

# STANDARD TERMS AND CONDITIONS OF PURCHASE



## 1. PURCHASE

- 1.1 The term "Buyer" shall mean the person, firm or company so named in the Purchase Order.
- 1.2 The term "Seller" shall mean the person, firm or company to whom the Purchase Order is issued.
- 1.3 The word "goods" includes all goods covered by the Purchase Order including raw materials, processed materials or fabricated products.
- 1.4 The term "Purchase Order" shall mean Buyer's Purchase Order which specifies that these conditions apply to it.
- 1.5 "The Contract" shall mean the contract between the Buyer and Seller consisting of the Purchase Order, these conditions and any other documents (or parts thereof) specified in the Purchase Order. Should there be any inconsistency between the documents comprising the Contract they shall have precedence in the order herein listed.

## 2. QUALITY

Seller to confirm goods being supplied are in accordance with quality assurance standards BS5750 and ISO 9000.

In the absence of a specification or sample, all goods supplied shall be within the normal limits of industrial quality.

## 3. DELIVERY DATE

The date of delivery of goods shall be that specified in the Purchase Order unless otherwise agreed between Buyer and Seller. Seller shall furnish such programmes of manufacture and delivery as Buyer may reasonably require a Seller shall give notice to Buyer as soon as practicable if such programmes are or are likely to be delayed.

## 4. INCORRECT DELIVERY

All goods must be delivered at the delivery point specified in the Purchase Order or as subsequently agreed between Buyer and Seller in writing. If goods are incorrectly delivered, Seller will be held responsible for any additional expense incurred in delivering them to their correct destination.

## 5. PASSING OF PROPERTY AND RISK TO BUYER

The property and risk in the goods shall remain in Seller until they are delivered at the point as agreed in para. 4 above.

## 6. TERMS OF PAYMENT

Payment shall be made in the manner and at the time or times agreed by parties.

## 7. VALUE ADDED TAX

Buyer certifies the goods to the order are solely for use onboard a foreign going vessel and should be zero rated.

Or Buyer certifies the goods to the order are for direct export and should be zero-rated.

Or Buyer certifies the goods to the order being delivered to an export warehouse are for eventual export and should be zero rated.

## 8. INSURANCE

Until the Buyer accepts delivery as in para. 4 above, Seller shall insure them against all usual risks to full replacement value.

## 9. LOSS IN TRANSIT

9.1 Buyer shall advise Seller and the carrier (if any) in writing of partial loss, damage, defects or non-delivery of the whole or and separate part of a consignment within 21 days.

9.2 Seller shall make good free of charge to Buyer any loss to or defect in the goods where notice is given by the Buyer in compliance with this condition.

## 10. ACCEPTANCE

In the case of goods delivered by Seller not conforming with the Contract whether by reason of being of quantity measurement not stipulated or being unfit for the purpose for which they are required where such purpose has been made known in writing to Seller. Buyer shall have the right to reject such goods within a reasonable time of their delivery and to purchase elsewhere as near as practicable to the same Contract specifications and conditions as circumstances shall permit but without prejudice to any other right which Buyer might have against Seller. The making of payment shall not prejudice Buyer's right of rejection. Before exercising the said right to purchase elsewhere Buyer shall give Seller reasonable opportunity to replace goods with goods, which conform to the Contract.

## 11. VARIATIONS

Seller shall not alter any of the goods, except as directed in writing by Buyer; but Buyer shall have the right, from time to time during the execution of the Contract, by notice in writing to direct Seller to add to or omit, or otherwise vary, the goods, and Seller shall carry out such variations and be bound by the same conditions, so far as applicable, as though the said variations were started in the Contract.

Where Seller receives any such direction from Buyer which would occasion an amendment to the Contract Price, Seller shall with all possible speed, advise Buyer in writing to that effect giving the amount of any such amendment, ascertained and determined at the same level of pricing as that contained in the Contract.

If, in the opinion of Seller, any such direction is likely to prevent Seller, from fulfilling of his obligations under the Contract he shall so notify Buyer and Buyer shall decide with all possible speed whether or not the same shall be carried out and shall confirm his instructions in writing and modify the said obligations to such an extent as may be justified. Until Buyer so confirms his instructions they shall be deemed not to have been given.

## 12. PATENT RIGHTS

Seller will indemnify Buyer against any claim for infringement of Letter Patent, Registered Design, Trade Mark or Copyright by the use of sale of any article or material supplied by Seller to Buyer and against all costs and damages which the Buyer may incur in any action for such infringement or for which Buyer may become liable in such action. Provided always that this indemnity shall not apply to any infringement which if due to Seller having followed a design or instruction furnished or given by Buyer or to the use of such article or material in a manner or for a purpose or in a foreign country not specified by or disclosed to Seller, or to any infringement which is due to the use of such article or material in association or combination with any other article or material not supplied by Seller. Provided also that this indemnity is conditional on Buyer giving to Seller the earliest possible in writing of any claim being made or action threatened or brought against Buyer and or Buyer permitting Seller at Seller's own expense to conduct any litigation that may ensue and all negotiations for a settlement of the claim. Buyer on his part

warrants that any design of instruction furnished or given by him shall not be such as will cause Seller to infringe any Letters Patent, Registered Design, Trade Mark or copyright in the execution of the Purchase Order.

## 13. FORCE MAJEURE

Neither party shall be liable for failure to perform its obligations under the Contract if such failure results from circumstances which could not have been contemplated and which are beyond the party's reasonable control.

## 14. PROGRESS AND INSPECTION

Buyer's Representatives shall have the right to progress and inspect all goods at Seller's works and the works of Sub-Contractors at all reasonable times and to reject goods that do not comply with the terms of the Contract. Seller's sub-contracts shall include this provision. Any inspection, checking, approval or acceptance given on behalf of Buyer shall not relieve Seller or his Sub-Contractors from any obligation under the Contract.

## 15. BUYER'S RIGHTS IN SPECIFICATIONS, PLANS, DRAWINGS, PATTERNS, ETC.

Any specifications, plans, drawings, patterns or designs supplied by Buyer to Seller in connection with the Contract shall remain the property of Buyer, any information therefrom or otherwise communicated to Seller in connection with the Contract shall be regarded by Seller as secret and confidential and shall not, without the consent in writing of Buyer, be published or disclosed to any third party, or made use of by Seller except for the purpose of implementing the Contract.

## 16. RESPONSIBILITY FOR INFORMATION

Seller shall be responsible for any errors or omissions in any drawings, calculations, packing details or other particulars supplied by him, whether such information has been approved by Buyer or not, provided that such errors or omissions are not due to inaccurate information furnished in writing by Buyer.

## 17. ASSIGNMENT AND SUB-LETTING

The Contract shall not be assigned by Seller not sub-let as a whole. Seller shall not sub-let any part of the work without Buyer's written consent, which shall not be unreasonably withheld, but the restriction contained in this clause shall not apply to sub-contracts for materials, for minor details, or for any part of which the makers are named in the Contract. Seller shall be responsible for all work done and goods supplied by all sub-contractors, including compliance to quality assurance standards BS5750 and ISO 9000.

## 18. COPIES OF SUB-ORDERS

When Buyer has consented to the placing of sub-contracts copies of each sub-order shall be sent by Seller to Buyer immediately it is issued.

## 19. DETERIORATION

Except where stated otherwise in Buyer's Purchase Order, Seller shall protect any item or part that might deteriorate during transportation or storage.

## 20. FREE-ISSUE MATERIALS

Where Buyer for the purposes of the Contract issues free of charge to Seller such materials shall be and remain the property of Buyer. Seller shall maintain all such materials in good order and condition subject, in the case of tooling patterns and the like, to fair wear and tear. Seller shall use such materials in connection with the Contract. Any surplus materials shall be disposed of at Buyer's discretion. Waste of such materials arising from bad workmanship or negligence of Seller shall be made good at Seller's expense. Without prejudice to any other of the rights of the Buyer, Seller shall deliver up such materials whether further processed or not to Buyer on demand.

## 21. WARRANTY

Seller shall as soon as reasonably practicable repair or replace all goods which are or become defective during the period of 12 months from putting into service or 18 months from delivery, whichever shall be shorter, where such defects occur under proper usage and are due to faulty design, Seller's erroneous instructions as to use or erroneous use of data, or inadequate or faulty materials or workmanship, or any other breach of Seller's obligations, express or implied. Repairs and replacements shall themselves be subject to the foregoing obligations for a period of 12 months from the date of delivery, reinstallation or passing of tests (if any) whichever is appropriate after repair or replacement. Seller shall further be liable in damages (if any) in respect of each Purchase Order up to the limit of the price of the goods covered by the Purchase Order.

The foregoing states the entire liability in contract and in negligence of Seller in respect of goods which are defective, other than liability arising under Clause 8 (Loss in transit), and Seller shall not, save as expressly provided herein, be liable for any other claim in regard to defects in the goods.

## 22. INSOLVENCY AND BANKRUPTCY

If Seller becomes insolvent or Bankrupt or (being a Company) makes an arrangement with its creditors or has an administrative receiver, administrator or similar officer appointed or commences to be wound up (other than for the purpose of amalgamation or reconstruction), Buyer may, without prejudice to any other of his rights, terminate the Contract forthwith by notice to Seller or any person in whom the Contract may have become vested.

## 23. GENERAL CONDITIONS IN THE TENDER

No conditions submitted or referred to by Seller when tendering shall form part of the Contract unless otherwise agreed to in writing by Buyer.

## 24. AGENCY OF MIDEAST SHIP MANAGEMENT LIMITED

Mideast Ship Management Ltd. Contract only as agents of the Buyer and are not responsible for any failure of the Buyer to fulfill its obligations under the Contract notwithstanding any rule of law to the contrary.

## 25. CONSTRUCTION OF CONTRACT

The construction, validity and performance of the Contract shall be governed by the law of UNITED KINGDOM