




**SP.10.01 PURCHASING  
SP.10.01-WI-04 CONTRACTING GTC**

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

	<b>SP.10.01 PURCHASING</b>	Rev:	<b>01</b>
	<b>SP.10.01-WI-04 CONTRACTING GTC</b>	Date of Issue:	<b>15/11/2015</b>
		Page Number:	<b>Page 2 of 20</b>

## 1. PURPOSE

General Terms and Conditions mentioned here will apply to all contracts and execution of projects in the Kingdom of Saudi Arabia "KSA". These general terms and conditions are effective as of 1<sup>st</sup> January 2013, and this will supersede and replace all previous contract general terms and conditions.

Following are the Contract General Terms and Conditions shall be applicable for Farabi Petrochemicals Company (FPC), all Entities under Farabi Group of Companies and Join 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 Join Venture Companies herein after referred as "COMPANY"

And

"Contractor" means the entity or party with whom "Company" awards a contract and includes its successors and permitted sub-contractor and assigns.


All agreements for the performance of Services or Work by Contractor will be entered into and confirmed by Company by means of the signature of the contract which will be sent to Contractor, whereby these Contract General Terms and Conditions will be incorporated by reference in the related Purchase Order(s).

"COMPANY" accepts to receive services and its related goods if any and "CONTRACTOR" agrees to provide services in accordance with the following Terms & Conditions:

## 2.0 SCOPE

The CONTRACTOR will provide SERVICES and execute WORK as detailed in the Approved Technical Specifications or agreed Scope of Services. COMPANY REPRESENTATIVE may instruct the CONTRACTOR to do additional WORK and CONTRACTOR will execute such WORK in accordance with provisions set forth for such circumstances.

WORK will commence on the date of acceptance or the date specified in the Contract/Purchase Order by the CONTRACTOR. The CONTRACTOR will be deemed to have obtained, before entering into the CONTRACT, all requisite information about the Site, local conditions and facilities, labor matters, and any other relevant matter whatever in nature. Any failure by the CONTRACTOR to do so will not relieve him from responsibility of successfully performing the WORK without additional expense to the COMPANY.

	<b>SP.10.01 PURCHASING</b>	Rev:	<b>01</b>
	<b>SP.10.01-WI-04 CONTRACTING GTC</b>	Date of Issue:	<b>15/11/2015</b>
		Page Number:	<b>Page 3 of 20</b>

The COMPANY assumes no conditions made by an understanding or representation concerning conditions made by any of its officers or agents prior to the execution of the CONTRACT, unless such understanding or representation is explicitly included in the CONTRACT.

## 2.1 EXECUTION OF WORK


The CONTRACTOR will execute the work in complete accordance with the CONTRACT or the Agreed Scope of Services and to the complete satisfaction of the COMPANY REPRESENTATIVE. In doing so it will exercise the highest degree of professional skill in accordance with sound practices and judgment, which are normally exercised by recognized companies with respect to services of similar nature.

The COMPANY REPRESENTATIVE may reject any portion of the WORK on the grounds of inferior workmanship, defective MATERIALS or non-conformity with the requirement of the CONTRACT and in addition to all of the rights and remedies that the COMPANY may have, require such portion of the WORK to be replaced or corrected in place by the CONTRACTOR. If the CONTRACTOR is unable to rectify the WORK within an agreed timeframe, COMPANY will have the right to have this repaired at the expense of the CONTRACTOR.

## 2.2 PROGRAM OF WORK

- 2.2.1 At least on weekly basis, the CONTRACTOR will inform, update and consult with the COMPANY REPRESENTATIVE regarding the schedule and program of WORK. Such program will be the program to which the CONTRACTOR will WORK and will not relieve the CONTRACTOR of any of its duties or liabilities hereunder. Such program will be subject to revisions from time to time as the COMPANY REPRESENTATIVE may require.
- 2.2.2 The CONTRACTOR will keep the COMPANY REPRESENTATIVE fully informed in advance by Four weeks OR earlier, upon all details of the CONTRACTOR's intended procedures in the performance of the WORK, possible deviations from agreed schedule and completion basis.
- 2.2.3 The CONTRACTOR's failure to perform the WORK in accordance with the agreed program, including any milestone specified therein and in accordance with the latest instruction of the COMPANY REPRESENTATIVE, will constitute an event of default hereunder.
- 2.2.4 The CONTRACTOR will understand WORK Schedule and execute it strictly in accordance with the time schedule maintaining internationally accepted quality standards.

## 2.3 VARIATIONS

	<b>SP.10.01 PURCHASING</b>	Rev:	<b>01</b>
	<b>SP.10.01-WI-04 CONTRACTING GTC</b>	Date of Issue:	<b>15/11/2015</b>
		Page Number:	<b>Page 4 of 20</b>

2.3.1 The COMPANY REPRESENTATIVE may from time to time, by written instruction to the CONTRACTOR, vary the WORK and he may, in particular, by such instruction direct that any part of the WORK will be omitted, or direct that, additional WORK will be executed, or direct the time (i.e., Hours of the day, days of the week, etc.) sequence or place of performance be changed. Such variations, when made, will become part of the CONTRACT, and CONTRACTOR agrees to comply fully therewith. Variation will in no way affect the rights and obligation of the parties hereto except as expressly provided herein. All the provisions of these general conditions and schedules attached thereto will apply to the variations.

2.3.2 The WORK will not be varied by the CONTRACTOR except pursuant to written agreement with the COMPANY's REPRESENTATIVE.

## 2.4 STANDARD PERFORMANCE


The CONTRACTOR will perform the WORK in accordance with the professional standards of skill, quality and diligence adhered to, by the recognized first class firms performing services of a similar nature and will consider in performing the WORK the latest proven and tested methods known to and successfully employed by such firms. The CONTRACTOR will guarantee and be responsible for the professional quality, timeliness, coordination and completeness of the WORK. The report on the quality of WORK from the COMPANY REPRESENTATIVE will be considered final.

## 2.5 CONTRACT STAFF/EQUIPMENT/SITE RESPONSIBILITY

The CONTRACT STAFF will at all-time be under the supervision of a competent representative of the CONTRACTOR namely the PROJECT MANAGER whose place of WORK will be the JOB SITE and who will give his whole time and attention to the execution of this CONTRACT.

2.5.1 The CONTRACTOR REPRESENTATIVE named in the "Letter(s) of Authorization" produced to the COMPANY will be the true and lawful Authorized representative of the CONTRACTOR and will be the only CONTRACTOR Staff who are so entitled to do the following acts: To execute, sign, enter into, acknowledge, and do as such deeds, agreements, declarations, instruction, acts and things as will be requisite in relation to all or any of the purpose or matters aforesaid including as such further acts and deeds as may be deemed expedient for recording, registering of otherwise completing and giving validity thereto.

2.5.2 Neither the CONTRACTOR's REPRESENTATIVE nor the CONTRACTOR's Staff will be deemed to be either expressly or by implication, employee of the COMPANY. The CONTRACTOR will pay all wages, fees,


	<b>SP.10.01 PURCHASING</b>	Rev:	<b>01</b>
	<b>SP.10.01-WI-04 CONTRACTING GTC</b>	Date of Issue:	<b>15/11/2015</b>
		Page Number:	<b>Page 5 of 20</b>

contributions, levies and any other contributions, charges and taxes required by relevant laws of KINGDOM OF SAUDI ARABIA to be paid by an employer in respect of such persons and will make all appropriate deductions from their wages in respect of any employee's contributions.

- 2.5.3 Without prejudice to the generality of the clause, the CONTRACT PRICE will be deemed to be fully inclusive of any and all payments due to workers or other personnel employed by the CONTRACTOR or any SUB-CONTRACTOR including, without limitation to basic salary or rates, traveling costs, subsistence allowance, holidays, insurance, incentive and completion bonuses, condition moneys, skill payments, guaranteed time non-productive time, protective clothing, social insurance and other taxes/benefits and any payments or allowances required under any applicable law, rule or regulation.
- 2.5.4 The CONTRACTOR will ensure that all workers employed by it or its SUBCONTRACTORS will be employed in accordance with the requirements of the labor and workmen's regulations and any other applicable rules and regulations of the KINGDOM OF SAUDI ARABIA.
- 2.5.5 WORK on Existing Premises
- a) The CONTRACTOR will cooperate fully with COMPANY and all other CONTRACTORS and Contractors who may be working at the SITE so as to avoid mutual interference with the activities of such parties.
  - b) The CONTRACTOR will observe strictly all COMPANY / RC rules / EHSS Policy and regulations while working at the SITE.

## 2.6 MATERIALS

- 2.6.1 All tools or equipment required to perform the WORK will be supplied by the CONTRACTOR on his own costs.
- 2.6.2 All the MATERIALS required for the satisfactory completion of this Project will be supplied by the CONTRACTOR and it will fully comply with the Approved Technical Specification. The COMPANY REPRESENTATIVE may inspect the materials before installations. The materials will confirm to the relevant Government standards OR in the absence of any such standards, to relevant International Standard specifications approved by COMPANY. But inspection by COMPANY will not constitute acceptance of defects or relieve CONTRACTOR from its duties, obligations and liabilities under this CONTRACT.

	<b>SP.10.01 PURCHASING</b>	Rev:	<b>01</b>
	<b>SP.10.01-WI-04 CONTRACTING GTC</b>	Date of Issue:	<b>15/11/2015</b>
		Page Number:	<b>Page 6 of 20</b>

- 2.6.3 The CONTRACTOR will be responsible for un-loading all MATERIALS and all handling and transportation and other related works.
- 2.6.4 The CONTRACTOR will remove at its own expense from the SITE any materials supplied which the COMPANY REPRESENTATIVE considers unsuitable or is in excess of what is required for present use.
- 2.6.5 The CONTRACTOR will be responsible for securing an adequate storage and protection of all MATERIALS at SITE and will be responsible for replacement of any materials lost due to CONTRACTOR's deficiencies.
- 2.6.6 The CONTRACTOR will be solely responsible for and has the risk of loss or damage to all MATERIALS and other property of thereof, which are in the possession or such property for which they are responsible. However, the COMPANY will not be responsible for damage caused by actions of third parties not related to the CONTRACT.

## **2.7 DEFECTS LIABILITY PERIOD GUARANTEE/PERFORMANCE GUARANTEE**

The COMPANY will retain 10% of CONTRACT value for a period of 12 Months from the date of completion of this Project, as a Guarantee for the defects liability assurance. This amount can be released to CONTRACTOR if a Bank Guarantee is provided for an equal amount from a Nationalized Bank by the CONTRACTOR. This Guarantee will be in a format complying with Saudi Arabian Monetary Agency (SAMA).


## **2.8 LIQUIDATED DAMAGES**

If the CONTRACTOR fails to complete the WORKS within the prescribed time limit then, unless such failure is due to Force Majeure as defined in this CONTRACT for the reasons acceptable to COMPANY, then the CONTRACTOR will pay to the COMPANY by way of liquidated damages a sum equal to 0.5 % of the CONTRACT PRICE for every week delay for 1<sup>st</sup> weeks, then 1.0% per week for the remaining period, with maximum penalty not exceeding 10% of the CONTRACT PRICE on a cumulative basis.

The COMPANY may without prejudice to any other method of recovery deduct the amount of such a liquidated damages from any of CONTRACTOR's money in hand, due, or which may become due after. The payment or deduction of such damages will not relieve CONTRACTOR from its obligations to complete the WORKS OR from any other of its obligations and liabilities under the CONTRACT.

## **2.9 CONTRACT PRICE**

- 2.9.1 In consideration of the performance of the CONTRACT, the COMPANY will pay or cause to be paid to the CONTRACTOR at the times and in the

	<b>SP.10.01 PURCHASING</b>	Rev:	<b>01</b>
	<b>SP.10.01-WI-04 CONTRACTING GTC</b>	Date of Issue:	<b>15/11/2015</b>
		Page Number:	<b>Page 7 of 20</b>


manner set out in the CONTRACT the amount indicated in the Contract/Purchase Order as an all-inclusive, lump sum price.

- 2.9.2 The CONTRACTOR will be responsible for the payment of all taxes, Zakat, duties, charges or premiums assessed against its operations or employees for which the CONTRACTOR is liable by applicable laws. The CONTRACTOR will save and hold harmless the COMPANY from any claim, demand, action, liability, cost or expense of any nature or kind (including attorney's fees and costs for settlement) resulting from the CONTRACTOR's failure to comply fully with the requirements of such laws and regulations.
- 2.9.3 The CONTRACTOR will be required to collect and to remit to the appropriate authorities of KINGDOM OF SAUDI ARABIA any social insurance premium due and payable with respect to those employees of the CONTRACTOR who are engaged in the delivery of services hereunder, The CONTRACTOR will indemnify and hold COMPANY harmless for any claims arising out of CONTRACTOR's failure to collect and remit such premiums.
- 2.9.4 The CONTRACTOR will undertake to defend, indemnify and hold harmless the COMPANY from any and all claims, suits, costs, liabilities, judgments, fines, penalties or demands for loss or damage including any and all expenses, disbursements costs, legal fees, sums and amounts as may be incurred in the investigation handling and defense thereof, resulting from, or in any way connected with, any tax assessment or imposition, in respect of the taxes and contributions referred to in these terms and conditions, both on its own behalf and on behalf of any such SUB-CONTRACTOR.

## **2.10 PAYMENT**

- 2.10.1 The CONTRACTOR will render to the COMPANY an Invoice in triplicate for such amount(s) as is justified in accordance with the Payment Terms after the completion of the SERVICES OR as agreed by the COMPANY and mentioned in Contract/Purchase Order.
- 2.10.2 The amount(s) of the Invoice will be in sufficient detail and adequately supported and in every case, show separately the individual amounts in respect of each of the categories of work.
- 2.10.3 Each Invoice will include the CONTRACT/Purchase Order reference number and title and the Invoice will be addressed to:

FINANCE MANAGER,  
FARABI PETROCHEMICALS COMPANY

	<b>SP.10.01 PURCHASING</b>	Rev:	<b>01</b>
	<b>SP.10.01-WI-04 CONTRACTING GTC</b>	Date of Issue:	<b>15/11/2015</b>
		Page Number:	<b>Page 8 of 20</b>

PO Box 11763  
JUBAIL INDUSTRIAL CITY - 31961  
KINGDOM OF SAUDI ARABIA

2.10.4 Thirty days after receipt by the COMPANY of a correctly prepared and properly supported Invoice, the COMPANY will pay the CONTRACTOR the amount invoiced into a nominated bank account of the CONTRACTOR. Said payments by the COMPANY will not be construed as acceptance of any part of the WORK. Payment will be released after proper verifications and approved of the invoice.

2.10.5 In the event of the COMPANY disputing any item (s) of any Invoice submitted by the CONTRACTOR neither the COMPANY nor the CONTRACTOR will make any adjustment or tamper with the originally submitted Invoice or supporting documentation, the following procedure will be implemented in such disputes.

- a) The COMPANY will within Fifteen (15) days of the submittal date of original Invoice notify the CONTRACTOR of the items in dispute; and
- b) A Credit/Debit Note to adjust the invoiced cost will be requested by the COMPANY and will be submitted by the CONTRACTOR.

2.10.6 Disputed Invoices will be negotiated for settlement by the COMPANY REPRESENTATIVE, the CONTRACTOR REPRESENTATIVE and a Member of the COMPANY, Finance Department. Upon reaching a mutually acceptable settlement the CONTRACTOR will submit a further Invoice for the agreed sum which will be endorsed by the above parties to the negotiations and payment to the CONTRACTOR duly authorized in accordance with Payment Clause. Disputes will not justify or excuse the CONTRACTOR for not continuing the performance of the WORK on schedule.

2.10.7 The COMPANY reserves the right to suspend or terminate the SERVICES, if CONTRACTOR fails to comply with the provisions of Clause # 2.10.


## **2.11 MEDICAL FACILITIES**

All medical and hospitalization expenses will be borne by the CONTRACTOR for the staff employed.

## **2.12 CONFIDENTIALITY**

2.12.1 All technical data, standards, specifications and any information and documents furnished by the COMPANY for use by the CONTRACTOR, are confidential information and will continue to be the property of the COMPANY and will not be reproduced copies in whole or in part, except as



	<b>SP.10.01 PURCHASING</b>	Rev:	<b>01</b>
	<b>SP.10.01-WI-04 CONTRACTING GTC</b>	Date of Issue:	<b>15/11/2015</b>
		Page Number:	<b>Page 9 of 20</b>

required in connection with WORK hereunder, used in conjunction with WORK for any other client of the CONTRACTOR and will be returned upon completion or termination of this CONTRACT. NDA [ Non-Disclosure Agreement ] is to be signed.

2.12.2 Neither the CONTRACTOR nor its employees, servants or agents will divulge any confidential information obtained from or during the course of the SERVICES to be performed hereunder to anyone, except to the COMPANY or persons designated the COMPANY, so long as and to the extent that the same has not become part of the public domain, does not correspond to that furnished or made known to the CONTRACTOR by Third parties as a matter, of right and without restriction disclosure, or was not in the CONTRACTOR's lawful possession at the time of disclosure by the COMPANY.


## 2.13 TERMINATION

2.13.1 The CONTRACT may be terminated in the following circumstances without prejudice to the COMPANY's rights thereunder:

- a) If the CONTRACTOR abandons the CONTRACT or without reasonable cause fail to commence the execution of the CONTRACT at the appointed date or suspend the execution of the CONTRACT, the COMPANY has the right to terminate the CONTRACT forthwith and forfeit any bank guarantee/money available with the company.
- b) If the CONTRACTOR is in breach of any term of the CONTRACT, or these General Conditions, then the COMPANY may request in writing that, the CONTRACTOR rectifies the situation, if the CONTRACTOR does not so rectify the breach in such period as the COMPANY agree has the right to terminate the CONTRACT.
- c) If the CONTRACTOR OR it's employees, servants or agents will commit any dishonesty or any conduct, which is substantiated and material need which is prejudicial to the COMPANY's interest, then the COMPANY has the right by notice in writing to the CONTRACTOR to forthwith terminate the CONTRACT.

2.13.2 In the event of such termination, the COMPANY will pay the CONTRACTOR the following amounts, the total of which will be deemed to be full and final compensation to the CONTRACTOR in respect of the time of termination of the CONTRACT.


- a) Such sums as are rightly due in accordance with the terms and conditions of the CONTRACT.

	<b>SP.10.01 PURCHASING</b>	Rev:	<b>01</b>
	<b>SP.10.01-WI-04 CONTRACTING GTC</b>	Date of Issue:	<b>15/11/2015</b>
		Page Number:	<b>Page 10 of 20</b>

- b) All reimbursable costs necessarily incurred or committed in connection with the satisfactorily completed SERVICES prior to the effective date of termination, less.
  - c) Amounts due to the COMPANY from the CONTRACTOR under this CONTRACT or any other CONTRACT or otherwise between the COMPANY and the CONTRACTOR.
- 2.13.3 In the event of such termination, the CONTRACTOR will assign, to the COMPANY, or its nominee, to the extent required by the COMPANY, the benefit of all SUBCONTRACTOR's and other obligations, rights and titles. The CONTRACTOR will terminate those SUB-CONTRACTS and other obligations not assigned to the COMPANY.
- 2.13.4 When notified of termination under the Clause, the CONTRACTOR will either immediately or upon such other date as is specified in the notice.
- a) Discontinue its performance of the SERVICES other than such part of the SERVICES as the COMPANY may instruct for the purpose of protecting, making safe or tidying up such parts of the SERVICES as may already have been executed or may be in the course of execution.
  - b) Enable the COMPANY or its nominee, to take over the SERVICES so far completed;
  - c) Remove from the SITE all plant, vehicles and equipment owned by the CONTRACTOR and all its employees, servants and agents and all their SUB-CONTRACTOR's property; and
  - d) Deliver to the COMPANY, or its nominee all technical information, schedules and all other data prepared by the CONTRACTOR or any SUB-CONTRACTOR in connection with the SERVICES and all documents and other data supplied to the CONTRACTOR by or on behalf of the COMPANY in connection with the SERVICES and all copies thereof in its possession.

## 2.14 FORCE MAJEURE

- 2.14.1 Neither party will be liable for any failure to perform any obligation under the CONTRACT to the extent to which performance is prevented, hindered or delayed by any cause or circumstances outside the control of the party.
- 2.14.2 A strike or go-slow or obstructive conduct of WORK by any of the CONTRACTOR employees will not be deemed a circumstance outside the

	<b>SP.10.01 PURCHASING</b>	Rev:	<b>01</b>
	<b>SP.10.01-WI-04 CONTRACTING GTC</b>	Date of Issue:	<b>15/11/2015</b>
		Page Number:	<b>Page 11 of 20</b>


control of either party to the CONTRACT. The existing “Force Majeure” when used in this CONTRACT will mean, cover and include the following: Acts of God, acts of restraints of governmental authorities, fire explosions, storms, wars, hostilities, blockades, public disorders, act of terrorism or any other act, event, cause of occurrence rendering a party unable to perform its obligation which is not within the reasonable control of such party, whether or not similar to any of the foregoing.

## 2.15 DAMAGE, INJURIES AND INSURANCE

2.15.1 The CONTRACTOR will defend indemnity and hold COMPANY harmless and not liable from any claims, losses expenses or damages arising from or related in injury or death of any deployed staff and from damage to or loss of any property owned by COMPANY or others resulting from the pursuance any activity by their staff.

The CONTRACTOR will take the insurance and maintain in full force the following Insurances and effect during the whole period of the CONTRACT.


- a) Workmen’s Compensation / and Employer’s Liability Insurance and or similar Statutory social Insurance in accordance with law covering death, disability injury or decease of any of the employees engaged in pursuance of this CONTRACT.
- b) Automobile Liability Insurance / Third party Insurance with respect to motor vehicles used in connection with the CONTRACT. This Insurance will cover owned, non-owned and hired automotive, equipment providing USD One Million Dollar [USD 1 Million] coverage for injury, death or property damage resulting from any one occurrence.
- c) Comprehensive General Liability Insurance including but not limited to CONTRACTOR’ s liability including professional negligence, products and completed operations, providing at least USD 1 Million coverage for injury, death or property damage resulting from any one occurrence and unlimited in the aggregate. Such Insurance will not contain any exclusions affecting this CONTRACT.
- d) Construction “All Risk “Insurance for all the Equipment & Materials.
- e) Any other Insurance deemed necessary to cover the risks under the CONTRACT and that are necessary to meet Saudi Arabian Laws.

	<b>SP.10.01 PURCHASING</b>	Rev:	<b>01</b>
	<b>SP.10.01-WI-04 CONTRACTING GTC</b>	Date of Issue:	<b>15/11/2015</b>
		Page Number:	<b>Page 12 of 20</b>

- f) CONTRACTOR will ensure that, all vehicle drivers driving at the site carry valid driving license.
  - g) CONTRACTOR is responsible for providing full Insurance cover for all SUBCONTRACTORS and will not rely on SUBCONTRACTORS providing their own cover.
  - h) A copy of such Insurance will be provided to COMPANY on request.
- 2.15.2 The CONTRACTOR will not be responsible for loss of profits, revenues, loss of use of equipment, cost of capital, cost purchased replacement power and or any consequential losses of COMPANY.
- 2.15.3 COMPANY will release from and indemnify the CONTRACTOR GROUP against the COMPANY GROUP's own Consequential Loss and the CONTRACTOR will release from and indemnify the COMPANY GROUP against the CONTRACTOR GROUP's own Consequential Loss. The foregoing indemnities will apply irrespective of the fault or negligence of the party to be indemnified.

## 2.16 SUB-CONTRACT

- 2.16.1 The CONTRACTOR will not assign or sub-contract to any Third party the whole or any part of its obligations hereunder, without the prior written approval of the COMPANY. No such approval will relieve the CONTRACTOR from any liability or obligation under the CONTRACT.
- 2.16.2 The CONTRACTOR will ensure that similar rights, duties and obligations of the CONTRACTOR to the COMPANY under this CONTRACT will be included in any CONTRACT that the CONTRACTOR has with any such SUBCONTRACTOR.
- 2.16.3 The CONTRACTOR will be responsible for the acts, omissions, defaults and negligence of its SUB-CONTRACTORS, its agents, servants or workers as fully as if they were the acts, omissions, defaults or negligence of the CONTRACTOR, its agents, servants or workers.
- 2.16.4 The CONTRACTOR will include in every SUB-CONTRACT under this CONTRACT, a provision prohibiting any further subcontracting of an portion of the WORK by the SUB-CONTRACTOR. The CONTRACTOR will not give such approval without first obtaining the approval of COMPANY.

	<b>SP.10.01 PURCHASING</b>	Rev:	<b>01</b>
	<b>SP.10.01-WI-04 CONTRACTING GTC</b>	Date of Issue:	<b>15/11/2015</b>
		Page Number:	<b>Page 13 of 20</b>

## 2.17 WAIVER


Any failure on the part of the COMPANY during the CONTRACT PERIOD, to enforce or require the strict adherence and performance of any of the terms or conditions of the CONTRACT, will not constitute a waiver of such terms or conditions and will not affect or impair such terms or conditions in any way or the right of the COMPANY at any time to avail itself of such remedies as it may have for any breach or breaches of such terms or conditions.

## 2.18 NOTICES

- 2.18.1 Any authorized notice required to be given to the COMPANY hereunder will be in writing and deemed to be sufficiently given if delivered by hand with signed acknowledgment of receipt by the authorized REPRESENTATIVE of the COMPANY. Notice will also be considered received if dispatched by confirmed telex/fax/email.
- 2.18.2 Notices sent by post as previously mentioned will be deemed to have been given at the time when they would have been received in the normal course of business.
- 2.18.3 Normal business correspondence should be addressed to the COMPANY at the address of its place of business as specified in the CONTRACT, or such other address as the COMPANY will have previously notified to the CONTRACTOR.

## 2.19 GOVERNING LAW, SETTLEMENT OF DISPUTES;

- 2.19.1 The COMPANY and the CONTRACTOR agree that the rules and regulations of the KINGDOM OF SAUDI ARABIA will apply to the CONTRACT.
- 2.19.2 With respect to any and all disputes between the CONTRACTOR and the COMPANY, all claims by the CONTRACTOR against the COMPANY relating to the CONTRACT will be submitted in writing to the COMPANY's REPRESENTATIVE. The parties in the first instance will apply all reasonable efforts to achieve an amicable resolution of the dispute (s) addressed in the CONTRACTOR's claim. If amicable settlement cannot be reached, the dispute (s) will be settled by the appropriate court in KINGDOM SAUDI ARABIA.
- 2.19.3 Notwithstanding any dispute relating to the CONTRACT, the CONTRACTOR will proceed diligently to perform on a timely basis all requirements of the CONTRACT pending final resolution of such dispute.

	<b>SP.10.01 PURCHASING</b>	Rev:	<b>01</b>
	<b>SP.10.01-WI-04 CONTRACTING GTC</b>	Date of Issue:	<b>15/11/2015</b>
		Page Number:	<b>Page 14 of 20</b>

Any failure of the CONTRACTOR to proceed on such basis will be a default under the CONTRACT for which the COMPANY may, in addition to any other rights or remedies it may have, terminate the CONTRACT.

## **2.20 COMPLIANCE WITH ACTS AND REGULATIONS:**

2.20.1 The CONTRACTOR will at its own expense, be responsible for obtaining any necessary licenses, permits and registrations, and will be subject to all applicable laws, regulations and rules of the KINGDOM OF SAUDI ARABIA.

2.20.2 The CONTRACTOR will be subject to the provision of all laws, regulations and rules as aforesaid in regard to the provision of the SERVICES and will indemnify the COMPANY, its servants and agents against all penalties and liabilities of any kind as a result of the breach of any such laws, regulations or rules.

## **2.21 CLAIMS AFFECTING THE CONTRACT**

The CONTRACTOR will give the COMPANY immediate and complete notice of any suits, which in opinion of the CONTRACTOR will affect the performance on this CONTRACT. The CONTRACTOR will furnish the COMPANY immediately with any and all documents relevant to any such suit, action proceeding or claim. This also applies to any and all SUB-CONTRACTORS or third parties whoever they may be.


## **2.22 ORDER OF PRECEDENCE**

In the event of any inconsistency between the provisions or documents of this CONTRACT, the inconsistency will be resolved by giving precedence in following order:

- a) Purchase Order
- b) Approved Technical Specifications
- c) Contractor's updated quotations
- d) Important correspondences between COMPANY and CONTRACTOR

## **2.23 ENTIRE AGREEMENT**

The CONTRACT constitutes the entire agreement between the parties and supersedes all prior offers, negotiations, exceptions and understanding, whether verbal or written, between the parties hereto relating to the WORK and SERVICES called for hereunder. Deviation from any provision of the CONTRACT (including any variation in the SERVICES) will not be binding upon the COMPANY or the CONTRACTOR unless evidence by a written Variation Order.

	<b>SP.10.01 PURCHASING</b>	Rev:	<b>01</b>
	<b>SP.10.01-WI-04 CONTRACTING GTC</b>	Date of Issue:	<b>15/11/2015</b>
		Page Number:	<b>Page 15 of 20</b>

## 2.24 SEVERABILITY

Any Provisions in the CONTRACT which are deemed unenforceable for whatever reason will not invalidate other provisions hereof.

## 2.25 CALENDAR

All referenced calendar dates herein will be deemed references to the Gregorian calendar and the mathematically calculated equivalent of the Hijra Calendar.

## 2.26 SECURITY

2.26.1 The CONTRACTOR will comply with the COMPANY's security regulations to carry out this work/services.

2.26.2 The CONTRACTOR will in connection with the CONTRACTOR's SITE facilities provide and maintain at its own cost all lights, fencing and watching when and where necessary or required by the COMPANY REPRESENTATIVE or by the KINGDOM OF SAUDI ARABIA authorities for the protection of the WORK or for the safety and convenience of the public or others.

The CONTRACTOR will observe the COMPANY's security regulations and not permit any unauthorized person to enter or remain on the SITE. The CONTRACTOR will not remove from the SITE any material or plant without prior written consent of the COMPANY REPRESENTATIVE.

2.26.3 No photography will be taken on the Site.

## 2.27 SAFETY REGULATION AND REGULATIONS FOR THE PREVENTION OF FIRE


All persons engaged on WORK at the SITE will be acquainted with the safety requirements of the COMPANY. This will be observed by the CONTRACTOR, his SUB-CONTRACTOR and their employees, agents and invitees.

2.27.1 Smoking is prohibited in every part of the SITE, with the exception of such places as have been set aside for the purpose by COMPANY.

2.27.2 Meals will be taken in the CONTRACTOR's facilities and in no other places unless by written permission of COMPANY.

## 2.28 SAFETY AND CONTRACTORS

2.28.1 The COMPANY's procedures/requirements mentioned in the RFQ/ITB and the Contractor Control Procedures must be strictly adhered during the entire period of the contract.

	<b>SP.10.01 PURCHASING</b>	Rev:	<b>01</b>
	<b>SP.10.01-WI-04 CONTRACTING GTC</b>	Date of Issue:	<b>15/11/2015</b>
		Page Number:	<b>Page 16 of 20</b>

2.28.2 The CONTRACTOR and SUB-CONTRACTOR will display, at all times COMPANY provided identification badges, while on SITE. These badges will be returned to COMPANY on termination of any of CONTRACTOR's or SUB-CONTRACTOR's employees. Failure to return the identification badges may result in a fine as imposed by COMPANY as per rules in force.

2.28.3 CONTRACTOR will provide his personnel with the required protective clothing and equipment as instructed by COMPANY.

2.28.4 Officials of COMPANY Security Department have the right to stop and search any person or vehicles at any time. Products, MATERIALS or PLANT belonging & the COMPANY will be only removed from site with the written permission from COMPANY.

2.28.5 All CONTRACTOR's temporary installations and equipment to be temporarily operated will be made available for inspection by the COMPANY's Safety Authorities and/or COMPANY's REPRESENTATIVE and any modification mutually agreed upon with COMPANY and / or the COMPANY REPRESENTATIVE to ensure the safe working of the system or equipment, will be undertaken by the CONTRACTOR at his own cost in accordance with internationally accepted practices.

## **2.29 EHSS REQUIREMENTS [ENVIRONMENT, HEALTH, SAFETY AND SECURITY]**

COMPANY requires its Contractors to be in full compliance with Contractor Control Procedures and with applicable local/national/international laws, regulations and 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 CONTRACTOR to provide required and appropriate health and safety training and refresher training to its employees and to retain records of such training.

COMPANY Contractors 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



	<b>SP.10.01 PURCHASING</b>	Rev:	<b>01</b>
	<b>SP.10.01-WI-04 CONTRACTING GTC</b>	Date of Issue:	<b>15/11/2015</b>
		Page Number:	<b>Page 17 of 20</b>

- Emergency Response Plans

COMPANY may require Contractors 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.

COMPANY requires its Contractors 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.

CONTRACTOR agrees to allow COMPANY to inspect work sites, equipment, documentation, materials, and interview CONTRACTOR employees regarding work practices and health and safety management.

CONTRACTOR agrees to provide required compliance conformance documents if requested by COMPANY like Internal Audit results registry for last 2 years, Risk Assessment Registry, Environmental Aspect/Impact Analysis and Legal Compliance list.

CONTRACTOR agrees to complete COMPANY Contractor Safety Training and any other training that COMPANY deems necessary to ensure a safe working environment.


Contractors are responsible for complying with all applicable environmental laws, regulations, permits, project specific plans, and are expected to employ effective field control measures.

Contractors and Subcontractors will be required to comply with all access restrictions. Depending on the contract amount and/or the scope of work, Contractors may be required to develop an Environmental Compliance Plan that conforms to all environmental requirements and permissions governing the Scope of Work/Services.

## **2.30 GUARANTEE/WARRANTY**

2.30.1 CONTRACTOR warrants that:

- a) The materials furnished and the works undertaken by the CONTRACTOR including any replacement or other parts furnished by it, will be free of any defects and

	<b>SP.10.01 PURCHASING</b>	Rev:	<b>01</b>
	<b>SP.10.01-WI-04 CONTRACTING GTC</b>	Date of Issue:	<b>15/11/2015</b>
		Page Number:	<b>Page 18 of 20</b>

b) The Engineering services performed by its staff will reflect their best professional knowledge or judgment.

The CONTRACTOR will, upon written notice from the COMPANY, correct any failure to conform to the foregoing warranties which may appear within a period of Twelve (12) months after date of issuance of provisional acceptance certificate. Such correction will be limited to repair or replacement of defective part or parts furnished.

In Case of other breach of foregoing warranty, CONTRACTOR will furnish engineering services to the same extent as on the original WORK. It is understood that, unless agreed to in writing by CONTRACTOR, CONTRACTOR assumes no responsibility with respect to the suitability of the COMPANY's equipment or with respect to any defects in the same. In no event will CONTRACTOR be responsible for providing any working access to any defect, equipment or site, including removal, disassembly, replacement, or reinstallation of any equipment, materials or structures to the extent necessary to permit CONTRACTOR be responsible for damage to equipment components or parts resulting from improper maintenance or operation or from their deteriorated condition. Any test will mutually agree upon and CONTRACTOR will be notified of, and be present at all tests that may be made. The above warranties do not apply to products, which have life, under normal use, shorter than Twelve (12) months period indicated.

2.30.2 CONTRACTOR limits itself to extending the same warranty it receives from the Contractors. CONTRACTOR warrants that any engineering studies performed by it will conform to professional standards. Any portion of the study which does not so conform will be corrected by CONTRACTOR upon notification by the COMPANY within Twelve (12) months after completion of the SERVICES. The foregoing warranties are exclusive and in lieu of all others.


### **2.31 PROVISIONAL ACCEPTANCE**

A provisional acceptance certificate will be issued to the CONTRACTOR when the authorized representative of the COMPANY inspects and accepts any part of the WORK. This certificate is to be issued within two weeks of the completion and acceptance of the WORK.

### **2.32 FINAL ACCEPTANCE**

After 365 days of issuance of the provisional acceptance certificate and provided that the CONTRACTOR has completed all its obligations under the CONTRACT and remedied any WORKS resulting from his poor workmanship including deficiencies that come to the attention of the COMPANY after the issuance of the provisional acceptance certificate, he will be entitled to request for a final acceptance certificate. Until issue of the final acceptance certificate the CONTRACTOR will be required to correct any deficient WORK at his expense.

### **2.33 INTELLECTUAL PROPERTY**

	<b>SP.10.01 PURCHASING</b>	Rev:	<b>01</b>
	<b>SP.10.01-WI-04 CONTRACTING GTC</b>	Date of Issue:	<b>15/11/2015</b>
		Page Number:	<b>Page 19 of 20</b>

2.33.1 Subject to existing and Third party rights, the copyright of all documents prepared specifically by CONTRACTOR as part of the SERVICES and furnished to COMPANY will vest in COMPANY. CONTRACTOR may take copies of such documents as may be necessary to perform the SERVICES.

2.33.2 Each Party will retain all right, title and interest in their respective background intellectual property (including but not limited to processes, software, systems, procedures, standards and documents, whether developed by the Party or provided by a third party) which existed before entering into this CONTRACT or which is developed or acquired by that Party independently of this CONTRACT. Nothing in this CONTRACT will operate to transfer to either party any ownership, license or right to use such background intellectual property of the other Party.

2.33.3 CONTRACTOR will indemnify COMPANY against legal liability arising from infringement of any intellectual property right caused by CONTRACTOR's breach of its obligations under Clause 2.4.

The indemnity in Clause 2.33.3 will not apply if an infringement:

- a) Results from the product of the SERVICES being used for a purpose other than that indicated by the CONTRACT; or
- b) results from the use of information provided by or on behalf of COMPANY or any third party under a contract with COMPANY; or
- c) Results was the unavoidable result of CONTRACTOR's compliance with the COMPANY's requirements. COMPANY will indemnify CONTRACTOR against any third party claim for infringement of any intellectual property right arising out of such use."


### 3.0 DETAILS

#### 3.1 REFERENCES

The Company Name and Contract Number must appear on all correspondences, Invoices, shipping documents, packages and all related documents.

#### 3.2 DEFINITIONS:

These general contract terms and conditions form an integral part of the Contract and the following words and expressions will have the meanings hereby respectively assigned to them:

	<b>SP.10.01 PURCHASING</b>	Rev:	<b>01</b>
	<b>SP.10.01-WI-04 CONTRACTING GTC</b>	Date of Issue:	<b>15/11/2015</b>
		Page Number:	<b>Page 20 of 20</b>

- COMPANY : Means Farabi Petrochemicals Company, all Entities under Farabi Group of Companies and Join Venture Companies
- COMPANY GROUP : Means (a) the COMPANY and its AFFILIATES and their personnel; (b) Co-ventures, investors and lenders of COMPANY and its AFFILIATES, and their personnel; (c) the COMPANY's client, licensors, contractors and subcontractors (other than the CONTRACTOR) and any of their personnel.
- COMPANY REPRESENTATIVE: : Means the nominated person by COMPANY and notified to The CONTRACTOR to act as administrator for the purpose of CONTRACT.
- CONTRACT : Means this Contract with all attachments and Annexures.
- CONTRACT PERIOD : Means the Completion Period stated in the Contract and any extension to same which may be agreed in writing between the COMPANY and the CONTRACTOR.
- CONTRACT PRICE : Means the agreed price between COMPANY and CONTRACTOR.