreement if:

- The Client has not paid the due fee plus interest within 14 days from the Accounting Firm's reminder, or
- The Accounting Firm is prevented from performing its assignment in a sound and proper manner because it does not receive the necessary documentation, or
- The Client attempts to make the Accounting Firm perform the assignment in violation of existing acts and rules, or
- The Client intentionally or through gross negligence makes entries and registrations, etc., in the system in order to avoid tax or duties in contravention of current rules

The agreement must be cancelled by means of a written notice of termination or similar. The notice must provide a brief description of the reason for cancellation and be delivered to the other Party in an appropriate manner. The Parties' obligations under this agreement will cease as soon as the notice of termination is received by the other Party.

In the event that the agreement is cancelled owing to gross breach on the part of the Client, the Accounting Firm will be entitled to remuneration as specified in Clause 8.2 on termination if it does not perform accounting services in accordance with the agreement in the notice period.

In the event that the agreement is cancelled owing to gross breach on the part of the Accounting Firm, the Accounting Firm will be entitled to remuneration for the work carried out up until the notice of termination is received, unless the work is of such a nature that the Client will clearly not be able to make use of it.

6.5 Compensation and limitation of liability

A Party may claim compensation for any direct loss incurred in pursuance of general contract law. Direct loss includes additional costs for replacement purchases, loss due to overtime work and other direct costs incurred in connection with delay, defect or other breach.

Compensation cannot be claimed for indirect loss. Indirect loss includes, but is not limited to, loss of earnings of any kind, loss of cost reductions and loss of data.

The Accounting Firm cannot be held liable for circumstances beyond its control. The Accounting Firm excludes any liability for loss for which the Client or third parties are responsible.

The Accounting Firm will have no liability for incorrect or delayed submission of the financial statements or any other statutory reporting to the public authorities as a result of incorrect, defective or delayed provision of accounting documentation or other information from the Client or third parties.

Nor will the Accounting Firm be liable, in connection with the joint use of IT systems, for any changes, additions or deletions of registered information made by the Client in the IT system. This also includes any consequences if this results in errors or delays in the Client's financial statements, statutory financial reporting and/or other public forms and statements, etc.

The Accounting Firm also excludes any liability for faults and defects in IT systems, communication, data security, lack of maintenance, back-up copies, reconstruction or other matters not caused by the Accounting Firm.

Unless the Accounting Firm has shown gross negligence or intent, its total financial liability is limited to 10 times the annual accounting fee and a maximum of NOK 1 million.

7. SUPERVISION

The Accounting Firm is subject to supervision and professional quality checks and audits by the Financial Supervisory Authority of Norway and the relevant industry association. The Client must grant the Accounting Firm,

the Financial Supervisory Authority of Norway and the industry association access to relevant records and material as well as full access to physical and electronic files that document the Accounting Firm's work, including necessary access to IT systems.

8. TERMINATION

8.1 Termination and notice period

The Assignment Agreement will remain in force until terminated by one of the Parties. The other Party must be given written notice of termination, which must make it clear that the agreement is being terminated.

The Parties may terminate the agreement with a 4-month notice period, calculated from the start of the next VAT period after notice is received by the Party. This means that the notice period will be two VAT periods, plus the remainder of the period in which notice is given.

In the case of assignments that cannot be linked to VAT periods, including accounting assignments performed once a quarter, year, etc., the notice period is 6 months. The notice period will commence on the first day of the month after notice of termination is received by the other Party.

8.2 The Parties' obligations and rights during the notice period

The Parties' obligations under the agreement will remain in force during the notice period, including the Accounting Firm performing the tasks that would normally be performed under the agreement in the months covered by the notice period, with the Client undertaking to pay fees in accordance with the current price list. If the notice period expires during the period when the financial statements are prepared, the Accounting Firm's tasks will also include completing the financial statements and any tax returns, unless the Client informs the Accounting Firm at the same time as notice is given that the Accounting Firm is not to prepare the financial statements.

The Client may choose not to have the Accounting Firm perform the agreed work in the notice period. The Accounting Firm will nevertheless be entitled to a fee in the notice period, but with the fee being reduced to 75% of what is considered to be an average fee based on the fee for the 12 months immediately prior to notice being given. If part of the notice period coincides with the period when the Client's annual report is usually prepared and the Accounting Firm normally performs this work, the previous year's fee for the annual report must be included in the basis.

8.3 The Parties' obligations after the notice period expires

Vouchers that are stored electronically will continue to be stored after termination unless the Client asks specifically to have the data exported and deleted from the servers. Fees for storing vouchers will therefore be invoiced in accordance with the current price list at the time in question until the data is deleted from the servers.

The Accounting Firm may assume responsibility for continued storage of the Client's other accounting records for a fee in accordance with the current price list at the time in question. If no such agreement is entered into, the Accounting Firm will surrender the Client's other accounting records when the notice period expires. Reconciliation documentation will be provided at the Client's request. The Accounting Firm will be entitled to a fee, charged on a time basis, as well as payment to any subcontractors for conversion and surrender of the accounting records.

The Client must take possession of the accounting records as soon as the assignment ends if they are not to be stored by the Accounting Firm. If the Client does not take possession of their accounting records within 90 days from receipt of written notice from the Accounting Firm, the Client will be regarded as having waived any rights and obligations relating to the accounting records in this connection. Under paragraph 4.7 of the Standard for Good Accountancy Practice (GRFS) this means, among other things, that the Client will in such case be regarded as having consented to the Accounting Firm being entitled to shred, delete or destroy all accounting records without any further notice, including any back-up copies, for the Client's account and risk.

The Accounting Firm may demand payment of any storage costs, including licence costs, for the period between written notice being sent by the Accounting Firm and the accounting records being shredded, deleted or destroyed.

9. LEGAL VENUE

If disputes arise in connection with the Assignment Agreement, the Parties must meet and try to find an amicable solution. If an amicable solution is not reached, the matter may be brought before the ordinary courts for legal settlement. The Parties agree on Kongsberg and Eiker District Court as the proper legal venue.