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GENERAL CONDITIONS OF PURCHASE

Reg. No. 2000/003735/06

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GENERAL CONDITIONS OF PURCHASE

DEFINITIONS

Unless contradictory or until contrary is stated, the words below shall mean —

1. "CORPORATION" — The South African Nuclear Energy Corporation LTD, NeCSA, acting for itself or as an agent for and on behalf of a principal;
2. "SITE" — the buildings and grounds of the Corporation or any other location designated by it for the supply of goods and rendition of services;
3. "ORDER" — the order documents, general conditions of purchase or amended conditions of purchase as accepted in writing and countersigned by the Corporation and the Supplier, instructions to tenderers where applicable, specifications, drawings, schedules and other technical information as approved or supplied by the Corporation;
4. "SPECIFICATION" — a written statement of technical and other details as prescribed by the Corporation to obtain the required product or service;
5. "AGREEMENT" — the order referred to in 3 above, or any contract between the parties as accepted, approved and signed by both parties;
6. "DRAWING" — all drawings/plans which detail technical aspects and which have been signed with respect to an order or a contract, as well as all amendments supplied and approved in writing by the Corporation from time to time;
7. "SUPPLIER" — the dealer, manufacturer or contractor with whom an agreement has been concluded;
8. "SUBCONTRACTOR" — supplier to whom a portion of an agreement has been subcontracted with the written approval of the Corporation, including the legal representatives, successors in title and assignees of such supplier;
9. "GOODS" — material, parts, components, as well as equipment and apparatus to be purchased, manufactured, installed or erected.
10. "SERVICES" — work performed by a supplier for the Corporation after having been commissioned by way of an agreement entered into with him by the Corporation; and
11. "SUPPLY" — the supply of goods or rendition of services at the address as prescribed by the Corporation;
12. "CONTRACT" — a written agreement between the parties with the exception of an order, as accepted, approved and signed by both parties, which may include these general conditions of purchase or amended conditions of purchase as accepted in writing and countersigned by the Corporation and the Supplier.

NOTE These general conditions of purchase apply to all supply agreements (orders and contracts) unless otherwise specified and mutually agreed.

1. QUALITY ASSURANCE AND SPECIFICATIONS

- 1.1 The Supplier shall provide proof that he has at his disposal the technical skills, systems, equipment and personnel for the execution of the agreement. He shall undertake to work in accordance with a quality plan addressing training, competence and cost efficiency. Management philosophy and systems in respect of quality shall typically be in accordance with SABS 0157/ISO 9000 series.
- 1.2 Should the Corporation have provided specifications and drawings for manufacture, installation and erection, it may demand that these specifications and drawings be returned together with the goods supplied.
- 1.3 Should the Supplier supply goods in accordance with own specifications and drawings, such specifications and drawings shall be submitted to the Corporation together with the quotation or tender for written approval and acceptance.

2. INSPECTION AND QUALITY CONTROL

- 2.1 Representatives of the Corporation shall at all reasonable times have access to the Supplier's premises or the premises of his subcontractor in order to examine and test material and workmanship of goods being manufactured or handled in terms of the order.
- 2.2 Should the agreement stipulate that goods shall be inspected prior to dispatch from the Supplier's or subcontractor's premises, dispatch shall only be effected after the Corporation has issued a release certificate, endorsed as a "final release". Where applicable, this clause shall however, further be subject to the stipulations of clauses 8.6 and 8.7. The release certificate therefore does not free the Supplier from any of his other commitments or from liability in respect of the order.
- 2.3 The prime responsibility to demonstrate compliance with the Corporation's requirements rests with the Supplier.

3. GUARANTEE

- 3.1 The Supplier guarantees that goods will be supplied properly packed and in accordance with his delivery note, and also that the issue of a goods receipt voucher by the Corporation does not deprive the Corporation of its right to return goods should such goods be damaged or not be of the correct quantity or quality.
- 3.2 The Supplier guarantees and certifies that the goods comply with the requirements as set out in the agreement (normal wear and tear excluded). This guarantee shall be valid for a period of 12 months after supply or as agreed by the parties, from the date of issue of a goods receipt voucher or a release certificate or certificate of acceptance, as applicable.
- 3.3 The Supplier shall, where he has made use of a subcontractor, obtain from such subcontractor the required and satisfactory guarantee in terms of the Corporation's stipulations referred to in clause 3.2 above. The full name and address of the subcontractor/s shall be furnished at all times.
- 3.4 Furthermore, the Corporations shall retain the rights it has in terms of common law in respect of hidden defects and any claims for damage suffered directly as a result of such defects.

4. SECURITY REQUIREMENTS

- 4.1 The Supplier shall treat any information contained in the agreement and associated documentation, as well as any other information furnished to him, as confidential and shall not disclose same in any way whatsoever.
- 4.2 Should the Supplier have to render services to the Corporation on the latter's site or have to install equipment, he shall ascertain which security requirements apply, and observe them. In case of any doubt in respect of security clearance for himself and/or his employees he shall contact the Corporation's Senior Manager: Security Services.

5. SAFETY MEASURES

Should the Supplier have to render services on the Corporation's site or have to install or erect equipment on the Corporation's site, he shall make sure of the appropriate measures, and observe them.

6. PRICE

- 6.1 Unless stated to the contrary in the agreement, prices shall also include the following:
- (i) Supplier's own quality and inspection costs
 - (ii) Packing costs
 - (iii) Delivery costs
 - (iv) Transport costs of employees in the case of services
 - (v) Clearance fees, ad valorem tax and surcharges where applicable
- 6.2 Quoted prices shall reflect value-added tax (VAT), separately.
- 6.3 The aforesaid price in Rand value shall be fixed for the duration of the transaction, provided that the order is placed within the prescribed time from the quotation/tender date. In the case of import orders the responsibility in respect of forward cover will be cleared with the Supplier during negotiations.

OR

The price in Rand value is not fixed and the Corporation will be liable for any change in accordance with the appropriate adjusting mechanisms (rate of exchange, escalation formulae, etc.) as stated in the quotation/tender documents.

- 6.4 Should prices and/or tariffs under clause 6.3 rise above agreed limits, the Supplier shall obtain the Corporation's written acceptance of same prior to supply, manufacture or installation.

7. RISK (See paragraph 8)

- 7.1 Risk in respect of delivered goods is transferred when goods are delivered in accordance with the agreement.

8. SUPPLY AND ACCEPTANCE

- 8.1 Unless stated otherwise, goods and services shall be supplied and rendered at the address stated in the agreement.

Delivery shall at all times be effected under cover of a Supplier's delivery note.

- 8.2 Acknowledgement of receipt shall be effected by means of the issue of a goods receipt voucher, but this does not necessarily imply acceptance of the goods (also see clause 3.1). In cases where inspection is carried out before goods are dispatched to the point of delivery or after goods have been supplied on site, the goods shall also be accompanied by the required technical documentation before a quality release certificate can be issued.
- 8.3 The Supplier shall pack all goods for dispatch and delivery adequately and in accordance with agreed specification in such a way that loss or damage thereof during transport is prevented. After delivery and receipt of the goods at the above address the risk shall pass to the Corporation, subject to the stipulations of the agreement.
- 8.4 Unless otherwise agreed, every item or individual container or package shall be clearly marked with weather-resistant lettering, indicating the order number and/or as any relevant information, without mentioning the Corporation's name.
- 8.5 Delivery time will commence from date of receipt of the agreement or the date on which all information for the manufacture and/or installation and erection of equipment is received, whichever is the later, unless agreed otherwise and such date is stated in the agreement.
- 8.6 Should the agreement require the Supplier also to install or erect the equipment, the equipment will be regarded as delivered as soon as it has been installed or erected, inspected and tested. The Corporation will make available its site and the required services, as mutually agreed, for the installation or erection of such equipment. Completion of installation or erection of the equipment will not be deemed to be acceptance by the Corporation of the equipment as effective and suitable for the purpose for which purchased.
- 8.7 Acceptance of any equipment installed or erected by the Supplier will be effected by means of the issue of a written certificate of acceptance by the Corporation after the equipment has been tested and found to be acceptable and the parties have mutually agreed on a commissioning procedure. The Corporation shall also be supplied with the necessary specifications, plans and drawings, parts lists, maintenance and operating manuals on commissioning.
- 8.8 The Supplier acknowledges and confirms that timely supply is a prerequisite of the agreement and that where an agreement stipulates a specific delivery date, the Supplier shall dispatch the ordered goods in good time to be able to meet this date.

In cases where goods or materials purchased ex stock are not supplied within twenty four (24) hours (weekends and holidays excluded) of receipt of an agreement the Corporation reserves the right to cancel the agreement immediately without any liability to the Supplier. Also, should the Supplier not supply the goods or not have commenced installation or erection on or before the delivery date, the Corporation shall have the right to cancel, on written notice, the order on a date fourteen (14) days after expiry of delivery date, and to reclaim any advance payments with interest at the current bank rate, as well as any damage the Corpora-

tion suffered as a result of non-compliance with the agreement.

8.9 Furthermore, the date and place of supply of goods and rendition of services, as indicated in the agreement, shall be regarded as binding.

9. INVOICES, COVERING DOCUMENTATION AND CORRESPONDENCE

9.1 Invoices, which comply with Art. 20 of Act 89 of 1991, reflecting the order number/contract number as well as a description of the ordered goods shall be addressed to the postal address of the Corporation, as indicated on the face of the agreement, or as stipulated in the contract.

9.2 The order number/contract number shall also be quoted on all other documentation such as delivery and dispatch notes, advice slips, monthly statements, correspondence, or any other documentation relating to the agreement.

9.3 Delivery notes shall at least specify each separate package or item, and if possible each separate item in a package.

9.4 For imported goods complete packing lists shall be included in each package and a separate copy thereof shall be attached to the shipping documentation.

10. PAYMENT

10.1 Unless otherwise agreed, payment of amounts in respect of goods supplied and services rendered, payable to the Supplier in terms of the agreement, will be effected at the end of the month following the month in which an acceptable monthly statement with supporting invoices and other associated documentation such as quality release certificates, certificates of acceptance, etc. are submitted.

10.2 Should the Supplier demand payment on a date prior to that referred to in clause 10.1 above, the Corporation shall have the right to demand a settlement discount at a rate as agreed with the Supplier.

10.3 Where deemed necessary, the Corporation shall be entitled to retain retention fees of 10%. Such retention fees will be paid to the Supplier within three (3) months after receipt of all goods and services and the issue of a certificate of acceptance.

10.4 Should the Supplier render services and be entitled to labour costs for installation or erection on a recovery basis, he shall furnish the Corporation with a monthly statement not later than the last day of the month and the Corporation will, if the statement is correct, effect payment within thirty (30) days. Should the monthly statement be in error, the Corporation will be entitled to make an adjustment at the next payment or on payment of the retention fees.

11. ACCEPTANCE OF CONDITIONS OF PURCHASE

11.1 These general conditions of purchase supersede all terms and conditions in the Supplier's verbal or written quotation/ tender that conflict with these, unless:-

11.1.1 any of the conditions contained herein have been deleted and initialled by both parties; or

11.1.2 the conditions of purchase have been amended in writing, accepted and signed by both parties prior to or on placing the order or prior to or upon signing of the contract; or

11.1.3 these conditions of purchase are in their entirety superseded by another written contract signed by both parties.

11.2 Any dispute arising from an agreement which cannot be settled by the parties mutually will be settled by arbitration in terms of the Arbitration Act No. 42/1965.

The Supplier shall initial a copy hereof on each page, as well as any deletion or amendment and sign at the end hereof and submit such copy to the Corporation.

Should the Corporation accept the deletion(s) and /or amendment(s) in question, it will countersign against them.

Should the amendment(s) be found unacceptable, the Corporation will enter into re-negotiation with the Supplier.

The Corporation will place such signed copy on record and regard it as binding for all future transactions between the Corporation and the Supplier, except where the contrary is indicated hereunder or it has been superseded by an amended document.

Where no amended document is received within fourteen (14) days of the closing date of a tender, these conditions (without amendment) shall apply as the only valid stipulations in respect of the transaction concerned.

Please indicate whether these conditions will apply to all future transactions.

(mark with x) Yes No

If answer above in No, advise enquiry no. to which these purchase conditions apply.

Tender Enquiry No.

SIGNATURE:
For Supplier and duly authorised thereto

AS WITNESSES:
1.
2.

FIRM NAME AND ADDRESS OR STAMP
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