

	SABALAN METHANOL PROJECT		OWNER : DENA PETROCHEMICAL INDUSTRIES CO. PROJ. NO. 0205
	GENERAL TERMS & CONDITIONS OF PURCHASE ORDERS		
	DOC. NO. : 0205-00-PQ-PCJ-003	Rev.: 02	

GENERAL TERMS & CONDITIONS OF PURCHASE ORDERS

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1- General

The PURCHASE ORDER together with these TERMS AND CONDITIONS shall become a binding contract between VENDOR and BUYER upon VENDOR duly signing and returning an acceptance copy of the PURCHASE ORDER. The PURCHASE ORDER together with any documents expressly incorporated herein by reference constitutes the entire agreement between the parties. Acceptance of the PURCHASE ORDER entails acceptance of all its conditions and in the event of such conditions conflicting with any conditions of the VENDOR, whether specified in the VENDOR's quotation acknowledgement or acceptance or otherwise the VENDOR's condition shall be deemed to have no application and the BUYER's condition shall prevail. Neither party shall claim any modification, amendment or release from any of the TERMS AND CONDITIONS contained herein except by mutual agreement to that effect, signed by VENDOR and the BUYER.

2- Definitions

In these GENERAL TERMS AND CONDITIONS, the following words and expressions shall have the meanings hereby assigned to them except otherwise specified:

- a) "END USER" means DENA PETROCHEMICAL INDUSTRIES COMPANY OF IRAN, having its head office in Tehran, Iran.
- b) "OWNER" means DENA PETROCHEMICAL INDUSTRIES COMPANY THE SAME AS 'END USER'
- c) "CONTRACTOR" means (DENA) having its head office in, Tehran, Iran, responsible for finalizing the PURCHASE ORDER technically and commercially with the VENDOR.
- d) "BUYER"/"PURCHASER" means (DENA.)
- e) "VENDOR" means the firm or Company with which the Purchase Order is placed, and which shall furnish the GOODS to the BUYER under the PURCHASE ORDER conditions.
- f) "GOODS" means certain materials, equipment, machinery, apparatus, services and other relevant products required for the completion of the PROJECT to be supplied by the VENDOR to the BUYER, which are specifically described in the PURCHASE ORDER.
- g) "PURCHASE ORDER"/"CONTRACT" means the purchase order placed to the VENDOR for the supply of the GOODS.
- h) "GENERAL TERMS AND CONDITIONS" means all the terms and conditions contained in this GENERAL TERMS AND CONDITIONS OF PURCHASE ORDER.
- i) "SPECIAL TERMS AND CONDITIONS" means all the additional terms and conditions specially agreed between the BUYER and VENDOR and referred to in the PURCHASE ORDER.
- j) "COMPLEX" means DENA plants in Pars Special Economy Energy Zone (Bandar Assaluyeh)

3- Quotation

All terms and conditions in, or attached to the VENDOR's quotation are considered as proposal and hereby expressly excluded from the PURCHASE ORDER unless therein specifically agreed between the BUYER and the VENDOR, and referred to in the PURCHASE ORDER.

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4- Specifications

The contents of the inquiry, including technical requisitions, specifications, data sheets, engineering standards, drawings and other descriptions of conditions of the GOODS and other information furnished to the VENDOR shall be deemed to constitute an integral part of the PURCHASE ORDER and shall hereinafter collectively referred to as the "SPECIFICATIONS".

5- VENDOR's Documents and Drawings

The VENDOR shall submit all documents and drawings as required by the PURCHASE ORDER or any other documents relevant thereto, to the BUYER prior to the commencement of the manufacturing or procurement of the GOODS for getting approval/comments of the BUYER. Text and drawings shall be in English and shall be provided on DIN sizes (i.e.: AO, AI...A4). Approval cycle of documents shall be two weeks from receipt.

6- Price and Payment Terms

6.1 25% OF THE PURCHASE PRICE will be paid cash (T/T) by the BUYER /FINANCIER after signature of the PURCHASE ORDER against unconditional Advance Payment Bank Guarantee in the same amount, issued by a bank acceptable to BUYER /FINANCIER.

6.2 75% of the PURCHASE PRICE will be paid cash (T/T) by the FINANCIER to the VENDOR. Payment shall be effected against presentation of the following documents, details of which will be submitted to VENDOR by BUYER in the shipping instructions:

- 6.2.1 Commercial Invoice
- 6.2.2 Transport Document(BL)
- 6.2.3 Packing List
- 6.2.4 Certificate of Origin
- 6.2.5 Inspection Certificate

6.3 The price shall be fix and firm and not subject to any escalation whatsoever for the total duration of the order up to full delivery.

6.4- Means of Payment: The payments will be paid cash through T.T.

7- Changes

The VENDOR shall make no changes, additions or deletions in the manufacture of the GOODS as described in the SPECIFICATIONS without the BUYER's prior written approval.

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Any modification initiated by either party shall be agreed between two parties considering the price and time consequences before starting the modification work.

8- Guarantees and Warrantees

- a) VENDOR warrants to BUYER that the GOODS, covered by this PURCHASE ORDER, will conform with the SPECIFICATIONS, drawings and other documents supplied by BUYER and will be new, fit and sufficient for the purposes for which they are intended as evidenced in this PURCHASE ORDER, of good material, design and workmanship, free from defects and will fulfil satisfactorily the operating conditions, all as specified herein or to be inferred herefrom.
- b) If any defect, error or omission in the GOODS, or any breach of any Guarantee or Warranty as to design, materials, workmanship, performances or operating characteristics thereof should arise or be discovered at any time until the end of twelve (12) months from the date of initial start-up of the GOODS or thirty-six (36) months from the date of delivery of the GOODS as evidenced by bills of lading, whichever period shall first expire, then the VENDOR shall upon notice thereof make such alterations, repairs and replacements as may be required to such defects, error or omission at the VENDOR's cost and expense (all costs and expenses arising pursuant to the provisions of this sub-clause including but not limited to all costs for equipment and materials, transportation and labour shall be for the account of the VENDOR) and within a reasonable time instructed by BUYER.
- c) For the repaired or replaced GOODS or part thereof a new warranty period of twelve (12) months shall start on start-up of the repaired or replaced GOODS.
- d) This warranty shall stay in full force and effect and not be waived by any inspection, delivery, acceptance or payment by the BUYER of the GOODS. VENDOR shall indemnify and hold harmless BUYER against any loss, liability and expenses, including attorney's fees resulting from defective or non-conforming GOODS or arising out of its failure to comply with any of its other obligations under this PURCHASE ORDER.

9- Secrecy and Ownership of Documentation

9.1 Any information or data about the PROJECT or the GOODS or any information arising from the execution of PURCHASE ORDER disclosed to the VENDOR pursuant to the PURCHASE ORDER, either in writing or orally, subject to the conditions set forth herein and including, without limitation, any written or printed documents, drawings, designs, samples, models, software or any other means of disclosing information shall remain confidential and shall not be disclosed or made available to any third party, directly or indirectly, nor used for other than contractual purposes except after specific approval of the BUYER and/or the CONTRACTOR unless such information has come into the public domain in comparable detail through no wrongful act of the receiving party; or at the time of disclosure is already known to the receiving party in full detail, as evidenced by written documentation in its files; or has been lawfully obtained by the receiving party from a third party without restrictions and with full rights of disclosure and not in violation of a duty of confidentiality to the disclosing party.

9.2 All SPECIFICATIONS provided to the VENDOR under the PURCHASE ORDER shall at all times remain the property of the BUYER.

10- Patent Infringement

- a) The VENDOR shall defend and indemnify at its own expenses BUYER, and or and OWNER against any suits or actions based on alleged infringement of patent or

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invention rights, Copyrights or trademarks arising from the GOODS or other works arising out of or in the implementation of the PURCHASE ORDER.

- b) The VENDOR hereby indemnifies and holds the BUYER, and or and OWNER free and harmless from any costs, expenses, liability or damages arising out of any alleged or actual patent infringement resulting from the use or sale of the GOODS or processes supplied or methods used by the VENDOR under the PURCHASE ORDER.
- c) The VENDOR hereby grants to the OWNER an irrevocable non-exclusive, royalty-free license, to use, for the operation, construction and maintenance of the COMPLEX, any equipment, processes and methods incorporated or to be incorporated in the GOODS or works hereunder, and invention made by the VENDOR, its vendors and its or their employees in, or as a result of the execution of the works hereunder.
- d) All the rights and benefits accruing under this clause are hereby vested in BUYER, and or OWNER, and BUYER shall have the right to bring any claims for breach of the provisions of this clause directly against the VENDOR.

11- Expediting and Reporting

The VENDOR shall be wholly responsible for expediting the entire PURCHASE ORDER, including sub-orders in order to maintain the specified delivery date. The VENDOR shall submit a detailed design, manufacturing, testing and delivery schedule immediately after effective date of the PURCHASE ORDER and shall report to the BUYER on the progress by means of a monthly progress report.

12- Inspection and Tests

- 12.1 The VENDOR shall make all inspections and tests of the GOODS, and materials, equipment, supplies and other items purchased by the VENDOR from other sources for use in the manufacture of the GOODS, as shall be necessary to ascertain that the GOODS will meet the applicable SPECIFICATIONS. The BUYER, and OWNER shall have the right to inspect and test or to have any third party or parties inspect or test any part of the GOODS or any materials thereof. VENDOR shall notify BUYER at least 30 working days prior to any inspection, witness or hold points. Any rejection by the BUYER, or such representatives will be final, but the inspection or failure to inspect shall in no way release the VENDOR from the Guarantees and Warrantees as to materials, equipment, workmanship and performance or any other obligations under the PURCHASE ORDER.
- 12.2 No shipment of GOODS may be effected unless an Inspection Release Note by the Third Party Inspection society nominated by the OWNER or waiver thereof has been submitted to VENDOR.

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13- Packing and Marking

- 13.1 Upon completion of the shop tests and inspections, the GOODS shall be kept preserved and shall be protected with an adequate type of rust preventive.
- 13.2 The VENDOR shall pack the GOODS adequately in export seaworthy and or standard packing accepted to buyer which shall be made in accordance with BUYER's packing and marking specifications and standards

14- Delivery

- 14.1 The VENDOR shall deliver the GOODS in accordance with the terms and conditions specified in the PURCHASE ORDER. Partial shipment shall be accepted only in particular cases when prior written approval thereof shall have been obtained from the BUYER.
- 14.2 Prior to transfer of the title of GOODS, all costs in respect of warehousing shall be borne by the VENDOR.
- 14.3 Shipment shall be effected in strict accordance with the BUYER's instruction in order to avoid miscarriage and inconveniences for the recipient of the goods.

15- Transfer of Title and Risk

Without limiting the VENDOR's responsibility under the PURCHASE ORDER, the title and risk of the GOODS supplied by the VENDOR shall pass to BUYER when such GOODS have been delivered to BUYER as per INCOTERMS 2010 and/or as per conditions set forth in the PURCHASE ORDER.

16- Trade Terms

Trade or shipping terms including, but not limited to F.O.B, CIP and or CFR shall be interpreted in accordance with the International Rules for the Interpretation of Trade Terms (INCOTERMS 2010) according to the latest published revision.

17- Taxes and Duties

All taxes, duties, levies, charges (including government charges) etc. Outside and inside Iran up to transfer of title of the GOODS to BUYER shall be on VENDOR's account and VENDOR shall be fully responsible and liable for payment thereof.

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18- Supervisory Services

The VENDOR agrees to dispatch supervisors, technical experts, skilled labour and other required personnel to the site in Iran in order to render supervisory services and any other work necessary for the erection, start up, and operation of the GOODS. OWNER will provide transportation to and from the site, normal accommodation and normal health care services. Agreed daily rates and the required number of personnel shall be indicated in the PURCHASE ORDER.

19- Assignment

The VENDOR shall not assign the PURCHASE ORDER in whole or in major parts to any third party without prior written approval of the BUYER. The VENDOR shall not assign any debit or credit hereunder to any third party without the BUYER's prior consent. No contractual relationship between any third party and the BUYER shall be created as a result of any assignment or subletting made by VENDOR pursuant to this clause. No subletting or approval of the BUYER pursuant to the provisions of this Clause shall relieve the VENDOR of its contractual obligations or liabilities under the PURCHASE ORDER.

20 - Force Majeure

- 20.1 Any delay in, or failure of performance by either of the parties to this PURCHASE ORDER shall not constitute default hereunder or give rise to any claim for damages against said party if and to the extent caused by occurrences beyond its control, including acts of God or of the public enemy.
- 20.2 In such case the period whereby such performance or such exercise is delayed shall be added to any relevant period fixed by this PURCHASE ORDER.
- 20.3 In case of Force Majeure, detailed notification shall immediately be given by email or fax to the other party. If Force Majeure is lasting more than six (6) months, the parties shall meet and discuss the most feasible measures to be taken.
- 20.4 Unforeseen difficulties in manufacture, lockouts, difficulty in obtaining supplies (unless due to Force Majeure) shortage of labour or failure of the VENDOR's subcontractors in carrying out their obligation, shall not be considered as Force Majeure. The VENDOR shall not be excused from performance hereunder where alternate sources of supply of materials or GOODS are available.

21- Suspension of works

The VENDOR shall on receipt of written order of the BUYER suspend the works under the PURCHASE ORDER. The VENDOR and the BUYER shall meet and agree upon the measure to be taken during the period of suspension with a view to minimising the additional costs occasioned by such suspension.

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22-Termination

- 22.1 In case of a failure of the VENDOR to strictly comply with the terms and conditions hereof or in the event that proceedings in bankruptcy or insolvency are instituted by or against the VENDOR, or in the case of liquidation or dissolution of the VENDOR the BUYER shall be entitled to terminate the PURCHASE ORDER without liability and to pursue any other equitable or legal remedies. BUYER's waiver of default on one or more occasions shall not constitute a waiver of any subsequent default.
- 22.2 The PURCHASE ORDER may be cancelled at any time by the BUYER giving the VENDOR ten (10) days notice in writing. A fair and reasonable price shall be paid for all work in progress at the time of the cancellation and subsequently received by the BUYER.
- 22.3 If the supply Contract is terminated by the BUYER, the OWNER is entitled to cancel the PURCHASE ORDER with the VENDOR. Insofar the right of indemnification of the VENDOR is limited to the proceeds recovered from the CONTRACTOR related to the termination and the GOODS, if, when and insofar received by the BUYER. On receipt of the cancellation order the VENDOR is obliged to discontinue all work in progress related to the GOODS and to submit to the BUYER a written report on the status of such work.
- 22.4 In no case the BUYER shall be liable for any consequential damage of the VENDOR including loss of profit, loss of use etc.

23- Notices and Communications

- 23.1 All technical and commercial communications and drawings shall be in English and sent to the DENA
- (before and after order placement) to the following address with propere reference number of inquiry or purchase order.

Att: Mr. S.Pourghasemi Project Director

And copy to:

Mr..... Project Procurement Manager

Telephone number: +98- 21-96667109

Fax number: +98- 21-96667109

E-mail:

24- Non Waiver

Waiver by the BUYER of any provision of the PURCHASE ORDER shall not constitute a waiver as to any other provision and shall not affect the right of the BUYER to thereafter exercise any right or remedy in the event of any other default, whether similar or not.

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25 - Compliance with Laws

VENDOR shall conform in all respects with the provisions of all relevant statutes, ordinances or laws and regulation of any local or other duly constituted authority which may be applicable to the supply of the GOODS or any other performance of the PURCHASE ORDER.

26- Arbitration

26.1 In the event of any dispute, difference of contention in the interpretation or meaning of any of the articles to this PURCHASE ORDER or to the construction or performance of this PURCHASE ORDER the parties shall make their best endeavour to resolve the dispute or differences by mutual discussions or use their best efforts to find an amicable solution to such differences or disputes.

26.2 All disputes arising in connection with this PURCHASE ORDER shall be finally settled under the Rules of Conciliation and Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said Rules. The arbitration tribunal shall take its seat in Iran.

27- Liquidated Damages for Late Delivery

In case of any delay in delivery of the GOODS attributable to the VENDOR, point seventy five percent (0.75%) for each commenced week of delay up to a maximum of ten percent (10%) of the total value of the PURCHASE ORDER will be payable by the VENDOR to the BUYER and deducted from VENDOR's invoices and or letter of credite at the time of payment.

28-Performance Guarantee

After order placement , VENDOR ,shall submit an unconditional, on first demand Performance Bank Guarantee equal to 10% of the value of the PURCHASE ORDER issued by a bank acceptable to the BUYER valid until the end of the warranty period for the GOODS. Such Performance Bank Guarantee shall not fall under the cover of BUYER's export insurance.