

**General Terms & Conditions of  
BASF Saudi Arabia Co. Ltd  
for the Sale of Products**

**1. Scope, Use of Application**

a) These General Terms & Conditions shall apply exclusively to any current or future sale of any products and the services associated with the products (“**Products**”) by BASF Saudi Arabia Co. Ltd. (“**Seller**”) to customers in their capacity as entrepreneurs, i.e. a natural or legal entity or a partnership with legal capacity acting in exercise of their commercial or independent professional activities in the conclusion of a legal transaction. Enterprises in this sense are equivalent to legal entities under public law and public law special assets (“**Customer**”).

b) Differing or contradicting terms of the Customer shall not apply unless expressly agreed to in writing by the Seller. Failure of the Seller to object to any provision contradictory to these General Terms & Conditions contained in any order or other writing of the Customer shall not be construed as a waiver of the terms and conditions under these General Terms & Conditions or part of them nor shall it be construed as an acceptance of any terms and conditions proposed by the Customer insofar as these differ from these General Terms & Conditions and the Seller remains at all times free to demand their strict application.

c) Any typographical, clerical or other error or omission in any sales literature, quotation, price list, and acceptance of offer, invoice or other document of information issued by the Seller shall be subject to correction without any liability on the Seller's part.

**2. Offer & Order Confirmation**

a) Any offer and quotation issued by the Seller to the Customer shall be non-binding and subject to change unless clearly stated otherwise in writing in the offer or quotation.

b) The Customer shall place purchase orders with the Seller in written form either via facsimile, post, courier or email or as otherwise agreed in writing between the Seller and the Customer.

c) No purchase order of the Customer whether based on a quotation or offer by the Seller shall be deemed to be accepted by the Seller unless and until expressly confirmed in writing by the Seller by facsimile, post, courier or email or as otherwise agreed. Any acceptance of a purchase order shall be at the sole discretion of the Seller. Upon acceptance of the purchase order by the Seller a binding purchase contract for the ordered Products shall be concluded between the Parties.

In case the acceptance differs from the offer, such acceptance constitutes a new non-binding offer of the Seller.

d) Any request of the Customer for changes to a purchase order already accepted by the Seller shall be considered as a new, additional purchase order.

e) It shall be the Customer's responsibility to specify the technical data, quantity requirements and other specifications exactly and in a detailed manner so that the Seller can offer and deliver the correct Products and prices to the Customer.

**3. Prices & Payment**

a) In the absence of any written agreement to the contrary, the Seller's valid prices at the time of conclusion of the contract of sale shall apply.

b) If the Seller's prices or the Seller's terms of payment are generally altered between the date of contract and delivery, the Seller may apply the price or the terms of payment in effect on the date of delivery. In the event of a price increase, the Customer is entitled to withdraw from the contract by giving notice to the Seller within 14 days after notification of the price increase.

c) All prices stated in any document issued by the Seller are exclusive of indirect taxes. All indirect taxes, including but not limited to Value Added Tax (VAT), Goods and Service Tax (GST), Service Tax, Business Tax – as applicable pursuant to the relevant tax law, shall be borne by the Customer.

d) Payments shall be due as of the date specified in the individual contract and shall be made to the Seller's bank account in the invoicing currency without any deduction and free and clear of any fees or charges. Cheques (including post-dated cheques) as well as any other non-cash payments are made merely on account of performance and will not be deemed to constitute payment until cashed and irrevocably credited to the bank account of the Seller.

e) Failure to pay the purchase price by the due date constitutes a fundamental breach of contractual obligations.

f) In the event of default of payment by the Customer on the due date, the Seller shall be entitled to charge on the outstanding amount any reasonable attorneys', paralegals' and recovery agencies' fees.

g) If there are reasonable doubts as to the Customer's ability to pay, especially if payments are in arrears, Seller may, subject to further claims, revoke credit

periods and make further deliveries contingent upon advance payments or other security being provided by the Customer.

h) Regardless of the place of delivery of goods or documents, the place of payment shall be the Seller's place of business.

i) The Customer shall only be entitled to claim any rights of set-off or retention if his counterclaim is based on the same contractual relationship, is undisputed or has been granted in an enforceable judgement or has otherwise been recognized and accepted in writing by the Seller. The Customer shall not be entitled to assign any claims of any kind arising from his business relationship with the Seller to third parties.

#### **4. Delivery**

a) Delivery shall be effected in accordance with the terms set out in the individual contract for which the Incoterms 2010 of the International Chamber of Commerce ("**IncoTerms**") is applicable. Provided no express agreement has been reached, deliveries are made carriage paid to named port of destination as per the Incoterms ("**CPT**") which means that the Seller delivers the Products to the carrier or another person nominated by the Seller at the agreed place and that the Seller must contract for and pay the costs of carriage necessary to bring the Products to the named place of destination.

b) The estimated required time for delivery will be stated in the Seller's offer and will be based on manufacturing capacities, subcontractor delivery dates and other conditions. It is an estimate only and new dates will have to be fixed if any such condition changes.

c) Even if mentioned in the contract concluded by the Customer and Seller, the delivery time shall only be approximate and without engagement, unless otherwise agreed in writing. The Seller shall not accept any liability for non-compliance with the date of delivery indicated in the offer and/or respective contract unless otherwise agreed in writing. The Customer shall immediately, but latest within 5 working days, accept and take delivery of the Products when they are ready for shipment or ready for delivery to the place of destination.

d) In case delivery of Products is postponed at the request of the Customer or if the Customer does not observe any agreed date of delivery without notifying the Seller, the Customer shall pay all expenses accruing as a result of storage beginning one week after notification that Products are ready for shipment or ready for delivery to the place of destination. However, the Seller may withdraw from the respective sales contract and dispose of the Products (without prejudice to any other remedies available to the Seller as permitted by local laws and regulations), provided the Seller gives adequate notice in writing of such intentions to the Customer and the Customer fails to accept Products within one week of serving the notice. In this case the Seller shall be entitled to receive liquidated damages from the Customer amounting to 15% of the purchase price for the Products

which had been agreed between the parties. Such damages must be set higher or lower if the Seller is able to prove a higher or the Customer lower actual damages. This shall also apply to an order of Products if the parties have agreed on several partial deliveries and if the Customer does not observe an agreed date of delivery for one partial delivery. In this case, the Seller shall, after expiration of a one week notice to the Customer, be allowed to withdraw from the entire order, dispose of all the ordered Products and receive damages in accordance with the aforementioned regulation.

#### **5. Passing of Risk**

a) Save as otherwise individually and expressly agreed in writing, the transfer of risk of loss and damage to Products sold by the Seller to the Customer shall take place upon delivery of the Products to the Customer in accordance with Art. 4 of these General Terms & Conditions, even if shipment is made in parts or if the parties have agreed to extend the performance of the Seller, e.g. by covering shipping charges, effecting delivery to the Customer site, or supplying erection/installation or other services.

b) In those exceptional cases where Seller has undertaken to effect shipment, the risk of accidental loss or accidental deterioration of the Products shall pass to the Customer at the time of their delivery to the forwarder, carrier or other person or organisation appointed to carry out such shipment.

c) Notice of claims arising out of damage in transit must be lodged by the Customer directly with the carrier within the period specified in the contract of carriage and Seller shall be provided with a copy thereof.

d) Partial shipments shall be permitted to the extent to which they are reasonably acceptable to the Customer.

e) If the Customer fails to take timely delivery of the Products the risk shall pass to the Customer at the time on which the Customer should have taken delivery of the Products from Seller at the premises of Seller in Dammam, Saudi Arabia or as otherwise explicitly agreed in writing by the parties. The Incoterms shall apply for the passing of risk as far as they are not inconsistent with the conditions subject to this clause 5 or written agreements.

#### **6. Transfer of Title**

a) For domestic sales of Products, i.e. sales of Products which have either already been imported and cleared from customs by Seller for the Customer in Saudi Arabia, or are of the origin of Saudi Arabia, the title to the Products shall pass from the Seller to the Customer within the Kingdom of Saudi Arabia and applicable VAT shall be charged by the Seller to the Customer. Unless agreed otherwise in writing, delivery shall be made "EXW" [Place of Seller] (Incoterms 2020)".

b) For all overseas sales of Products, i.e. sales of Products which are at the time of sale located outside the Kingdom of Saudi Arabia and for which the Customer will be the importer on record (CIF/CFR Incoterms), title to the Products shall pass from Seller to Customer before

reaching the border of the Kingdom of Saudi Arabia, and material ownership shall transfer to Customer directly for VAT, custom clearance and other related purposes unless expressly agreed otherwise between Seller and Customer in writing. Customer is obliged to share a copy of customs importation bayan for the respective Products with the Seller. In the event Customer fails to share the customs importation bayan any applicable VAT shall be borne by the Customer.

c) The Customer shall be responsible for any deterioration of the Products sold from the time of delivery.

## **7. Product Quality, Specimens and Samples, Guarantees, Advice**

a) Any advice given by the Seller is given to the best of his knowledge. Advice and information with respect to suitability and application of the Products is not binding and shall not relieve the Customer from undertaking his own investigations and tests with regards to the suitability of the Products supplied for the processes and purposes he intends to use them for.

b) Unless otherwise agreed, the quality of the Products due contractually is exclusively determined by the Seller's product specifications valid at the time of delivery. In case the European Chemicals Regulation REACH is applicable, identified uses under the European Chemicals Regulation REACH relevant for the Products shall neither represent an agreement on the corresponding contractual quality of the Products nor the designated use under this contract.

c) The properties of specimens and samples are binding only insofar as it has been explicitly agreed to define the quality of the Products.

d) Quality and shelf-life data as well as other data constitute a guarantee only if they have been agreed in writing and designated as such.

## **8. Warranty**

a) The Customer shall examine the contractual products forthwith upon delivery in the orderly conduct of business and advise the Seller in writing of any defect and incorrect quantity discovered, latest within 4 weeks of delivery unless this time period is extended by mutual written agreement. Notification must be in writing and must precisely describe the nature and extent of the defects. Failure on the Customer's part to meet this obligation shall be construed as approval of the delivery. Any obvious defect identified at a later date shall be excluded from rectification by the Seller on the Seller's costs and the defect shall be deemed to have been caused by the Customer.

b) In case of any defect which cannot be detected by ordinary examination the Customer shall inform the Seller immediately upon discovery of such defect, latest within 4 weeks of discovery and no later than one year from the date of actual delivery. Notification must be in writing and must precisely describe the nature and extent of the defects. Any warranty shall be excluded after expiration of

such time periods and the respective defect shall be deemed to have been caused by the Customer.

c) In case of the fulfillment of the duty of inspection and objection by the Customer as well as the above mentioned time periods, the Seller shall at its sole discretion repair or replace free of charge any Product which shows deficiencies in workmanship, material or title, provided that the Seller can be held liable for these deficiencies. The Seller may at its sole discretion make two attempts to replace or repair any Product. Should these fail or cause unreasonable inconvenience to the Customer, the Customer may either withdraw from the respective contract or demand a reduction in the purchase price. The Seller shall not be liable for unsuitable or improper use, negligent handling, defective assembly, improper maintenance or unsuitable operation, storage, use, installation or operation of the Products by the Customer, its employees, directors or agents or any third party, or for normal wear and tear, chemical influences or damage due to force majeure.

d) With regard to claims for compensation, including compensation for unproductive expenditure on a defect, clause 9 applies.

e) With regard to claims for compensation, including compensation for unproductive expenditure on a defect, clause 9 applies. Notwithstanding the periods of limitation set out in clauses 8 a) to d), no claim of the customer shall be heard if lodged after the lapse of one year of the delivery date.

f) The Customer shall have no further claims with regard to the defective Products other than the warranty claims mentioned in this clause 8.

g) The Seller, including its managers, directors, employees, assistants and agents, shall not be liable for any consequential or indirect damages or losses which the Customer, its employees, directors or agents may incur including without limitation any loss of use, loss of profit and loss of any contract.

h) The Seller is not obliged to take back Products which are free from defect after delivery and to reimburse the purchase price which has already been paid. If faultless merchandise is taken back at the request of the Customer completely or in part, this shall purely be based on pure good will on the part of the Seller and shall not substantiate any claim of the Customer for future redemption and/or reimbursement of the purchase price even if the parties are in a regular business relationships and/or if the Seller has repeatedly taken back immaculate Products and has reimbursed their purchase price to the Customer.

## **9. Liability for damages**

a) The Seller shall only be liable for damages in case of intent, gross negligence, fraud and damages to life, body or health. In case of negligence the Seller shall only be liable insofar as it has infringed a duty which is of material significance for the achievement of the contractual purpose and its liability shall be restricted to

the typically foreseeable damage. Any further liability shall be excluded.

b) On no account shall the Seller be liable for any consequential or indirect damages or losses which the Customer, its employees, directors or agents may incur including without limitation any loss of use, loss of profit and loss of any contract.

c) To the extent that the liability of the Seller is effectively excluded under this clause 9, also the personal liability of its managers, directors, employees, assistants and agents shall be excluded.

d) The Seller is not liable to the Customer in case of impossibility or delay in the performance of its supply obligations if the impossibility or the delay is due to orderly compliance of regulatory and legal obligations in connection with the European Chemicals Regulation REACH being triggered by the Customer.

#### **10. Confidentiality**

a) The parties shall be obliged to treat as business secrets all commercial and technical information not generally available which becomes known to them through the business relationship.

b) Any documents made available to the Customer must not be made available to unauthorized persons. They remain the property of the Seller. Copying is permissible only to the extent that it is required for operational purposes and accords with copyright regulations. At the Seller's request, all documents, items and copies thereof shall be surrendered or, if necessary, destroyed.

c) The Seller reserves the right to file applications for intellectual property rights, and to exploit the rights of use for his items and information.

d) The Customer must not advertise his business connection with the Supplier without the Supplier's written consent.

#### **11. Force majeure**

a) Any incident or circumstances beyond the Seller's control such as natural occurrences, embargos, war, strikes, lock-outs, shortages of raw materials and energy, obstruction of transportation, breakdown of manufacturing equipment, fire, explosion, or acts of government shall relieve the Seller from its obligations under this contract to the extent the Seller is prevented from performing such obligations.

b) The same applies to the extent such incident or circumstance renders the contractual performance commercially impractical for the Seller over a long period or occurs with suppliers of the Seller. If the aforementioned occurrences last for a period of more than 3 months, the Seller is entitled to withdraw from the contract without the Customer having any right to compensation.

#### **12. Governing Law and Arbitration**

a) These General Terms & Conditions shall be governed and construed in accordance with the laws and regulations in force in the Kingdom of Saudi Arabia excluding the Vienna Convention on the International Sales of Goods (CISG).

b) If a dispute arises between the parties in relation to these General Terms & Conditions and/or the respective sales contract whatsoever which cannot be settled amicably within a period of 30 days after the other party has been notified of this dispute in writing, it shall be referred to the competent courts in the Kingdom of Saudi Arabia.

#### **13. Miscellaneous**

a) If these General Terms & Conditions are made known to the Customer in another language, in addition to the language in which the sales contract has been concluded ("Contract Language"), this is merely done for the Customer's convenience. In case of differences of interpretation, the version in the Contract Language shall be binding.

b) Unless specifically agreed otherwise, the Customer is responsible for compliance with all laws and regulations regarding import, transport, storage and use of the Products. The Customer undertakes to comply with all laws and regulations including any embargo / sanctions laws and regulations which may govern or affect placing a purchase order, export, re-export, trade, use, shipment, import, transportation, storage, sale (including government procurement) delivery of the Products by the Customer and to not export, re-export, divert, trade, ship, import, transport, store, sell, supply, deliver or re-deliver, whether directly or indirectly, any of the Products for end-use in any country, entity or person affected by such embargo /sanctions laws. The Customer shall furnish the Seller with such documentation as the Seller may request to evidence the Customer's compliance with this clause and that controls are in place which actively support such compliance.

c) The Customer is not entitled to assign its contractual rights and / or obligations without Seller's prior written consent.

d) If any provision of this Agreement shall become invalid, the remainder of this Agreement shall not be affected. It shall be replaced with a valid clause economically closest to the intention of the parties.

e) All dates, periods, and terms shall be given and counted according to the Gregorian calendar.

f) The headings in these General Terms & Conditions have been inserted for convenience only and shall not be used for nor assist or affect its interpretation.