



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

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| DATE OF ISSUE: | 21/06/2022 |
| REVISION: | 02 |

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1.0 PURPOSE

These terms and conditions shall apply to all the Purchase Order issued for procurement goods, equipment, material and associated services, and the execution of projects in the Kingdom of Saudi Arabia "KSA". These terms and conditions supersede and replace all previous terms and conditions.

This General Terms and Conditions for Purchase Order shall be applicable for Farabi Petrochemicals company (FARABI), all affiliated entities under Farabi Group of Companies and Join Venture Companies.

Farabi Petrochemicals having its Head Office in Jubail Industrial City, P.O. Box 11763, Kingdom of Saudi Arabia and having manufacturing facility in Jubail and Yanbu Industrials area, Saudi Arabia

Farabi Petrochemicals Company (FARABI) along with all affiliated entities under Farabi Group of Companies and Join Venture Companies herein after referred as "FARABI"

2.0 SCOPE

SUPPLIER agrees to deliver at his cost the specified goods, equipment, material or services to FARABI's Warehouse or any agreed place specified in the Purchase Order.

FARABI 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 FARABI's requirements. However, FARABI'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 FARABI's property when they are accepted by FARABI.

2.2 Modifications/ amendments

FARABI 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 FARABI unless it is in writing and signed by FARABI.

2.3 Delay or Non-delivery

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If, upon receipt of a Purchase Order or at any time thereafter, it becomes evident that the materials cannot be shipped within the delivery period specified in the Purchase Order, the SUPPLIER must immediately notify FARABI's Procurement Department in writing (via letter or email). Such notice must include the reason for the delay and the earliest possible revised delivery date.

Failure to deliver the materials within the agreed timeframe shall constitute a material breach of contract. In such case, FARABI reserves the right, at its sole discretion and without incurring any liability, to cancel the Purchase Order in whole or in part. This cancellation shall be without prejudice to any other rights or remedies available to FARABI under this Purchase Order, at law, or in equity.

Furthermore, FARABI reserves the right to procure the delayed or undelivered materials from an alternative source, and any additional costs, losses, or damages incurred by FARABI as a result shall be borne solely by 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 FARABI 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 FARABI) 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. FARABI, at its own option, may accept the defective materials with an adjustment in the Purchase Prices. FARABI, at its option, may remove such materials at SUPPLIER's expenses in which event SUPPLIER shall without cost to FARABI 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

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Risk and damages to goods shall be the responsibility of the SUPPLIER until delivered and finally accepted by FARABI. In this case, services are rendered to FARABI issuance of the Final Certificate by FARABI shall be forwarded as acceptance by FARABI to the matters stated in the said certificate.

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

- a) FARABI 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. FARABI 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) FARABI 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) FARABI 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 FARABI sites or on projects commissioned by FARABI.
- d) FARABI requires its Suppliers to provide notification of the introduction of materials or equipment creating physical, chemical, and biological safety hazards at FARABI sites or on projects commissioned by FARABI. 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 FARABI to inspect work sites, equipment, documentation and materials and interview Supplier

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employees regarding work practices and health and safety management.

- f) Supplier agrees to complete FARABI Contractor Safety Training and any other training that FARABI 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 FARABI 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 FARABI will be refunded to FARABI with service charges at prevailing rates from the date of payment.

2.9 TERMINATION

FARABI reserve the rights to terminate/cancel this Purchase Order in whole or in part by written notices to the SUPPLIER, without any obligations from FARABI's side at its convenience.

2.10 CONFLICT OF INTEREST

SUPPLIER shall not take any actions or acts which may result in a conflict with the FARABI's interests. This obligation shall apply to the activities of the employees, and their labors of FARABI, SUPPLIER, Subcontractors and third parties, arising from the delivery of goods, equipment, material or services of this Purchase Order.

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2.11 SUPPLIER'S OBLIGATION SHALL INCLUDE THE FOLLOWING:

- a. Not to assign to subcontract with employee or in any way engage, during the term of this Agreement, any employee of FARABI or any of its affiliates or establishment owned wholly or partially by an employee of FARABI for the performance of any work that must be performed by Supplier under this Agreement.
- b. Shall promptly notify FARABI of any representative or employee of FARABI or any of its affiliates or establishment owned wholly or partially by a representative or an employee of FARABI who/which is known by Supplier to have own interest in Supplier'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 FARABI'S interests.

2.12 PAYMENT TERMS

- a. The payment terms shall be defined in the Purchase Order
- b. Any accepted invoices shall be payable within 60 days from the date of acceptance of the error free invoice at FARABI Finance team.
- 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. Any Invoice under FARABI PO shall be accepted maximum within 180 days from the delivery or work completion. No invoice or claim shall be entertained after 180 days period. .
- f. All out of Kingdom services shall be attract withholding taxes as per applicable law of Kingdom of Saudi Arabia. Unless otherwise it agreed in the writing in the PO, the applicable withholding taxes shall be deducted from the payable to the Supplier and deposited to the relevant authority in Saudi Arabia.

2.13 LIQUIDATED DAMAGES

In the event of any delay in supply of all the materials covered under Purchase Order beyond the delivery date mentioned in the PO, FARABI reserves the right to levy Liquidated Damages at the rate of 1% per week of delay maximum upto 10% of the PO value .

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Liquidated Damages shall be without prejudice to any other rights and remedies of FARABI (including the right of termination) under this Contract.

FARABI may without prejudice to any other method of recovery deduct the amount of such liquidated damage from any of the Supplier's money on hand, due, or which may become due after. The payment or deduction of such damages shall not relieve the Supplier from its obligations to complete the delivery or the unfinished works or from any other of its obligations and liabilities under the PO.

2.14 GOVERNING LAW, SETTLEMENT OF DISPUTES;

2.14.1 The Purchase Order shall be governed by the Law of the Kingdom of Saudi Arabia unless otherwise agreed and mentioned in the Purchase Order. For any dispute under the Purchase Order, parties shall resolve the matter amicably by involving their higher manager and thereafter, as per Saudi law.

2.14.2 With respect to any and all disputes between the SUPPLIER and the FARABI, all claims by the SUPPLIER against the FARABI relating to the CONTRACT will be submitted in writing to the FARABI'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 SUPPLIER's claim. If amicable settlement cannot be reached, the dispute (s) will be settled by the appropriate court in KINGDOM SAUDI ARABIA.

2.14.3 Notwithstanding any dispute relating to the CONTRACT, the SUPPLIER will proceed diligently to perform on a timely basis all requirements of the CONTRACT pending final resolution of such dispute.

2.15 CYBER SECURITY POLICY

2.15.1 The Supplier must comply with FARABI's Cybersecurity Policy and all applicable laws and regulations in Saudi Arabia pertaining to personal data protection and any legal requirements associated with the transfer of FARABI information. In addition, the Supplier must provide cybersecurity awareness sessions to its employees. Any cybersecurity incident or adverse situation occurring within

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the Supplier's environment that affects any network, system, or application processing, accessing, or storing Farabi information/data (the 'Incident') shall be reported in accordance with the procedures outlined in the Cybersecurity Policy.

2.16 ENERGY MANAGEMENT SYSTEM

2.16.1 In cases involving the purchase of energy, equipment, or services that impact Farabi's energy performance, special technical specifications or scope shall be included with the RFQ, along with clearly defined criteria for the technical selection of the vendor.

3.0 DETAILS

3.1 The Parties

"FARABI" shall mean Farabi Petrochemicals Company or any other affiliates through which the Purchase order has been issued. The

"Supplier" or "SUPPLIER" or "Contractor" means the entity or party to whom FARABI issued a PO and includes its successors and permitted sub-contractors and assigns.

3.2.1 References

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