



**SP.10.01 PURCHASING  
SP.10.01-WI-03 PURCHASE ORDER GTC**

<b>DATE OF ISSUE:</b>	<b>15/11/2015</b>
<b>REVISION:</b>	<b>01</b>

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## 1.0 PURPOSE

These terms and conditions shall apply to the procurement of all goods, equipment, material and associated services, and the execution of projects in the Kingdom of Saudi Arabia "KSA". These terms and conditions are effective as of 1 January 2013 and supersede and replace all previous terms and conditions.

Following are the Purchase Order (PO) General Terms and Conditions shall be applicable for Farabi Petrochemicals Company (FPC), all Entities under Farabi Group of Companies and Joint Venture Companies.

Farabi Petrochemicals Company having its Head Office in Jubail Industrial City, P.O. Box 11763, Kingdom of Saudi Arabia,

Farabi Petrochemicals Company (FPC), all Entities under Farabi Group of Companies and Joint Venture Companies herein after referred as "COMPANY"

## 2.0 SCOPE

SUPPLIER agrees to deliver at his cost the specified goods, equipment, material or services to Company's Warehouse OR any agreed place specified by Company.

COMPANY shall have the right to reject the delivered goods, equipment, material or services if they are not conforming to the technical standards and specifications agreed upon, or if the goods, equipment, material or services are not acceptable to COMPANY's point of view. However, COMPANY's acceptance of any goods, equipment, material or services upon delivery shall not prejudice its rights to reject the goods, equipment, material or services if these are subsequently found not to be in accordance with the specifications, warranties and guarantees attached to the goods.

### 2.1 Transfer of property

The delivered goods, equipment, material or services shall be considered COMPANY's property when they are accepted by COMPANY.

### 2.2 Modifications/ amendments

COMPANY shall have the right to adjust the Prices provided that such adjustment shall be in line with the applicable provision of Purchase Order. In this event and in the event of mutual agreement, no agreement or understanding to modify this Purchase Order shall be binding on COMPANY unless it is in writing and signed by COMPANY.

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### 2.3 Delay or Non-delivery

If upon receipt of this Purchase Order or at any given time thereafter it is found that, the material called for cannot be shipped within the time specified in this Order, notice thereof must be immediately given to the COMPANY's Procurement Department by FAX/Letter/Email together with advice as to the best delivery possible. Failure to make shipment on or before the date specified in this Purchase Order will entitle COMPANY at its option to cancel the Purchase Order without prejudice to any other liabilities/remedies on COMPANY may be entitled under this Purchase Order or under general principles of Contract. COMPANY also at its option can procure the materials from any other source at the cost & expense of the SUPPLIER.

### 2.4 Guarantee

All materials, equipment and services furnished by SUPPLIER pursuant to this Purchase Order irrespective of whether Engineering, Design, Data or Information has been furnished received or approved by COMPANY are guaranteed to be the best quality of their respective kinds to be free from faulty design (to the extent such design is not furnished by COMPANY) workmanship and material and to be sufficient size and capacity and of proper material so as to fulfill in all respects all operating conditions if any specified in this Purchase Order. If any trouble or defect originating with the design material, workmanship or operating characteristics of such material arises at any time up to 12 Months from the date of installation or 18 Months from the date of shipment, SUPPLIER shall at its own expense and as promptly as possible make such alterations, repairs & replacements as may be necessary to permit the materials to function in accordance with the specification and to fulfill the forgoing guarantees. COMPANY, at its own option, may accept the defective materials with an adjustment in the Purchase Prices. COMPANY, at its option, may remove such materials at SUPPLIER's expenses in which event SUPPLIER shall without cost to COMPANY and as promptly as possible furnish proper materials and if such defective materials were installed prior to removal, install such proper material as the case may be.

### 2.5 RISK AND DAMAGES

Risk and damages to goods shall be the responsibility of the SUPPLIER until delivered and finally accepted by COMPANY. In this case, services are rendered to COMPANY issuance of the Final

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Certificate by COMPANY shall be forwarded as acceptance by COMPANY to the matters stated in the said certificate.

## 2.6 EHSS REQUIREMENTS [ENVIRONMENT, HEALTH, SAFETY AND SECURITY]

- a) COMPANY requires its Suppliers to be in full compliance with applicable local/national/international laws, regulations, directives and standards. These include, but are not limited to, hazard identification and mitigation; personal protective equipment; electrical safety; radiation safety, waste management; chemical handling; exposure to noise; use of safe work practices, obtaining all required permits and licenses, and making all required notifications and reports. COMPANY also requires the Supplier to provide required and appropriate health and safety training and refresher training to its employees and to retain records of such training.
- b) COMPANY Suppliers are required to have documented, systematic methods of identifying and reducing the risk of occupational injury or illness. Examples of such methods include the use of job hazard analyses, risk assessments, illness and injury prevention plans, exposure assessments, and occupational injury reporting and tracking. Examples of methods to address common safety risks:
  - Hazardous Energy Control Plan
  - Fall Protection
  - Personal Protective Equipment
  - Emergency Response Plans
- c) COMPANY may require Suppliers to provide job hazard analyses, risk assessments, risk mitigation plans, equipment maintenance logs, inspection logs, and training records for activities conducted at COMPANY sites or on projects commissioned by COMPANY.
- d) COMPANY requires its Suppliers to provide notification of the introduction of materials or equipment creating physical, chemical, and biological safety hazards at COMPANY sites or on projects commissioned by COMPANY. These notifications may take the form of the presentation of material safety data sheets (MSDS), job hazard analyses, and risk assessments.
- e) Supplier agrees to allow COMPANY to inspect work sites, equipment, documentation and materials and interview Supplier employees regarding work practices and health and safety management.

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- f) Supplier agrees to complete COMPANY Contractor Safety Training and any other training that COMPANY deems necessary to ensure a safe working environment.
- g) Suppliers are responsible for complying with all applicable environmental laws, regulations, permits, project specific plans, and are expected to employ effective field control measures.
- h) Contractors, subcontractors, and Suppliers shall be required to comply with all access restrictions. Depending on the contract amount and/or the scope of work, Suppliers may be required to develop an Environmental Compliance Plan that conforms to all environmental requirements and permissions governing the Scope of Work.

## 2.7 LIABILITY

SUPPLIER shall defend and keep COMPANY harmless from all claims and liabilities for injuries to and / or death of any person and for loss of and / or damage to property accused in whole or in part by the negligence or willful act of SUPPLIER in connection with the materials furnished under this Purchase Order including without limitation the installation erection / repair adjustment or operation thereof.

## 2.8 FORCE MAJEURE

In the event the SUPPLIER is unable to supply due to force majeure, all costs incurred by the SUPPLIER will be to his account. Any payment made by COMPANY will be refunded to COMPANY with service charges at prevailing rates from the date of payment.

## 2.9 TERMINATION

COMPANY may terminate/cancel this Purchase Order in whole or in part by written notices to the SUPPLIER, without any obligations from COMPANY's side.

## 2.10 CONFLICT OF INTEREST

SUPPLIER shall not take any actions or acts which may result in a conflict with the COMPANY's interests. This obligation shall apply to the activities of the employees, and their labors of COMPANY, SUPPLIER, Subcontractors and third parties, arising from the

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delivery of goods, equipment, material or services of this Purchase Order.

**2.10 SUPPLIER'S OBLIGATION SHALL INCLUDE THE FOLLOWING:**

- a. Not to assign to subcontract with employ or in any way engage, during the term of this Agreement, any employee of COMPANY or any COMPANY or establishment owned wholly or partially by an employee of COMPANY for the performance of any work that must be performed by Contractor under this Agreement.
- b. Shall promptly notify COMPANY of any representative or employee of COMPANY or any COMPANY or establishment owned wholly or partially by a representative or an employee of COMPANY who/which is known by Contractor to have own interest in Contractor's or any subcontractor's business or financing thereof.
- c. Shall prevent its employees from making, receiving, providing or offering gifts of more than nominal value, entertainment or loans or other considerations for the purpose of influencing individuals to act contrary to COMPANY'S interests.

**2.12 PAYMENT TERMS**

- a. Payment shall be as agreed in the Purchase Order.
- b. COMPANY's common payment terms is 30 days credit.
- c. Supplier shall attach a copy of Purchase Order, Original Delivery Note and all required documents along with the original stamped invoice.
- d. Copy of latest valid ZAKAT certificate shall be provided to Finance Dept. otherwise 10% retention will be deducted from the Invoice.
- e. Invoice shall be submitted within 180 days from the delivery or job completion certificate otherwise it will be rejected by FCP Finance department .

**2.13 LIQUIDATED DAMAGES**

If the Supplier fails to supply the material as per agreed delivery date, then COMPANY L.D clause will be applicable. This will be a maximum of 10% of Total P.O. amount.

**2.14 GOVERNING LAW, SETTLEMENT OF DISPUTES;**

The COMPANY and the SUPPLIER agree that the rules and regulations of the KINGDOM OF SAUDI ARABIA shall apply to the Purchase Order.

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With respect to any and all disputes between the SUPPLIER and the COMPANY, all claims by the SUPPLIER against the COMPANY relating to the Purchase Order shall be submitted in writing to the COMPANY. The parties in the first instance shall apply all reasonable efforts to achieve an amicable resolution of the dispute(s) addressed in the SUPPLIER claim. If amicable settlement cannot be reached, the dispute(s) shall be settled by the Grievance Board.

### 3.0 DETAILS

#### 3.1 The Parties

"COMPANY" shall mean Farabi Petrochemicals Company, all Entities under Farabi Group of Companies and Joint Venture Companies having its Head Office in Jubail Industrial City, PO Box 11763, and Kingdom of Saudi Arabia, herein after referred as "**COMPANY**"

and

"SUPPLIER" means the entity or party with whom COMPANY places a PO to and includes its successors and permitted sub-contractor and assigns, herein after referred as "**SUPPLIER**".

All agreements for the performance of Work by a Supplier shall be entered into and confirmed by COMPANY by means of the issuance of an official written PO which will be sent to Supplier, whereby these PO Terms shall be incorporated by reference in the PO.

COMPANY accepts to buy goods, equipment, material or services and "SUPPLIER" agrees to sell goods, equipment, material or services in accordance with the following Terms & Conditions:

#### 3.2.1 References

COMPANY Name and Purchase Order Number shall appear on all correspondences, Invoices, Shipping documents and packages.