



General Conditions for Purchase of Goods or Equipment

1	01.Feb 2015	Issued as standard template	AFP	TB
Rev.	Date	Description	Author	Checked by

1 Definitions

- CLIENT means the party placing an order, being the legal entity as mentioned in the Purchase Order, as well as his legal successors in title;
- VENDOR means the party who delivers GOODS;
- ENGINEER means the party representing CLIENT and acting on behalf and for account of CLIENT;
- GOODS mean the goods, material and/or equipment to be supplied by VENDOR in accordance with the Contract;
- CONTRACT means the documents as specified in clause 2 of these General Conditions of Purchase.

2 CONTRACT

- 2.1** The CONTRACT consists of the Purchase Order signed by CLIENT and VENDOR, all listed documents mentioned in the Purchase Order, and any special agreements made between CLIENT and VENDOR.
- 2.2** Agreements, oral or in writing, made between VENDOR and un-authorized personnel of CLIENT or ENGINEER will not be binding on CLIENT.
- 2.3** Where conflicts occur between or within the CONTRACT, codes and/or (legal) regulations the most stringent and/or severe requirements for the VENDOR will apply. In case of doubt ENGINEER, if requested, will indicate the applicable condition.
- 2.4** Should any errors or omissions appear in the contract documents, VENDOR shall report the same to ENGINEER for correction before proceeding with the manufacture or delivery of GOODS. If VENDOR fails to do so, any consequences shall be for his account. VENDOR shall abide by and comply with the CONTRACT and their purport, and shall not avail himself of errors or omissions, should any exist, to restrict his obligations.

3 Delivery terms

Interpretation of the delivery terms as stipulated in the CONTRACT will be in accordance with "Incoterms", edition valid on the date of signment of the CONTRACT, as published by the International Chamber of Commerce (ICC).

4 Local laws

VENDOR warrants that GOODS will comply with all applicable Governmental codes, laws or regulations, local or national of the country in which GOODS are to be used and that he will, prior to the delivery of GOODS, provide ENGINEER with whatsoever Governmental or other authorisation documents and have whatsoever Governmental or other authorisation markings stamped on GOODS required for the use thereof.

5 Prices

All costs of labour, material, documentary and/or other (legal) requirements for supply at times and in quantities as laid down in the CONTRACT and as required by applicable codes, laws and regulations are included in the purchase price(s) unless specifically stated otherwise in the CONTRACT.

6 Approval of VENDOR's documents

Drawings, shop drawings and other documents supplied by VENDOR shall be delivered to ENGINEER as required by the

CONTRACT. Approval of VENDOR's documents does not relieve VENDOR from his exclusive responsibility for their accuracy and/or correctness and does not relieve VENDOR from his obligation to comply fully with the CONTRACT.

7 Changes

ENGINEER may at all times request VENDOR to change, increase or decrease (part of the) GOODS. Any consequences will be agreed upon between CLIENT and VENDOR. No substitution or changes by VENDOR will be permitted except after specific written approval by ENGINEER.

8 Expediting

VENDOR shall expedite execution of the CONTRACT, including his orders to sub-vendors. If VENDOR encounters delays in obtaining materials from his sub-vendors or in receiving information from CLIENT and/or ENGINEER, VENDOR shall immediately advise ENGINEER in writing. CLIENT and/or ENGINEER reserve the right to visit the (sub-)vendor's shop(s) to expedite to whatever extent deemed appropriate without releasing VENDOR from his obligations under the CONTRACT.

9 Sub-Orders

The General Conditions for Purchase are to be extended to all sub-orders issued by VENDOR in connection herewith. VENDOR shall supply CLIENT and/or ENGINEER with unpriced copies of his orders to sub-vendors and any requested shipping information including that of sub-vendors' orders when and as requested.

10 Inspection

VENDOR agrees that

- a) all inspections and tests shall be made as required by the CONTRACT;
- b) all GOODS furnished hereunder shall be subject to inspection by ENGINEER and/or CLIENT at all reasonable times and places before, during and after manufacture;
- c) when inspection is required under the CONTRACT, VENDOR shall give ENGINEER at least five (5) working days written advance notice of readiness for inspection;
- d) it is VENDOR's obligation to repair and replace without cost or delay anything found defective during inspection;
- e) such inspection or failure to inspect by ENGINEER and/or CLIENT or any other authority shall not relieve VENDOR of any responsibility or liability with respect to GOODS nor be interpreted in any way to imply acceptance thereof;
- f) if as a consequence of disapproval or any other cause for which VENDOR is responsible, inspection (in part) has to be repeated or has still to be performed, the extra costs for CLIENT and/or ENGINEER will be for the account of VENDOR.

11 Guarantees

11.1 All GOODS furnished shall be new and in accordance with the CONTRACT specifications and shall be of the best quality of their respective kinds incorporating first class workmanship throughout and applying the latest standard of technology. All GOODS shall be of the required size and capacity and be manufactured of proper materials to fulfil in all respects the operating conditions specified. All GOODS shall be free and clear of all liens, security interests and encumbrances.

11.2 The guarantee period of twelve (12) months will commence on the date GOODS are placed in use or operation and taken over by CLIENT, unless the factory guarantee is valid for a longer period, in that case the guarantee period will be the one which has been given by the manufacturer. If any GOODS do not comply with the specifications or are found defective or if any defect or fault originating from the design (if furnished by VENDOR and/or sub-vendor), materials, workmanship or operating characteristics of any GOODS arise at any time before or within the guarantee period, VENDOR shall at his own expense promptly make such alterations, repairs and replacements as necessary so that said item conforms to the specifications to CLIENT's entire satisfaction. If VENDOR does not make such corrections promptly, CLIENT will make or have made the required alterations, repairs and replacements at VENDOR's expense. If the fault or failure to function properly cannot be corrected as set forth above, the defective GOODS shall be removed by or at the expense of VENDOR and VENDOR shall without cost to CLIENT promptly furnish a satisfactory item which completely fulfils the specifications and intent of the CONTRACT and/or ENGINEER or, at CLIENT's and/or ENGINEER's option, refund the full purchase price and cost of original transport to the point of installation. This provision is without prejudice to any other rights CLIENT may have.

11.3 The above mentioned guarantee shall also extend to cover the altered, repaired, replaced or substituted item from the time it is established to the satisfaction of CLIENT and/or ENGINEER that the item fulfils the specifications.

11.4 VENDOR will supply all maintenance and repair services and spare parts at fair remuneration during a period of ten years after expiration of the guarantee period.

12 Passing of ownership

The ownership of GOODS shall at the latest pass to CLIENT at the place of delivery as stated in the CONTRACT.

13 Liability

VENDOR is liable for and indemnifies CLIENT against all costs and/or damages arising from his whole or partial non-compliance with the CONTRACT. VENDOR's liability under this clause shall end five (5) years after acceptance of GOODS. This limitation of the duration of the liability does not apply in case of wilful misconduct, gross negligence or in case of damages suffered by CLIENT as a result of VENDOR's failure to fulfil his obligations under clause 17 of these General Conditions. CLIENT will give written notice to VENDOR of the nature and extent of the damages suffered. VENDOR will reimburse the damages within 30 days after receipt of said notice.

14 Other supplies / errors in delivery

In the event that VENDOR is required to incorporate in or to connect to GOODS to be supplied under the CONTRACT material or equipment which is supplied to VENDOR directly or indirectly by ENGINEER or CLIENT, or if VENDOR is required to hold materials or equipment on behalf of CLIENT, VENDOR shall be responsible for any loss or damage whatsoever of or to the material or equipment supplied to him from the moment it comes into his possession until moment he delivers it to CLIENT or a third party to whom VENDOR has been directed to deliver it.

GOODS delivered in error or in excess of the quantity called for in the CONTRACT will be returned at VENDOR's expense (standard commercial plus/minus practice for bulk materials excepted).

15 Payment

VENDOR's invoices will be paid in accordance with the payment terms included in the Purchase Order, or, in addition to or failing such payment terms, within 90 days computed from the date of CONTRACTOR's fulfilment of the specified conditions and the date of receipt of CONTRACTOR's invoice, provided such invoice is properly drawn and accompanied by the required supporting documents. If invoices and/or supporting documents require correction the time of payment will be computed from the date of receipt of the corrected invoice and/or documents.

CLIENT is entitled to balance all amounts due to VENDOR under the CONTRACT with amounts due by VENDOR under the CONTRACT.

16 Assignment

VENDOR shall not assign or transfer any of its rights or obligations under the CONTRACT without CLIENT's prior written approval.

17 Intellectual property

All intellectual property rights, created under the fabrication of the GOODS, the adjustments thereto, extensions thereto and/or relating (technical) information, documents, procedures, tasks, etc. will vest in CLIENT. As far as existing intellectual property rights and/or (technical) information, documents, procedures, etc. are with VENDOR and/or third parties, VENDOR will arrange an irrevocable right to allow free and unrestricted use by and for the benefit of CLIENT.

VENDOR shall indemnify and/or hold harmless CLIENT and ENGINEER against any action, claim, demand, costs, charges and expenses arising from or incurred by reason of any infringement of trade name and/or other intellectual property rights of third parties in connection with GOODS or parts thereof, including the use of material or equipment and sale of products manufactured with GOODS.

In the event of any claim being made or action brought against CLIENT and/or ENGINEER arising out of the matters referred to in this clause VENDOR shall be promptly notified thereof and shall at his own expense conduct all negotiations for the settlement of the same and any litigation that may arise there from. CLIENT and/or ENGINEER shall at the request of VENDOR afford all available assistance for any such purposes. CLIENT and/or ENGINEER shall be reimbursed any expenses incurred in doing so.

18 Termination due to default

In case of **VENDOR's** failure to comply with any provision of the **CLIENT** may by giving written notice terminate the **CONTRACT** or a part thereof without further notice of default and without judicial or arbitral intervention and without cost or penalty to **CLIENT**. **CLIENT** shall be entitled in such case to take over wholly or partially the part of the **CONTRACT** already executed. In that case **CLIENT** shall pay and **VENDOR** shall accept payment of costs incurred prior to such termination that may under generally recognised accounting principles be reasonably allocated to the part of the **CONTRACT** taken over, less any prepayments made and less compensation for damage caused by **VENDOR's** default. In addition **CLIENT** shall be entitled to claims as provided for in the **CONTRACT** and/or in the applicable rules of law.

19 Termination by CLIENT

CLIENT may terminate the **CONTRACT** in whole or in part by written notice to **VENDOR**. In such event **CLIENT** shall pay and **VENDOR** shall accept payment of all costs incurred prior to such termination that may under generally recognised accounting principles be reasonably allocated to the execution of the **CONTRACT** plus a reasonable allowance for overheads and profit for the part of the **CONTRACT** executed less payments made.

In case of termination for cause or for convenience, **VENDOR** will at **CLIENT's** request assign to **CLIENT** - to the extent required by **CLIENT** - the sub-contracts to the **CONTRACT** entered into by **VENDOR**.

20 Force Majeure

Force Majeure is defined as any occurrence which cannot be reasonably foreseen, controlled and prevented by **VENDOR** and which materially affects the execution of the **CONTRACT**. Normal risks such as ordinary hazards of inclement weather, availability of labour or material or transport, rejection of material, strikes other than general strikes, fluctuation of prices or wages, bankruptcy or insolvency of **VENDOR**, etc. shall not be considered Force Majeure. **VENDOR** shall notify **ENGINEER** immediately in writing of an occurrence of Force Majeure. **VENDOR** claiming an extension of time because of Force Majeure shall have the burden of proof of the existence of a situation of Force Majeure and that the occurrence affects the progress of the execution of the **CONTRACT**. Extra costs caused by Force Majeure encountered by **VENDOR** will not be compensated by **CLIENT** and/or **ENGINEER**.

21 Confidentiality

All engineering data, designs, drawings and other documents supplied to **VENDOR** by **ENGINEER** and/or **CLIENT** are confidential and shall not be used for any purpose whatsoever other than for the execution of **VENDOR's** obligations under the **CONTRACT**.

22 Publicity

Without **CLIENT's** prior written approval **VENDOR** shall not make public any details of the **CONTRACT**, **GOODS** to be supplied or the purpose for which any **GOODS** to be supplied hereunder are to be used.

23 Disputes

All disputes arising in connection with the Agreement shall be finally settled by the competent civil court in Abu Dhabi, the United Arab Emirates in accordance with the rules of the Abu Dhabi Commercial Conciliation and Arbitration Center at the Abu Dhabi Chamber of Commerce and Industry. The arbitration proceedings shall be conducted in the English language.

24 Applicable law

The Contract shall be construed, interpreted and applied in accordance with the laws of the United Arab Emirates (UAE). The "United Nations Convention on Contracts for the International Sale of Goods" (Vienna, 11 April 1980) will not be applicable.

25 ENGINEER's rights

CLIENT stipulates for the benefit of **ENGINEER** that **ENGINEER** has the same rights against **VENDOR** as **CLIENT** has under the **CONTRACT**, which stipulation **VENDOR** accepts.

26 Language

All correspondence and documents in connection with the CONTRACT shall be in the English language.