

Purchase Order Standard Terms and Conditions

GENERAL TERMS AND CONDITIONS OF PURCHASE

1. DEFINITIONS:

In these General Terms and Conditions of Purchase:

- 1.1 The 'Purchaser' means "Alshawamikh Oil Services SAOC
- 1.2 The 'Seller' means the person, firm or company named as such on the face of the Purchase order.
- 1.3 The 'Purchase Order' means the written agreement for the supply of goods on the terms and conditions set out in these General Terms and Conditions, in the specification and in any other relevant documents attached hereto or referred to herein.
- 1.4 The 'Goods' means those goods, commodities, materials or other articles described in the Purchase Order, including the constituent parts or materials of which the Goods are comprised.
- 1.5 The 'Specification' means the Purchaser's description of the Goods to be supplied by the Purchaser set out in the Purchase Order or in any other document or documents referred to therein. Such Specification shall incorporate all information necessary to fully define the goods to be supplied and shall include where necessary technical data, plans, relevant standards, quality requirements, etc.
- 1.6 The 'Price' means the total value as stated on the face of the Purchase Order.
- 1.7 The Dates and periods as per Gregorian calendar shall be followed for the purpose of the Purchase Order. Day / Week shall mean a calendar day/week unless otherwise specified.

2. ACKNOWLEDGEMENT:

Seller shall acknowledge receipt of the Purchase Order within three (3) calendar days after receipt thereof. Seller shall confirm complete delivery details within four (4) calendar days of receipt to the Purchase Order. With its acknowledgment, Seller shall advise the name and title of the person within Seller's organization who will be responsible for controlling and coordinating the filling of the Purchase Order requirements.

3. PRICES:

As full compensation for supplying the Goods and performing all Seller's obligations under the Purchaser Order, Purchaser shall pay Seller the Price. The Price shall not be subject to escalation nor increased as a result of any increase in Seller's costs nor adjusted for any reason except as may be provided in any change order issued by Purchaser.

4. INVOICE SUBMISSION:

Invoices are to be submitted within 15 days of material/service delivery. Claim for payment for materials/service delivered but not invoiced will not be accepted after 6 months from delivery date.

Invoices must include sufficient detail and supporting documents, e.g., delivery order, job completion, time attendance sheets, etc. and copy of contract, purchase order, email approval must be attached, in order that Company may reasonably ascertain the basis for such charges.

Invoices shall be supported by documents that have been signed as approved by appropriate Company personnel showing description, date and location of material or services performed and the names of employees attended along with evidence.

Before submission of invoices to "Finance Department" service entry shall be created in Company system and delivery order must be approved by the supply chain department and you must receive the "Service Entry / Goods Receipts Verification" from supply chain department to be attached with invoice.

All invoices shall be submitted in original to Alshawamikh finance department to make any claim of payment. (received stamp from AOS finance on your copy)

Invoices that do not conform to the requirements may be returned to Suppliers unprocessed.

5. DISCOUNTS:

Discounts shall be calculated from the date invoices are received by the Finance Department in proper form and invoice shall be payable within 60 days of receipt by the Company, unless otherwise agreed

6. SHIPMENTS:

The Purchaser reserves the right to cancel this Purchase Order if the promised or specified delivery date cannot be achieved. The Purchaser serves the right to return over shipments supplied against this Purchase Order with freight costs, both ways, shall be for the seller's account.

7. QUALITY:

The Purchaser shall have the right to inspection and approval. Inspection by the Purchaser, at the Seller's premises shall not constitute final acceptance, if defects are discovered at the Purchaser's place of business the freight costs, both ways, shall be for the Seller's account

8. WARRANTIES- GUARANTEES:

8.1 Seller warrants that the Goods shall conform to the Specification and requirements of the Purchase Order and are free from failures and defects in design, material and workmanship. Unless otherwise stated in the Purchase Order, this warranty shall remain in effect ("warranty period") for the period of eighteen (18) months from the date of delivery or twelve (12) months from the date of installation, whichever occurs first, unless otherwise agreed.

8.2 At Purchaser's option, Seller shall, at no cost to Purchaser, promptly repair or replace defective Goods after receipt of Purchaser's written notice of a defect. Notice of defect or non-conformance shall be given by Purchaser within a reasonable time after discovery. The warranty stipulated in Clause 8.1 above shall apply to any repaired or replaced Goods.

8.3 Seller warrants good title to the Goods supplied hereunder by Seller, its sub-suppliers or vendors and that the Goods are provided free and clear of any liens, encumbrances or other security interest.

9. TITLE AND RISK OF LOSS:

Except as otherwise provided herein, all Goods furnished by Seller hereunder shall become the property of Purchaser upon payment therefore or upon delivery, whichever occurs earlier. Notwithstanding the foregoing, Seller shall be responsible for and shall bear any and all risk of loss or damage to the Goods until delivery thereof in accordance with the delivery provisions of this Purchase Order. Upon such delivery, risk of loss or damage shall pass to Purchaser; provided however, that any loss or damage, whenever occurring, which results from Seller's non-conforming packaging or crating shall be borne by Seller

10. PATENTS:

Seller represents and warrants that the Goods are free from any claim of patent infringement and that any labels or trademarks affixed thereto are free from any copyright or trademark infringement and Seller agrees to protect, defend, indemnify, and hold harmless Purchaser from and against any such infringement claims and liability. Purchaser shall promptly notify Seller of any such claim. If the use or sale of any Goods is enjoined as a result of a legal action, Seller, at no expense to Purchaser, shall obtain for the Purchaser the right to use and sell said Goods or shall substitute equivalent Goods.

11. PURCHASER'S RIGHTS IN SPECIFICATIONS, DRAWINGS, ETC:

All specifications, drawings, patterns or designs supplied by the Purchaser in connection with this Purchase Order shall remain the property of the Purchaser. Any information delivered from or otherwise communicated to the Seller by the Purchaser in connection with the Purchase Order will be kept strictly

confidential by the Seller and will not be published or disclosed by the Seller to any third party, or made use of by the Seller (except for the purpose of implementing the Purchase Order) without the Purchaser's prior, written consent. All specifications, drawings, patterns or designs and all rights therein prepared by the Seller under the Purchase Order will become the property of the Purchaser as soon as they have been prepared and will be handed over to the Purchaser on completion or termination of the Purchase Order.

12. **TERMINATION:**

12.1 Purchaser shall have the right, by giving notice, to terminate the purchase order or all or any part of the purchase order at such time or times as Purchaser may consider necessary for any or all of the following reasons:

12.1.1 To suit the convenience of the Purchaser;

12.1.2 Subject only to article 12.2, in the event of any default on the part of seller, or

12.1.3 If seller becomes bankrupt or makes a composition or arrangement with its creditors or if a winding-up order of seller is made or (except for the purpose of amalgamation or reconstruction for its voluntary winding-up passed or provisional liquidator, receiver, administrator or manager of its business or undertaking is appointed.

12.2 In the event of default on the part of seller and before the issue by Purchaser shall give notice of default to seller giving the details of such default. If seller upon receipt of such notice does not commence and thereafter continuously proceed with action satisfactory to Purchaser to remedy such default Purchaser may issue a notice of termination in accordance with the provisions of Article 12.1.

12.3 In the event of Purchaser giving seller notice of termination of all or any part of the purchase order such notice of termination of all or any part of the purchase order such notice shall become effective on the date specified therein (or in the absence of any specified date at the date of receipt of the notice) whereupon seller shall immediately and in an orderly manner.

12.3.1 Cease performance of the purchase order or such part thereof as may be specified in the notice.

12.3.2 Deliver all materials and other items associated with the Purchase Order in their state of completion, whether such materials shall be in the possession of the Seller or of the Seller's suppliers.

12.3.3 Assign to Purchaser, to the extent desired by Purchaser, all or the relevant part of the rights, titles, liabilities and sub-purchase order relating to the purchase order which seller may have acquired or entered into; and

12.4 In the event of termination in accordance with article 12.1.1 the Purchaser shall pay the Seller for all work done and all equipment and materials delivered in accordance with the Purchase Order up to the time of termination.

12.5 In the event of termination in accordance with articles 12.1.2 or 12.1.3 seller shall be entitled to payment only for that portion of the purchase order satisfactory completed in accordance with the purchase order. Any additional costs incurred by Purchaser as a result of seller's default shall be recoverable from seller.

12.6 The foregoing provision of this article is without prejudice to any other rights and remedies to Purchaser under the purchase order, or incidental or ancillary thereto.

13. LIABILITY:

The Seller is considered an independent contractor and shall indemnify, protect and save harmless the Purchaser, its agents, employees, successors and assigns from any and all damages, liabilities and claim of whatsoever nature arising out of the supply by the Seller, its agents or employees of the materials and/or performing of the services covered by this Purchase Order, or incidental or ancillary thereto.

14. LEGAL REQUIREMENTS:

The Seller shall conform strictly with all requirements of the Omani Legal requirements, namely, that the supply of National origin to government departments and agencies is mandatory to the extent that such materials are available in the quantity and quality required and within the price preference as stipulated by the laws of Oman.

15. INTERPRETATION AND LAW:

15.1 The Purchase Order shall be read and construed as a whole. Anything mentioned in any of the documents comprising the Purchase Order shall behave like affect as if stated or mentioned in all of them. In the event of any conflict between the various documents comprising the Purchase Order, the conflict shall be resolved by Purchaser.

15.2 The Purchase Order embodies the entire agreement between the parties. Neither party shall be liable for any statement, representation, promise or understanding not set forth therein. No changes, amendments or modifications of the terms and conditions of the Purchase Order shall be valid unless reduced to writing and signed by the parties.

15.3 Failure on the part of the Purchaser at any time to enforce or to require the strict adherence to any performance of any of the terms and conditions of the Purchase Order shall not constitute a waiver of such terms or conditions or impair in any way the right of Purchaser at any time to avail itself of such right.

15.4 The interpretation and enforcement of the terms and conditions of the Purchase Order shall be made in accordance with the laws of the Sultanate of Oman.

16. DELIVERY:

The Goods shall be delivered to the point of delivery as specified in the Purchase Order within the delivery time(s) or by the delivery date(s) specified therein. The corresponding type of delivery shall be as signed in the Purchase Order.

16.1 Without prejudice to Seller's obligation to deliver the Goods in time, Seller shall give Purchaser immediate notice in writing if any delay is foreseen, stating the reason and extent of such delay.

16.2 Should the revised actual delivery date(s) exceed the scheduled delivery date(s) specified in the Purchase Order due to no fault of Purchaser, then the Purchaser retains its right to apply liquidated damages.

16.3 Partial delivery shall not be accepted by Purchaser and invoices will not be paid unless otherwise clearly specified in the Purchase Order or by prior agreement in writing by an authorized representative of Purchaser.

17. INSPECTION AND TESTING:

Purchaser shall have the right, but not the obligation, at all times to inspect, test and examine the Goods and to witness any test performed on the Goods by Seller or any third party. Purchaser's failure to inspect or waive inspection shall not relieve Seller from any of its obligations liability under the Purchaser Order.

18. PACKING AND MARKING:

Seller shall be responsible for safe and adequate packing of the Goods which shall conform to the requirements of the carrier's tariffs. Seller shall separately number shall be placed in each case. No extra charge shall be made for packaging or packing materials unless set forth in the Purchase Order.

19. SUB-ORDERS:

If any part of the Purchase Order will be performed or provided by sub-supplier, then any such sub-orders shall provide the right of unconditional assignment to Purchaser.

20. LIQUIDATED DAMAGES:

20.1 In the event Seller fails to deliver the Goods in accordance with the Purchaser requirements and by the delivery date(s) specified therein, Seller shall be liable to Purchaser for liquidated damages in accordance with the provisions of this clause and the amount of such liquidated damages shall be calculated in accordance with the liquidated damages rate set forth in Clause 20.2 and 20.3 below.

20.2 All amounts of liquidated damages for which Seller may become liable under this clause are a genuine estimate of the losses which may be incurred by Purchaser in the event that Seller fails in its obligations under the Purchase Order and are not a penalty and as such shall be constructed as liquidated damages.

20.3 In addition Should Seller fail to deliver the Goods by the delivery date(s), penalty will be computed at the rate of one percent (1%) of the PO Value for each week or part of a week delay.

21. SERVICES:

Should there be any services performed on Purchaser's premises arising out of the Purchase Order, and then the following additional terms and conditions will apply:

Seller shall release, protect, indemnify, defend and hold harmless Purchaser, its affiliates, its co-ventures, and its and their respective officers, employees and agents in respect of (a) loss of or damage to the property, facilities, materials, equipment, tools, owned or rented, which are provided by Seller, (b) personal injury, including fatal injury and disease, to an person; and/or (c) loss of or damage to the property of Purchaser, arising out of the fulfillment of Seller's obligations under the Purchase Order without regard to the cause or causes thereof, including, without limitation, the fault or negligence (whether sole, concurrent, active, passive or otherwise) or breach of duty (statutory, contractual or otherwise) of Purchaser, Seller or any other person or entity.

22. INSURANCE:

The Seller shall maintain and cause his subcontractors to maintain adequate insurance coverage that would cover its legal and contractual obligations in accordance with Standard Industry Practices.

23. FORCE MAJEURE:

23.1 A delay in or total or partial failure of performance of either purchaser or seller hereto shall not constitute default, suspension of termination hereunder or serve to give rise to any claim for damages if and to the extent such delay or failure is caused by any force majeure occurrence which demonstrably could not have been reasonably foreseen before the effective date and which is demonstrably beyond the reasonable control of the purchaser or seller affected, and could not have been voided by use of due care, provided that (i) such occurrence materially and directly impairs the ability of the affected purchaser or seller of the circumstances consisting the occurrence and of the obligation or performance which is thereby delayed or prevented, and (iii) such occurrences fall within one or more of the following categories:

23.1.1 acts of God;

23.1.2 Embargo, expropriation, confiscation, requisitioning, or commandeering by or compliance with any oral or written order, directive or request of any governmental authority or person purporting to act therefore or under such authority.

23.1.3 War (whether declared or not) , act of foreign enemy, hostilities, acts of terrorism, rebellion, or public disorder,

23.1.4 Strikes, whether lawful or unlawful (provided it does not originate or mainly involve seller or seller subcontractor's workforce);

23.1.5 Explosions, fires, floods, earthquakes, or other natural calamities;

23.1.6 Maritime disaster

23.1.7 If within a reasonable time after a force majeure occurrence which caused Seller to suspend or delay performance, Seller has failed to take such action as Seller could lawfully initiate to remove or relieve either the force majeure occurrence or its direct or indirect effects. Purchaser may, in its sole discretion and after written notice to Seller, initiate such measures, including but not limited to, the hiring of third parties, as are designed to remove or relieve such force majeure occurrence or its direct or indirect effects; and Purchaser may thereafter require Seller to resume full or partial performance of the purchase order. Alternatively, Purchaser, in its sole discretion, may decide to terminate this purchase order in accordance with the terms of Article 12.

23.1.8 If the cumulative duration of any occurrence referenced in Article 12.1 exceeds 60 days, either purchaser or seller may terminate the purchase order upon seven (7) calendar day prior written notice to the other purchaser or seller.

23.1.9 Any force majeure delay as defined herein shall be considered an excusable delay, and neither purchaser nor seller shall be entitled to compensation, beyond the provisions of this purchase order, as a result thereof.

24. LIST OF REQUIRED DOCUMENT

The delivery of materials and the completion of works must be made at the time and location specified in the tender documents provided that such materials and works are in accordance with the specifications and prices submitted in the bid and that they are supported by the following documents:—

- a) Invoices of the supplied materials.
- b) A detailed list showing every item supplied or executed and the price thereof.
- c) A notice of execution and delivery.
- d) A bill of landing duly signed according to recognized rules.
- e) A copy of the insurance policy covering the materials.
- f) A certificate of origin endorsed by the local Chamber of Commerce of the country exporting the materials.
- g) A certificate by the supplier confirming that the items have not been manufactured in Israel and that any of the components thereof has not been manufactured in Israel.
- h) If the items were manufactured in West Germany, the above mentioned certificate must indicate that these items have no relation to indemnities that are being paid in Germany to Israel.
- i) A certificate confirming that the vessel on which the items have been shipped is not on the Israel Boycott Blacklist and that it shall not pass through or anchor at any Israeli port.