

# EMPLOYER'S REQUIREMENTS

## 1. SUPPLY OF EQUIPMENT AND MATERIALS

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- 1.1. The Contractor shall procure equipment and materials for the Project needed for the construction of the Plant from Vendors outside Pakistan and provide the transportation including ocean, in land or other means of shipment thereof from Vendors Shop to the destination port on CFR basis.
- 1.2. It is agreed between the Owner and the Contractor that for the purposes of custom duties and customs exemption, all materials, equipment and machinery imported for the Project shall be solely in the name of the Owner. Custom clearance shall be undertaken by the Owner; however, Contractor to submit all relevant documents, necessary for custom clearance at the time of shipment of equipment from the country of origin.
- 1.3. Anything in this Contract or any other documents, invoices, purchase orders, shipping documents and the like notwithstanding, full title to, right to possession of and risk of loss or damage for equipment and materials provided by the Contractor, shall pass to the Owner upon the issuance of the Taking Over Certificate, provided that passage of title to the Owner shall not affect the Contractor's liabilities and obligations to perform under this Contract.
- 1.4. Ordering of all material, including but not limited to, steel structure profiles, instrument cables, electrical cables, connectors, piping and fittings, gaskets, stud bolts with nuts, etc. to be ordered with margins for wastage during installation as per the experience of the Contractor, so as to save time of reordering and deliveries.
- 1.5. Contractor to specifically order 5% commissioning spares over and above the required quantity.
- 1.6. Contractor to arrange spares and material for pre-commissioning activities, as per the experience of the contractor.

## 2. PROCUREMENT PROCEDURE

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- 2.1. Detailed procedure for procurement of materials to be shared by the Contractor with the Owner.
- 2.2. Procedure to be duly reviewed and all changes mentioned by the Owner to be incorporated.
- 2.3. Procedure to be finalized only post approval of the Owner or their Representative.
- 2.4. Procurement procedure to include all standard processes and industry best practices.
- 2.5. All proposals to be taken from and final orders to be placed to vendors, suppliers, sub-suppliers mentioned in the Approved Vendor List (Annexure A)
- 2.6. Any material for which suppliers or vendors are not mentioned in the Approved Vendor List, to be suggested by the Contractor, for review by the Owner.
- 2.7. Vendor or Supplier for material can only be finalized once clear approval is received from the Owner.
- 2.8. All details for RFQs to be floated by the Contractor, should be shared with the Owner for information.
- 2.9. All correspondence with the vendors for clarification of technical details of material to be shared with the Owner for review and approval.

- 2.10. Final proposals, post technical clarifications to be shared with the Owner along with decision for final order.
- 2.11. Once the Owner / Owner's representative approves the order, only then should the Contractor place the order to the supplier or vendor.
- 2.12. While all vendors in the approved vendor list may be utilized for placing orders and supplying material for majority items, only the recommended top vendors shall be utilized for placing orders for two major critical process circuits: Feed lines for Ethylene and Chlorine

### **3. MATERIAL SHIPMENT AND PACKING**

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- 3.1. The Parties agree that the Contractor shall provide transportation for all Imported Plant and Imported Materials from the place of manufacture to the port of loading, and shipment from port of loading to port of discharge at Karachi, Pakistan on a CFR basis and shall arrange for the shipment and delivery of the Plant and Materials in a timely manner and in accordance with the agreed shipments schedule / program. The Owner or its relevant Contractors shall be responsible for receiving such Imported Plant and Imported Materials at the port of discharge and arranging for their Customs Clearance and delivery to the Site, provided that the Contractor shall make available at least one (01) representative, if required by the Owner, to accompany the Owner's or its Contractor's representatives to the destination port for the purpose of clearing the Imported Plant and Imported Materials through Customs.
- 3.2. Unless agreed otherwise in writing :
  - a) the Contractor shall give the Owner not less than twenty-one (21) Days' notice of the date on which any Imported Plant or Imported Materials will be shipped from the port of loading, along with the description of such Imported Plant and Imported Materials and the point and means of dispatch and all such documents as may be necessary for the Owner to arrange the clearance of such Imported Plant and Imported Materials through Customs at the port of discharge;
  - b) the Contractor shall be responsible for packing, loading, and transporting all Imported Plant and Imported Materials; and
  - c) the Contractor shall be responsible for the payment of insurance costs (other than marine insurance), any shipment and transportation charges and costs for delivery of the Imported Plant and Imported Materials to the port of loading and any fees, charges expenses and costs of any nature whatsoever applicable to the transportation (sea freight) and delivery of the Imported Plant and Imported Materials to the port of destination, other than Taxes relating to the import of such Imported Plant and Imported Machinery into Pakistan.
- 3.3. The Contractor shall be liable to pay for any demurrages, charges or additional Taxes relating to import of the Imported Plant and Materials as may be imposed by any Person or Competent Authority as a result of a failure by the Contractor to provide the Owner with sufficient or proper documentation as given below, required to arrange clearance of the Imported Plant and Imported Material through customs in a timely manner:
  - a) complete sets of bills of lading;
  - b) commercial invoices;
  - c) certificates of origin;
  - d) packing lists;
  - e) factory acceptance test reports, where applicable; and
  - f) any other document required by Owner

- 3.4. The Contractor shall provide draft commercial invoice, packing list, bill of lading, and certificate of origin through e-mail to the Owner, fifteen (15) days prior to making each shipment, for Owner's review and comments, if any.
- 3.5. The packing and delivery of the Imported Plant and Imported Materials shall be undertaken by the Contractor in such manner as may be required to prevent the damage and deterioration of the Imported Plant and Imported Materials during transit and transportation to the Site. The packing of the Imported Plant and Imported Materials shall be appropriate for the relevant transportation mode (including water-proof, moisture-proof and anti-corrosion treatment) in order to withstand, without limitation, rough handling during transit and exposure to extreme temperature, salt and precipitation during transit and open-air storage.
- 3.6. Marking of all Imported Plant and Imported Materials shall be in accordance with the marking system approved by the Owner pursuant to the Kick-Off Meeting. The relevant item number and order number shall be mentioned in all correspondence in connection with each shipment, together with the relevant marking.
- 3.7. Marking of all Imported Plant and Imported Materials in accordance with Clause (# of above clause to be inserted) shall be consistently used in all documentation to be delivered by the Contractor, such as (where applicable) operations instructions, lists of wear and tear parts and drawings.
- 3.8. Prior to shipment of any Plant or Materials, the Contractor shall, at the Owner's request, allow a third party inspector appointed by the Owner to inspect such Plant and Materials in order to verify that the requirements of this Agreement relating to packing and marking are satisfied and to verify the condition of such items of Plant and/or Materials, at the Owner's cost and expense.
- 3.9. All items being shipped to be packed adequately as per requirement of OEM for fragile and robust materials.
- 3.10. Appropriate packing materials to be utilized to ensure safe transport of all items to the construction site in their original / desired condition.
- 3.11. Supplier shall consider that the equipment can be involved in several loading and unloading operations; that the shipment may involve truck, rail, ship, barge, or air transportation; and that there may be prolonged periods of storage or idleness before the items are put into service.
- 3.12. All machined surfaces and threaded connections shall be protected by coating with rust preventative.
- 3.13. The Contractor shall be responsible for loading and anchoring structures to prevent any damage during shipment.
- 3.14. Metal Structure material delivered shall be weighed on EPCL's weighbridge, which shall be the final weight considered as per requirement.
- 3.15. The material shall be unloaded from the trailer by the contractor in the appropriate storage location provided at site fulfilling adequate storage requirements.
- 3.16. Material shall be delivered such that unloading and rigging activities are performed during daylight.
- 3.17. Once material is received at site, all packing material it is to be disposed off by the contractor.

#### **4. QUALITY ASSURANCE AND QUALITY CONTROL**

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- 4.1. Contractor to submit detailed Quality Inspection Plan (QIP) for all materials being procured.
- 4.2. Due diligence checks for Contractor's suppliers and vendors to be ensured and included in QIP.
- 4.3. Material being procured to have all relevant confirmation certifications like MTCs, 3<sup>rd</sup> party certificates, QA and QC certificates for manufacturer's checks.
- 4.4. Material being procured to be available for Factory Acceptance Testing (FAT) where required.
- 4.5. Material procured to be tested and to undergo Site Acceptance Testing (SAT). Major items like piping, valves, structure profiles, instrumentation, control valves, cables and accessories, electrical cables and accessories, electrical equipment etc., in the presence of a Company representative.
- 4.6. All manual valves to undergo 100% hydrotesting upon being received at site, in presence of a company QA/QC representative.
- 4.7. The quality management assurance procedure shall be submitted to Company for review and approval; 100% compliance to which shall be the responsibility of Contractor.
- 4.8. The Contractor shall, within the confines of the Agreement, allow the Company's QM auditors full access to personnel, documentation and records for the purpose of conducting "Quality Management" audits. If non-conformities are identified during such audits, the Contractor shall undertake the corrective actions as required by the QM auditors within agreed time limits.
- 4.9. It shall be the Contractor's responsibility to incorporate provisions similar to those described above into subcontracts and to include provision for the Company to approve and carry out QA audits on Subcontractors.
- 4.10. Non-conformance to quality plan and agreed procedures shall result in Company issuing an NCR (non-compliance report). In case of high number of NCRs/extended non-closure of NCRs, Contractor shall be penalized.
- 4.11. Any defective items to be replaced free of cost, post SAT.
- 4.12. The Company shall reserve the right to retest any equipment on its own cost.

#### **5. OFFSHORE PROJECT MANAGEMENT**

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- 5.1 Offshore Project Management shall include, but not be limited to, a detailed plan for procurement including hold points and check points to manage the program.
- 5.2 A detailed shipment / delivery and procurement level-IV schedule and plan shall be shared by the Contractor with the Company, post adequate reviews by representatives of the Company.
- 5.3 Weekly reports to be submitted for the current status of procurement for each item, to be shared by the Contractor, along with a real time update on the level-IV delivery schedule and final dates based on actual deliveries.
- 5.4 If there are delays seen, a complete catch-up plan to be presented to the Company to ensure the delivery of each is met.
- 5.5 The Contractor shall perform outside Pakistan at his home office all planning, services for procurement, inspection and expediting transportation. During the tenure of the procurement in the Contractor's or his subcontractor's home office, the Owner shall have

representative(s) with full authority to act on its behalf, stationed in the Contractor’s or his subcontractor’s home office. The Contractor shall, to a reasonable extent, provide or cause to be provided to representatives of the Owner, the necessary office space, as stated below, related telephone (excluding overseas telephone), office supplies, computers (03), photocopying facilities, email and Internet, out of pocket expenses for such items as the representatives, transportation, travel, living, accommodation, telephone and similar expenses shall be paid for directly by the Contractor and shall be reimbursed by the Owner.

## **6. ANNEXURES**

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Annexure A.	Approved Vendor List
Annexure B.	Preliminary Data
Annexure C.	Procurement Schedule (Contractor)
Annexure D.	Site Meteorological Data
Annexure E.	Codes and Standards
Annexure F.	EPCL - Contractor Scope Split
Annexure G.	Technical Queries – Confirmations
Annexure H.	Project Timeline (Contractor)