

TITLE	GENERAL TERMS & CONDITIONS FOR SALES			NO. OF PAGES	PAGE 1 OF 11
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ناپكو الوطنية
napco national

COMPLIANCE DEPARTMENT

GENERAL TERMS & CONDITIONS FOR SALES

Approved by			
Department	Compliance Department	Legal Affairs	PID Department
Function	Compliance Manager	Legal Affairs Manager	PID Manager

Date of Adoption	07-06-2021 AD
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REVISION HISTORY

Revision	Date	Status	Description
01	07-06-2021	1 st Issue	Setting general terms & conditions for sales - English
02	11-07-2024	1 st Revision	Review general terms & conditions for sales - English
03	DD-MM-YY	2 nd Revision	

1.1 Purpose:

1.1.1 These terms and conditions are available on Napco website to establish the guidelines that apply to all offers, quotations, orders, order confirmations, contracts, deliveries and services between Napco National ("Supplier") and the Customer. No purchase conditions or other terms of the Customer shall be applicable.

1.2 Scope of the Policy:

1.2.1 These Conditions apply to the Proforma invoice to the exclusion of any other terms that the Customer seeks to impose or incorporate, or which are implied by trade, custom, practice or course of dealing.

1.3 Policy:

1. DEFINITIONS:

In these Conditions, the following definitions apply:

Business Day: a day (other than weekend or public holiday) when banks in KSA are open for business.

Conditions: the terms and conditions set out in this document as amended from time to time in accordance with clause 13.6.

Customer: the person or firm who purchases the Goods from the Supplier.

Delivery Point: the Customer's premises or such other location as the Customer specifies according to the agreed Incoterms.

Expenses: any costs incurred by the Supplier in fulfilling an Order, including (without limitation):

- Postage, packaging, carriage, freight, and handling charges
- Insurance
- Currency conversion and banking charges applicable to the payment method used
- Value added tax or any other applicable sales tax in the country in which the Supplier is resident; and

- Any customs, import or other duties charged in respect of the sale and importation of Goods into the country in which the Customer is resident or the Delivery Point is located.

Force Majeure Event: has the meaning given in clause 10.

Goods: the goods (or any part of them) set out in the Order.

Incoterms: the latest version of the international rules for the interpretation of trade terms prepared by the International Chamber of Commerce.

Order: the Customer's order for the Goods, as set out in the Customer's purchase order form and as submitted to the Supplier.

Proforma Invoice or "PI": the Proforma invoice issued by the Supplier to the Customer for the sale and purchase of the Goods in accordance with these Conditions.

Specification: any specification for the Goods, including any related plans and drawings that is agreed in writing by the Customer and the Supplier.

Supplier: The person or entity that supplies goods and orders to the customer. In this policy, it refers to Napco National Company or any of its branches.

2. BASIS OF CONTRACT:

2.1 These Conditions apply to the Proforma invoice to the exclusion of any other terms that the Customer seeks to impose or incorporate, or which are implied by trade, custom, practice or course of dealing.

2.2 The Order constitutes an offer by the Customer to purchase the Goods in accordance with these Conditions and shall only be deemed to be accepted when the Customer signs the Proforma Invoice.

2.3 If the Customer cancels the Order after it has been accepted it must notify the Supplier in writing of its wish to cancel. In such event, it is accepted by the Customer that it shall reimburse the Supplier in full for any costs incurred by the Supplier as a result of the cancellation.

2.4 The Proforma invoice constitutes the entire agreement between the parties. The Customer acknowledges that it has not relied on any statement, promise or representation made or given by or on behalf of the Supplier that is not set out in the PI.

2.5 A quotation for the Goods given by the Supplier shall not constitute an offer. A quotation shall only be valid for a period of 7 Business Days from its date of issue or as otherwise stipulated in the quotation.

2.6 If a Proforma invoice includes a validity period, the PI shall expire at the end of such validity period, and the acceptance by Customer of the PI following such validity period shall not be valid and no contractual obligations shall arise between the Parties as a result of such acceptance of the PI by Customer after the end of the validity period.

3. GOODS:

3.1 The Goods are described in the Proforma Invoice.

3.2 To the extent that the Goods are to be manufactured in accordance with a Specification supplied by the Customer, the Customer shall indemnify the Supplier against all liabilities, costs, expenses, damages and losses (including any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal and other reasonable professional costs and expenses) suffered or incurred by the Supplier in connection with any claim made against the Supplier for actual or alleged infringement of a third party's intellectual property rights arising out of or in connection with the Supplier's use of the Specification. This clause 3.2 shall survive termination of the Contract.

3.3 The Supplier reserves the right to amend the Specification if required by any applicable statutory or regulatory requirements.

3.4 Where a sample is produced by the Supplier and approved by the Customer, the Supplier shall have no liability in respect of any claim or allegation made by the Customer that Goods made in accordance with that sample fail to comply with any description of the Goods provided by the Supplier or with the Specification.

4. SHIPMENT AND DELIVERY:

4.1 The Supplier will have fulfilled its contractual obligations in respect of each delivery if the quantity actually delivered is no greater than 10% more or less than the quantity specified in the Proforma Invoice. The Customer shall pay for the actual quantity delivered.

4.2 Delivery of the Goods shall take place at the Delivery Point as per the agreed Incoterms.

4.3 Acceptance of any change to the Delivery Point requested by the Customer shall be at the Supplier's sole discretion and the Customer shall be liable for any additional Expenses incurred by the Supplier because of such change.

4.4 Delivery in relation to the supply by the Supplier of the Goods are approximate only and time is not of the essence for delivery of the Goods.

4.5 The Supplier may deliver the goods in one or more instalments.

4.6 If the Customer fails to take delivery of an Order within 48 hours of being notified that the Order is ready for collection, then:

- Delivery of the Order shall be deemed to be completed on the second day following the day upon which the Customer was notified that the Order was ready for collection; and
- The Supplier shall arrange for the Order to be stored until delivery takes place, and charge the Customer for all related costs and expenses incurred by the Supplier as a result.

5. COMPLAINTS ABOUT DEFECTS OR FLAWS AND WARRANTY:

5.1 The Supplier warrants that all Goods sold by the Supplier to the Customer pursuant to this agreement will conform in all material respects to the Specification (Warranty). All other warranties or conditions (whether expressed or implied) as to quality, condition, description, compliance with sample or fitness for purpose (whether statutory or otherwise) other than, those expressly set out in this agreement are excluded from this agreement to the fullest extent permitted by law.

5.2 The Customer shall, within 72 hours of the arrival of each delivery of the Goods at the Delivery Point, give written notice of rejection to the Supplier on account of any defect by reason of which the Customer alleges that the Goods delivered do not comply with the Warranty and which was apparent on reasonable inspection.

5.3 In case of hidden or not easily recognized defect, the Customer shall, within 3 months of the arrival of each delivery of the Goods at the Delivery Point, give written notice of rejection to the Supplier on account of any defect by reason of which the Customer alleges that the Goods delivered do not comply with the Warranty.

5.4 If the Customer fails to give notice as specified in clause 5.2 then, the Goods shall conclusively be presumed to comply with the Warranty and, accordingly, the Customer shall be deemed to have accepted the delivery of the Goods in question and the Supplier shall have no liability to the Customer with respect to that delivery.

5.5 If the Customer alleges that any Goods do not comply with the Warranty, it shall notify the Supplier in writing of such allegation within the time limits specified in clause 5.2 and 5.3. Upon receipt of such notice, the Supplier shall, at its option:

- Send one of its representatives to the Customer's premises to inspect the Goods; make technical tests, expertise etc.
- Request the Customer return the goods to Supplier at the Supplier's expense.

5.6 The Supplier's reasonable decision as to whether the Goods comply with the Warranty shall be final. In the event the Supplier decides that the Goods do not comply with the Warranty the Supplier shall, at its option, repair or replace the defective Goods, or refund the price of the defective Goods in full.

5.7 The Supplier shall not be liable for Goods' failure to comply with the Warranty in any of the following events:

- The Customer makes any further use of such Goods after giving notice in accordance with clause 5.1;
- The defect arises because the Customer failed to follow the Supplier's oral or written instructions as to the storage, commissioning, installation, use and maintenance of the Goods or (if there are none) good trade practice regarding the same;

- The defect arises as a result of the Supplier following any drawing, design or Specification supplied by the Customer;
- The Customer alters or repairs such Goods without the written consent of the Supplier;
- The defect arises as a result of fair wear and tear, wilful damage, negligence, or abnormal storage or working conditions, high temperature, physical stacking ,ventilation, change of packing mode ; or
- The Goods differ from their description or the Specification because of changes made to ensure they comply with applicable statutory or regulatory requirements.
- Goods are not exact match to specification but fall under the allowable tolerance described in the Technical Data sheet, due to the nature of the manufacturing process.

5.8 Under no circumstance shall a defect cause the entire or partial suspension of payment.

5.9 Even in the case when the Goods do not comply with the Warranty and the Supplier accepted this, the latter is liable for a maximum amount equal to the value of the goods supplied, and in no case is the Supplier obliged to pay further compensation for damages, whether direct, indirect or consequential.

5.10 These Conditions shall apply to any repaired or replacement Goods supplied by the Supplier.

5.11 In no event shall the supplier be liable for consequential damages.

6. TITLE AND RISK:

6.1 The risk in the Goods shall pass to the Customer on completion of delivery, as defined in clause 4.2.as per the agreed Incoterms

6.2 Any goods that the supplier has supplied to the customer becomes due, and the title of the goods shall not pass to the customer until the supplier has received payment in full.

7. PRICE AND PAYMENT:

7.1 The price of the Goods shall be the price set out in the Proforma invoice or, if no price is quoted, the price set out in the Supplier's published price list in force as at the date of delivery.

7.2 The price of the Goods is exclusive of amounts in respect of value added tax (VAT). The Customer shall, on receipt of a valid VAT invoice from the Supplier, pay to the Supplier. Such additional amounts in respect of VAT as are chargeable on the supply of the Goods.

7.3 The Supplier may invoice the Customer for the Goods before, on or at any time after the completion of delivery.

7.4 The Customer shall pay the invoice in full and in cleared funds within thirty days of the date of the invoice, unless otherwise agreed in writing between the parties. Payment shall be made to the bank account nominated in writing by the Supplier. Time of payment is of the essence.

7.5 If any payment due under this Agreement remains unpaid after its due date, commission on the unpaid amount shall accrue from the relevant due date to the date of payment in full (after as well as before any judgment or award), calculated based on the actual amount outstanding at a rate equal to LIBOR (as quoted on the due date) plus three percent 3%. Such commission shall accrue daily on the basis of a 360—day year.

7.6 The Customer shall pay all amounts due under the P.I in full without any deduction or withholding except as required by law and the Customer shall not be entitled to assert any credit, set-off or counterclaim against the Supplier in order to justify withholding payment of any such amount in whole or in part. The Supplier may at any time, without limiting any other rights or remedies it may have, set off any amount owing to it by the Customer against any amount payable by the Supplier to the Customer.

8. TERMINATION:

8.1 In the event either Party is in material breach of its obligations under a Proforma invoice, then in such event the non-breaching Party, without prejudice to any other rights or remedies it may have, may terminate the Contract by oral (followed by written confirmation) or written notice to the breaching Party, such termination to take effect immediately upon the receipt by the breaching Party of such notice. Any failure by a Party to comply with its payment obligations under a Proforma invoice shall be considered as a material breach by such Party.

8.2 Supplier may, without prejudice to any other rights or remedies it may have, at any time immediately terminate a Contract by providing oral (followed by written confirmation) or written notice of such termination to Customer in the event that: (i) Customer becomes insolvent, is adjudged bankrupt, is dissolved (either voluntarily or otherwise) or is placed into insolvency proceedings of any kind, (ii) the ownership of Customer is materially changed or transferred to any third party without receiving the prior written consent of Supplier, (iii) Customer is merged or consolidated with any third party without receiving the prior written consent of Supplier or (iv) Customer sells or transfers to any third party, without receiving the prior written consent of Supplier, all or substantially all of the ownership of Customer's plant which uses the Product being sold hereunder.

8.3 Termination of the Contract, however arising, shall not affect any of the parties' rights and remedies that have accrued as at termination. Clauses which expressly or by implication survive termination of the Contract shall continue in full force and effect.

9. LIMITATION OF LIABILITY:

9.1 Nothing in these Conditions shall limit or exclude the Supplier's liability for:

- Death or personal injury caused by its negligence, or the negligence of its employees, agents or subcontractors (as applicable);
- Fraud or fraudulent misrepresentation;
- Any matter in respect of which it would be unlawful for the Supplier to exclude or restrict liability.

9.2 Subject to clause 9.1:

- The Supplier shall under no circumstances be liable to the Customer, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, for any loss of profit, or any indirect or consequential loss arising under or in connection with the Contract; and
- The Supplier's total liability to the Customer in respect of all other losses arising under the commercial relation or in connection with the Contract, whether in contract, tort (including

negligence), breach of statutory duty, or otherwise, shall in no circumstances exceed the invoice value of the Goods.

10. FORCE MAJEURE:

Neither Party shall be liable for any failure or delay in performing its obligations under the Contract to the extent that such failure or delay is caused by a Force Majeure Event. A **Force “Majeure Event”** means any event beyond a party's reasonable control, which by its nature could not have been foreseen, or, if it could have been foreseen, was unavoidable, including strikes, lock-outs or other industrial disputes (whether involving its own workforce or a third party's), failure of energy sources or transport network, acts of God, war, terrorism, riot, civil commotion, interference by civil or military authorities, national or international calamity, armed conflict, malicious damage, breakdown of plant or machinery, nuclear, chemical or biological contamination, sonic boom, explosions, collapse of building structures, fires, floods ,explosion , storms, earthquakes, loss at sea, epidemics or similar events, natural disasters or extreme adverse weather conditions, or default of suppliers or subcontractors, strikes , labor disputes.

11. TRADE NAMES & TRADEMARKS:

Neither Party shall use or have any right on any trade name, trademark, industrial design , emblem, symbol, logo ,product , or other word or mark in which the other Party holds intellectual property rights without the written consent of the other Party.

12. CONFIDENTIALITY:

12.1 Neither party shall, without the consent of the other party, be entitled to provide any third party with technical or commercial or any other information that any of the parties has stated to be confidential at the formation of the Contract or later. This does not apply to the extent that the provision of such information is necessary to enable the parties to fulfill their obligations under the Contract or for operation and maintenance of the Works.

12.2 Each party is obliged to prevent that such confidential information is disclosed to or used by its employees, consultants, subcontractors and other contractors or others who through that party have or may obtain access to such information, to a greater extent than permitted by the first paragraph of this Clause.

13. GENERAL:

13.1. Assignment and subcontracting

- The Supplier may at any time assign, transfer, charge, subcontract or deal in any other manner with all or any of its rights or obligations under the Contract.
- The Customer may not assign, transfer, charge, subcontract or deal in any other manner with all or any of its rights or obligations under the Contract without the prior written consent of the Supplier.

13.2. Notices

Any notice or other communication given to a party under or in connection with the Contract shall be in writing, addressed to that party at its registered office (if it is a company) or its principal place of business (in any other case) or such other address as that party may have specified to the other party in writing in accordance with this clause, and shall be delivered personally, sent by pre-paid first class post, recorded delivery, commercial courier, fax or e-mail.

13.3. Severance

If any court or competent authority finds that any provision of the Contract (or part of any provision) is invalid, illegal or unenforceable, that provision or part-provision shall, to the extent required, be deemed to be deleted, and the validity and enforceability of the other provisions of the Contract shall not be affected.

13.4. Waiver

A waiver of any right or remedy under the say Contract or terms and conditions is only effective if given in writing and shall not be deemed a waiver of any subsequent breach or default. No failure or delay by a party to exercise any right or remedy provided under the Contract or by law or as terms and conditions shall constitute a waiver of that or any other right or remedy, nor shall it preclude or restrict the further exercise of that or any other right or remedy. No single or partial exercise of such right or remedy shall preclude or restrict the further exercise of that or any other right or remedy.

13.5. Third party rights

A person who is not a party to the commercial or business relation or Contract between Supplier and customer shall not have any rights under or in connection with it.

13.6. Variation

Except as set out in these Conditions, any variation to the Contract or commercial relation between the Supplier and the Customer, including the introduction of any additional terms and conditions, shall only be binding when agreed in writing and signed by the Supplier.

13.7. Governing law and jurisdiction

The Contract, and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims), shall be governed by, and construed in accordance with, the Saudi laws and regulations. The Incoterms shall apply but where they conflict with these terms, these terms shall prevail.

14. DISPUTE RESOLUTION:

All disputes arising out of or any manner relating to the business relation between supplier and customer that is not resolved in good faith between parties within thirty (30) days after either party notifies the other party of its desire to resolve such dispute or controversy shall be settled by Saudi courts following the Kingdom Saudi laws and regulations.

15. COMPLIANCE CLAUSES:

15.1 The Customer is obligated not to misuse the goods after purchase, and not to re export them to countries, companies, or individuals subject to penalties or are considered prohibited to deal with.

15.2 In the event that the customer purchases the goods from within the Kingdom of Saudi Arabia with the intention of re-exporting them, he is obligated to provide the Supplier with documents proving the export of the goods within 60 days in accordance with the executive regulations of the value-added tax. In the event that he renounces the obligation of the above undertaking, he must then pay the value added tax that is reported to him according to a debtor notice issued by the Supplier.

15.3 The Customer is obligated to refrain from offering or paying any sums, commissions or gifts to the Supplier's representatives, and he undertakes to inform the Suppliers of any violation of the regulations that prohibit bribery and corruption.

15.4 All applicable local and international laws and regulations bind the Customer. These include, but not limited to, the Laws of Anti-Money Laundering the Anti-Bribery, and the Combating Terrorist Crimes and Its Financing. As well, the customer is obligated to notify the supplier of any legal requirement in his country.

15.5 The Customer acknowledges that he has read and understood these terms and conditions of sale in addition to the Supplier Code of Conduct, and pledges to abide by them. With the assurance that none of the Customer's terms and conditions contained in the Customer's purchase order, or on the Customer's website apply on the Supplier.





نابكو الوطنية
napco national

Napco National Headquarters
1st Industrial City
P.O.Box 538
Dammam 31421, Saudi Arabia

+966-13-847-2288
+966-13-847-2326

info@napconational.com
www.napconational.com

f in    @NapcoNational