



SAUDIA CARGO GENERAL TERMS AND CONDITIONS

1. Introduction:

These Terms and Conditions (T&C) shall be applicable to the procurement of all goods and services for the purchasing projects in or out of the Kingdom of Saudi Arabia pursuant to the Purchase Order. In the event of a conflict or inconsistency between this T&C and the Purchase Order, the Purchase Order will prevail.

2. Purchasing Parties:

2.1. Saudi Airlines Cargo Company, existing under the Laws of the Kingdom of Saudi Arabia under registration number 4030178348 with postal address of 7051 Al Amir Sultan-Al-Salamah, Unit # 406, Jeddah 23525-2661, Kingdom of Saudi Arabia "Saudia Cargo"

2.2. Supplier means the person or entity supplying goods or performing services to SAUDIA CARGO pursuant to the Purchase Order.

3. #Purchase Order# /#PO#:

#Purchase Order# / #PO# means the Purchase Order to which these T&C apply, issued by SAUDIA CARGO to the supplier for the goods or services.

4. Acknowledgment of Purchase Order:

SAUDIA CARGO may send the Purchase Order by registered mail, Email to the contact address nominated by the Supplier, and receipt thereof by Supplier shall be deemed to be three (3) working days after the date of the Purchase Order; in case acknowledgement is not received from supplier within three (3) working days, then Purchase Order will be considered as confirmed and accepted by the Supplier.

5. Scope of supply:

5.1. Supplier shall be complying with the specifications, quantity, and quality of goods or services set out in the Purchase Order.

5.2. Supplier shall not change the Specifications, materials, scope or manufacturing processes of any part of the goods or services without the prior written consent of SAUDIA CARGO.

6. Changes:

SAUDIA CARGO will have the right at any time to make changes in the specifications of any goods, services, delivery terms, scope, or other provisions of the Purchase Order, by means of a written

notice to the Supplier. If and to the extent that the changes requested by SAUDIA CARGO reasonably justify an adjustment of the price, delivery schedule and/or other provision of the Purchase Order, and if the supplier has requested within five (5) working days of SAUDIA CARGO's notice that an adjustment be made, by means of a written notice to SAUDIA CARGO including appropriate substantiation then an equitable adjustment will be made by SAUDIA CARGO. Supplier's failure to comply with the foregoing notification will constitute Supplier's waiver of any claim or defence related to such change. SAUDIA CARGO is entitled to request the Supplier to commence the changes prior to having finalized the adjustment to the Purchase Order.

7. Price and Payment terms:

- 7.1. The Purchase Order Price will be firm and fixed and includes delivery of the goods or perform services in accordance with the Purchase Order and performance of any and all other obligations set forth in the Purchase Order.
- 7.2. The Purchase Order Price includes, and the supplier will promptly pay, all levies, taxes, fees, or duties applicable to the delivery of the goods at the named destination.
- 7.3. The price set out in the Purchase Order will be an all-inclusive and fixed lump sum or a fixed unit price or costs-plus for the goods or services, delivered/completed to SAUDIA CARGO as per the agreed terms. The Price cannot be varied without the prior consent of SAUDIA CARGO given by means of a written Change Order.
- 7.4. Payment for the delivered goods or services and accepted by SAUDIA CARGO shall be made within forty-five (45) working days from the invoice receiving date.
- 7.5. In the event that SAUDIA CARGO agrees in the Purchase Order to pay a portion of the price in advance, such payments shall be made against an unconditional and irrevocable guarantee by a bank or financial institution acceptable to SAUDIA CARGO, in the format approved by SAUDIA CARGO. Payments in the currency mentioned in the Purchase Order shall be made by direct bank transfer to a bank account nominated by Supplier, or other means set out in the Purchase Order.
- 7.6. All bank charges associated with SAUDIA CARGO's account and supplier's account shall be paid by SAUDIA CARGO and supplier respectively.
- 7.7. Original invoices shall be stamped, signed, and shall include at least the following information: Purchase Order number, description of goods and services, quantities; and shall be duly supported by documentary proof of the delivery. Invoices shall be addressed to Procurement department SAUDIA CARGO for all reasonable cost and expenses actually incurred by SAUDIA CARGO in connection with the correction or repair of the Rejected Work.
- 7.8. All Saudi suppliers who are registered with ZATCA, must provide VAT compliant invoices meeting all the requirements mentioned in Article (53) of VAT implementation regulations and E-Invoicing regulations.



8. Inspection:

SAUDIA CARGO shall be entitled to inspect and/or test (or arrange for independent inspection/testing) such goods \ services which are in SAUDIA CARGO's judgment defective or nonconforming. The inspection could take place at SAUDIA CARGO facilities or Supplier's facilities in order to ensure that they conform to the Specifications. In the event that the inspection shows that goods or services do not conform to the Specifications or requirements of the Purchase Order, SAUDIA CARGO reserves the right to require replacement or reject the delivery and cancel the Purchase Order forthwith and claim a refund for any advance payments.

9. Packing and Documentation:

The Supplier shall properly pack and mark the goods in accordance with the requirements of SAUDIA CARGO and the carriers and in accordance with all applicable laws and regulation, with best commercial practices designed to prevent loss or damage due to weather, transportation and other cases. The Supplier shall furnish SAUDIA CARGO with all the required and customary certificates, invoices, packing lists, packages, shipping notices, instruction manuals, SASO, test data, and documentation relating to the Work; including (but not limited) to certificates of origin, etc. Any delay in providing shipping document required for clearing the goods at destination will be counted as delay in delivery and penalty clause (11.3.C) will be applied accordingly.

10. Shipping and Transportation:

The Supplier shall provide goods in packaging suitable for the mode of shipping set out in our Purchase Order. Failure to do so may result in carrier non-acceptance, damage of goods in the transit due to improper packing, or if additional safety preparation is required to move the cargo, all these costs will be passed back to the supplier.

11. Delivery schedule and delay of delivery:

11.1. Mode of delivery and the completion date/schedule will be specified in the Purchase Order and will be firm and the Supplier shall comply with the delivery dates set forth in the schedule specified in the Purchase Order to the delivery point.

11.2. The time of delivery or completion shall be of the essence, and the Supplier undertakes to deliver goods or services strictly within the agreed time. Supplier shall be obliged to notify SAUDIA CARGO in writing if it is anticipated that the delivery of any goods, services or any other scheduled activity shall be later than the time set out in the Purchase Order.

11.3. Time is of the essence of this Purchase Order. If any shipment or delivery is made which is not in all respects in accordance with the provisions of the Purchase Order or delivery schedule, SAUDIA CARGO shall be entitled to the following:

- a) Extend the time by means of a Purchase Order.



- b) Cancel the Purchase Order or part of the scope of supply and procure other goods \ services of similar description.
- c) Or allow Supplier to proceed and claim from Supplier as penalty of damages an amount of 2% (two percent) of the Purchase Order value for every week (or part thereof) that the goods or services are delayed beyond the Purchase Order delivery date. Total penalty shall not exceed 10% of the total Purchase Order value.

12. Transfer of Risk and Title:

12.1. SAUDIA CARGO has the right to reject any goods or services are found any time to be defective in materials or workmanship or otherwise not in accordance with the requirement of Purchase Order, in addition to any other rights, which it may have under applicable warranties. The rejected goods shall be returned at Supplier's risk and all associated cost shall be paid by Supplier

12.2. Any materials, components, tools, patterns, dies, equipment, consumables and other items belonging to or provided by SAUDIA CARGO, which are in the Supplier's custody for any purposes, must be clearly marked and recorded by the Supplier as belonging to SAUDIA CARGO, but risk of loss remains with the Supplier until delivery. Upon SAUDIA CARGO's request, including in case of termination for whatever reason, the Supplier will allow SAUDIA CARGO, and/or any third party mandated by SAUDIA CARGO, to enter any premises of the Supplier to repossess any such SAUDIA CARGO items or any part thereof.

13. Acceptance of Goods:

SAUDIA CARGO will have the right to reject any consignment or part of it within thirty (30) working days from delivery where it is determined that the goods are defective or do not conform to the requirements of the Purchase Order.

The Rejected goods will be returned to Supplier at its sole cost and risk. Where Supplier has already been paid (fully or partly) for such Rejected goods, the Supplier shall forthwith replace the Rejected goods or issue a credit note in respect thereof.

In the event that SAUDIA CARGO in its sole discretion elects to accept and correct any Rejected goods, the Supplier shall be liable for and promptly reimburse SAUDIA CARGO.

14. Warranty and Quality:

14.1. In addition, and without prejudice to all other warranties provided by the supplier under the Purchase order, the supplier warrants that (a) the goods will be new, of good and satisfactory quality and fit for the purposes for which it is intended, free from any defect or lack of conformity in design, and otherwise in strict compliance with all requirements of the Purchase Order.



14.2. The warranty period will be within 12 months from delivery and acceptance of goods. Repaired and replaced goods/parts are subject to a new warranty period of twelve (12) months as from the date when the remedied part is returned to service.

14.3. SAUDIA CARGO may notify supplier of defects discovered during the warranty period at any time provided only that it does so prior to the expiry of a period of thirty (30) working days after the end of the applicable warranty period. SAUDIA CARGO may enforce any claims and remedies relating to defects notified.

15. Compliance to Ethics and Laws:

15.1. SAUDIA CARGO conducts its business in a highly ethical manner, and Suppliers shall take all necessary steps and precautions to prevent their employees or representatives from making, offering and/or receiving any gifts (other than promotional material of a nominal value) fee, rebate and/or any other consideration or advantage of any nature to any employee or representative of SAUDIA CARGO, which could in any way influence a SAUDIA CARGO employee to act (or refrain from acting) in a manner which may will give Supplier an unfair advantage.

15.2. Supplier shall be obliged to strictly conform to all applicable standards and regulations for health, safety and environmental standards and during the execution.

15.3. Supplier shall provide SAUDIA CARGO with all information and data sheets as may be required under the applicable occupational health and safety laws and regulations of the KSA and international regulations for work include hazardous materials.

15.4. Supplier shall promptly notify SAUDIA CARGO if and when any of its employees or representative may obtain any interest (whether directly or indirectly) by way of a shareholding, partnership or in any other form of association with the Supplier, its affiliates or sub-contractor.

15.5. Any breach of any of the above provisions shall entitle SAUDIA CARGO to, without prejudice to any other rights or remedies it may have under these Standard Purchase Order Terms or the law, cancel the Purchase Order summarily, without prior notice to Supplier.

16. Confidentiality:

16.1. Supplier must maintain in strict confidence any proprietary or confidential information and material disclosed to any third parties in connection with the Purchase Order without SAUDIA CARGO prior written consent. These obligations will survive the completion or early termination of the Purchase Order.

16.2. All information and know-how including drawings, specifications, IPs and other data provided by SAUDIA CARGO in connection with the Purchase Order as well as any documents or data derived from such information and know-how must remain at all times the property of SAUDIA CARGO or its affiliate(s) (as the case may be) and may be used by the supplier only for the purpose of performing the Purchase Order. Any intellectual property rights arising from the performance of the Purchase Order will become the property of SAUDIA CARGO.

17. Indemnity and Liabilities:

Any goods or services which do not comply with the requirements of the Purchase Order will be considered to be defective and must be replaced. If the supplier does not correct the defect, then it will be considered a breach.

The supplier will indemnify and hold harmless SAUDIA CARGO, its affiliates, officers, employees, or agents, from and against any and all liabilities, claims, loss, damage, costs or expenses (including legal fees), which may arise as a result of or in connection with the supplier's breach of its obligations and/or warranties under the Purchase Order:

- a) any breach of warranty or covenant in the Purchase Order.
- b) any negligence or misconduct of Supplier, its agents or sub-contractors.
- c) any third-party claim relating to the obligations, ownership, expenses or claims flowing from loss of or damage to the property of Supplier and in respect of injury or death of any employee or representative of Supplier under the Purchase Order.

18. Force Majeure:

18.1. Force Majeure means an event or circumstance which satisfies all of the following requirements: (i) is beyond the reasonable control of the Party relying thereon; (ii) could not reasonably have been foreseen at the date of the Purchase Order ; (iii) could not have been prevented, mitigated or overcome by the affected Party (and/or any third party within the control of such Party, including any Subcontractor), acting and having acted with all due diligence and (iv) is not an act, event or condition, the risks or consequences of which the affected Party has expressly agreed to assume under the Purchase Order ; including, subject to the conditions set out herein, acts of God, war, earthquake, terrorist acts and national strikes or labour disputes. For the avoidance of doubt, factory unrest and employee strikes of any kind (except as expressly stated above), as well as production bottlenecks, or the lack of the required import licenses, or import authorizations of the authorities, lack of qualified personnel, lack of material or financial problems on the part of the affected Party shall not be deemed to be Force Majeure events.

18.2. If the performance by either Party of its obligations under the Purchase Order is, in whole or in part, prevented or delayed by reason of Force Majeure, then such Party will not be considered in default and will be excused from the performance or punctual performance, as the case may be, of such obligations, as long as and to the extent that performance of those obligations is affected by the Force Majeure. Any affected obligations, including the corresponding obligations of the Party not affected by Force Majeure, as the case may be, will be equitably adjusted; provided however that, the supplier will not be entitled to compensation for additional costs incurred by virtue of such Force Majeure.

18.3. A Party intending to seek Force Majeure relief under the Purchase Order will not be entitled to such relief unless such Party:

- a) Within three (3) days after becoming aware of the occurrence of Force Majeure, gives notice to the other Party of its intent to claim Force Majeure.

b) within ten (10) days after becoming aware of the occurrence of Force Majeure, submit to the other Party sufficient detail regarding the event or circumstance, including its causes and consequences on the performance of the Purchase Order, and all reasonable evidence serving to establish the Force Majeure; if the supplier seeks an extension of time due to Force Majeure, it must in particular provide appropriate evidence that the Force Majeure has in fact impacted the timely delivery of the goods or services;

c) Without undue delay, undertakes all reasonable steps to mitigate the effect of the Force Majeure on the performance of the Purchase Order and inform the other Party accordingly.

18.4 If delivery of any goods or services shall be expected to be delayed due to Force Majeure for a period of more than ten (10) days after the delivery date, SAUDIA CARGO shall have the option to cancel the Purchase Order upon written notice and claim a refund for any advance payments.

19. Termination and Cancellation

19.1. Termination for Cause. Without prejudice to any other rights and remedies of

SAUDIA CARGO, without liability, SAUDIA CARGO may immediately terminate forthwith the whole or part of the Purchase Order by written notice to the supplier, if (i) the supplier is in material breach of its obligations, including any breach of the Purchase Order which the supplier has failed to remedy within ten (10) days of being notified of the same by SAUDIA CARGO; (ii) the supplier does not begin performance in a timely manner, fails to make progress as per the Purchase Order

, or is otherwise in delay and fails to provide adequate assurances that delivery of the goods or services in accordance with the Purchase Order will occur in a timely manner as per the Purchase Order ; (iii) the supplier becomes bankrupt or insolvent, or makes an arrangement with its creditors, has a receiver or administrator appointed, commences winding up or similar proceedings or ceases or threatens to cease to carry on business or becomes unable to pay its debts as they fall due.

19.2. Supplier shall not be entitled to claim for any compensation or damages; other than payments for that portion of the goods or services accepted by SAUDIA CARGO prior to the date of cancellation in the event of a cancellation of the Purchase Order by SAUDIA CARGO.

20. Governing law and Jurisdiction:

20.1. The Purchase Order and any dispute in relation thereto will be governed and construed according to the laws of the Kingdom of Saudi Arabia.

20.2. In the event that a dispute was not resolved amicably, either party shall be entitled to refer the dispute to be settled through the competent court in Jeddah, Saudi Arabia.



21. Assignments and Subcontracting:

The Supplier shall not assign any of its rights under the Purchase Order without SAUDIA CARGO's written consent.

The Supplier shall not subcontract any of its obligations under the Purchase Order without SAUDIA CARGO's written consent. The Supplier shall remain responsible for the acts and omissions of the subcontractor.

22. Data Protection:

The Supplier shall comply with all applicable data protection regulations related to any personal data shared with SAUDIA CARGO under the Purchase Order.

23. Cybersecurity:

The Supplier is obligated to implement the cybersecurity requirements and policies of SAUDIA CARGO and all relevant legislative and regulatory requirements.