



GENERAL TERMS AND CONDITIONS OF SALES

SUMMARY: THIS DOCUMENT SETS OUT THE GENERAL TERMS AND CONDITIONS FOR SALES AND IS APPLICABLE TO ESTIMATES, QUOTATIONS AND PROPSALS ISSUED BY ARMSCOR AND SALES CONTRACTS SUPPLIED BY CUSTOMERS.

DATE OF APPROVAL OF THIS ISSUE: 26 OCTOBER 2015

APPROVAL PAGE



COMPILED BY: M.E. VERSTER
ASSISTANT MANAGER
CORPORATE FINANCE

13 October 2015

DATE



RECOMMENDED BY: V. SEEKOE
SENIOR MANAGER: FINANCIAL ACCOUNTING
CORPORATE FINANCE

13/10/15

DATE



SUPPORTED BY: J.G. GROBLER
CHIEF FINANCIAL OFFICER
ARMSCOR

20/10/2015

DATE



SUPPORTED BY: ADV. V.C.C. RAMPHELE
GENERAL MANAGER: CORPORATE COMPLIANCE
ARMSCOR

20/10/2015

DATE

**SUBMISSION APPROVED
BY THE EXECUTIVE COMMITTEE**

ON 26 October 2015

SECRETARY - ARMSCOR

TO BE APPROVED BY ARMSCOR EXECUTIVE COMMITTEE (EXCO)

AMENDMENT HISTORY

Doc Issue	Date	Amendments	Doc change proposal No.	CM Conformance	
				Name	Initials
001	26/10/2015	Release	N/A	Khoza	MO

LIST OF CONTENTS

1.	Definitions	6
2.	Scope of the contract	6
3.	Arm Scor's responsibility	6
4.	The clients' responsibilities to Arm Scor	7
5.	Payments and conditions of payments	8
6.	Duration of the engagement	8
7.	Ownership of documents and copyright	8
8.	Violation of contract and cancellation	9
9.	Settlement of disputes	9
10.	Security measures and disclosure of information	9
11.	Force majeure	9
12.	Cession of contract	10
13.	Alterations to the contract	10
14.	Additional remuneration for alterations to the assignment or services	10
15.	Applicable law and interpretation	10
16.	Indemnity	10
17.	Appendices	11
18.	Special terms and conditions of contract	11

19.	Priority of documents	11
20.	Notices and domicile	11
21.	Validity period of quotation / proposal / estimate	11
22.	Intellectual property	11
23.	Only applicable to Hazmat Protective Systems	11
24.	Only applicable to Gerotek Training	12
25.	Only applicable to Gerotek Events	12
26.	Only applicable to Gerotek Testing	13



A-STD-0070 GENERAL TERMS AND CONDITIONS OF SALES

1 DEFINITIONS

In these terms and conditions, the expressions defined below shall have the meanings assigned to them unless contrary to or inconsistent with the context of the proposal, quotation or sales contract:

- 1.1 **"Agreement"** means the proposal, quotation or sales contract and these terms and conditions when read together.
- 1.2 **"ARMSCOR SOC LTD"** means Armaments Corporation of South Africa SOC Limited, established by the Armaments Corporation of South Africa Limited Act, 2003 (Act 51 of 2003), as amended with Registration number 1968/008611/30 and its department, divisions and subsidiary companies.
- 1.3 **"Assignment"** means the task allocated to Armscor to deliver goods or services by a client.
- 1.4 **"Client"** means the person or organisation using the services of Armscor.
- 1.5 **"Contract"** means an agreement which creates, or is intended to create, a legal obligation between the parties to it.
- 1.6 **"Goods / Services"** means the outcome of the assignment by a client to Armscor.
- 1.7 **"Project"** means the delivery of supplies/product, services to be rendered and the work to be done by Armscor in terms of the sales contract/agreement.
- 1.8 **"Proposal / Quotations / Estimates"** means a written offer by Armscor for the delivery of goods or services and these terms and conditions.
- 1.9 **"Sales contract"** means official sales order/agreement issued to Armscor for the supplies or the work, which is subject to these conditions and includes any amendment of the sales order/agreement.

2 SCOPE OF THE CONTRACT

- 2.1 The terms and conditions set out in this document shall be included in all sales contracts, quotations and proposals issued by Armscor and form the entire and only agreement (hereinafter referred to as the 'contract') between ARMSCOR SOC LTD and its divisions, hereinafter referred to as Armscor, and the client, and may be contained in the main body or in an appendix/appendices of the sales contract, quotation or proposal document.
The contract may make provision for the delivery of services/goods (hereinafter referred to as the 'services') by Armscor, and the matter/project to which it relates is hereinafter referred to as the 'assignment'.

3 ARMSCOR'S RESPONSIBILITIES

- 3.1 Armscor shall demonstrate to the client that Armscor's obligations under the contract have been carried out.
- 3.2 Armscor shall, upon the exclusion of part of the services or the postponement or abandonment of part of the assignment, under clauses 16 to 19 hereof, proceed in an orderly manner but with all reasonable speed and economy to take such steps as are necessary to bring to an end the services or part thereof concerned.
- 3.3 Armscor may, under clause 3 of this contract, recommend that specialist suppliers and/or contractors carry out a certain part or certain parts of the assignment. In such circumstances Armscor shall co-ordinate the execution of such services with the execution of the services under this contract, but Armscor shall be relieved of all liabilities and responsibilities in connection with the services rendered by such suppliers or contractors.
- 3.4 Armscor shall designate an individual to act as its representative in respect of the assignment and such individual shall have authority to transmit information to the client and to interpret and define Armscor's policies and decisions relating to the contract, the services or the assignment, as well as to receive information from the client on behalf of Armscor.

4 THE CLIENT'S RESPONSIBILITIES TO ARMSCOR

- 4.1. The client shall make available to Armscor all relevant information or data pertinent to the assignment that is required of Armscor, and instruct Armscor fully in writing as to the client's total requirements in connection with the assignment. Armscor shall be entitled to rely on the accuracy and completeness of such information and data furnished by or through the client, including information and data originating with the client's other consultants or specialists, whether such consultants or specialists are engaged at the request of Armscor or otherwise. Where such information or data originates either with the client or with the client's consultants or specialists, Armscor shall not be responsible to the client for the consequences of any error or omission contained in such information or data.
- 4.2. When required by Armscor and upon proper motivation by Armscor, the client shall engage or otherwise make available specialist suppliers and/or contractors to perform services or deliver specific contributions required by Armscor and as indicated by Armscor in order to complete the assignment.
- 4.3. The client shall give consideration to all proposals, reports, sketches, drawings and other documents relating to the assignment and presented to it by Armscor and, whenever prompt action is necessary, inform Armscor of its decisions within a reasonable time so as not to delay the services.
- 4.4. The client shall reasonably arrange and make provision for Armscor's entry and ready access to any public or private property, facilities, personnel as well as information required by Armscor to perform the services and complete the assignment.
- 4.5. The client shall designate an individual to act as its representative in respect of the assignment and such individual shall have authority to transmit instructions to Armscor and to interpret and define the client's policies and decisions relating to the contract, the services and/or the assignment, as well as to receive information from Armscor on behalf of the client.
- 4.6. Whenever the client or its representative becomes aware of any defects or deficiencies in the services or any related outputs, Armscor shall be given prompt notice thereof in writing .

- 4.7 The client undertakes not to enter into contracts in connection with the assignment which describe services and responsibilities of Armscor which is inconsistent with the services described herein, without obtaining Armscor's prior written agreement thereto.

5. PAYMENT AND CONDITIONS OF PAYMENT

- 5.1 The client shall remunerate Armscor for the discharge of the services and for all disbursements and expenses actually and necessarily incurred by Armscor or its appointed subcontractors in accordance with the methods and conditions set out in the contract and in any appendices to the contract. Should the method and conditions of payment be revised during the duration of the engagement of Armscor, the revised method and conditions of payment shall be applicable to all phases of the assignment starting at or after such revision. The method and conditions of payment ruling before such revision shall be applicable to all phases of the assignment that have started prior to the revision, including phases not completed at the time of the revision. Armscor should be notified of such revised method of payment.
- 5.2 The client shall submit a credit application and 30-day payment terms are subject to credit approval.
- 5.3 Armscor shall be paid upon submission of an invoice to the client. Payment shall be within thirty (30) days of date of invoice.
- 5.4 Invoices shall be supported by a description of the services rendered by Armscor under this contract and shall include information relevant to the assignment and the contract.

6. DURATION OF THE ENGAGEMENT

- 6.1 The appointment of Armscor shall commence from the date stated in the written acceptance of the contract, or from the date stated in any written order or instructions to proceed with the services, whichever date is the earlier, and shall remain in force until the assignment has been completed or until the engagement has been terminated under these General Terms and Conditions of Contract.
- 6.2 The client is entitled to terminate the appointment of Armscor under this contract at any time during the existence thereof, by giving Armscor sixty (60) days' notice in writing.
- 6.3 Notwithstanding the terms of clause 16 hereof, the client is entitled to cancel, abandon or postpone any part of the assignment or the services during the duration of the engagement by giving Armscor sixty (60) days' notice in writing if this action can be motivated as being within reasonable grounds.
- 6.4 Any termination of or changes to the appointment of Armscor shall not prejudice or affect the accrued rights or claims of either party to this contract.

7. OWNERSHIP OF DOCUMENTS AND COPYRIGHT

- 7.1 In accordance with the relevant clause of the Copyright Act (Act 98 of 1978) relating to the assignment, all documents prepared by either party or by others appointed by the parties in connection with the assignment, remain the property and copyright of the originating party, subject to their use by either party for the particular assignment to which the contract relates, and neither party shall be entitled, either directly or indirectly, to make use of such documents for the carrying out of any additional or similar assignment except with the prior consent of the originating party.
- 7.2 If the parties agree in writing to transfer the copyright from the originating party to the other party, then the originating party shall not be liable (either delictually or contractually) to the

party receiving the copyright or to any other party whatsoever, due to the use of the originating party's documents for any assignment other than that described under this contract, and the receiving party indemnifies the originating party against any claim whatsoever that is lodged against the originating party by any party due to the use of such documents for such other purposes as described in the foregoing.

8. VIOLATION OF CONTRACT AND CANCELLATION

- 8.1 In the event of the failure of any party to comply with its obligations under this contract, or in the event of such failure in the opinion of the other party, the aggrieved party is entitled to notify the other party in writing of such failure and to request the other party to rectify the failure, and in the event of no rectification within a period of twenty-one (21) days after date of such notice, the aggrieved party is entitled to cancel part of or the whole of the contract. Such cancellation shall not prejudice or affect the accrued rights or claims of either party to this contract.

9. SETTLEMENT OF DISPUTES

- 9.1 Either party may request that any dispute or difference arising out of this contract be referred by the parties, without legal representation, to mediation by a single mediator. If the parties agree to mediation then the mediator shall be selected by agreement between the parties or, failing such agreement, to be nominated by a mutually respected neutral party. The written opinion expressed by the mediator should be accepted by both parties, unless and until otherwise ordered in arbitration proceedings referred to in clause 23. The mediator shall formulate his costs in respect of the mediation and these shall be borne equally by the parties to the contract.
- 9.2 If either party is dissatisfied with or unwilling to accept mediation or an opinion expressed by the mediator then either party may, by written notice served upon the other, within three (3) calendar months of the date of declaring a dispute in the case of no mediation taking place, or within three (3) calendar months of the date of the mediator's decision, require that the dispute be referred to arbitration by a single arbitrator to be mutually agreed upon or, failing agreement, to be nominated on the application of either party by the President of the Arbitrators Association. In all respects the arbitration shall be in accordance with the rules published by the Arbitrators Association of South Africa. The decision of the arbitrator shall be final and binding on the parties.

10. SECURITY MEASURES AND DISCLOSURE OF INFORMATION

- 10.1 The parties undertake not to disclose information related to the contents of the contract to any third party without the written approval of the other party.

11. FORCE MAJEURE

- 11.1 The time for completion of the assignment will be extended in respect of any period of delay which Armscor can prove to the satisfaction of the client to be directly due to strikes, accidents to machinery, fire, floods, tempest or any other cause which could not be foreseen or overcome by Armscor by exercising reasonable care and caution. In such cases of delay the time for completion of the assignment or that part of the assignment which is affected by the delay will be extended for such period as may be reasonably required to remove the causes of the delay. Armscor will inform the client in writing of the causes of any such delay within a reasonable period following the commencement of the delay and indicate the extension required. Armscor shall do its utmost to avoid or remove any cause of delay and shall continue performance in accordance with the contract on those parts of the assignment

not affected by the delay. Armscor shall restart work on any delayed portion of the assignment as soon as the causes for the delay are removed.

12. CESSION OF CONTRACT

- 12.1 Neither party to the contract shall have the right to cede, delegate, assign or transfer the benefit or obligation of the contract or any part thereof without the written approval of the other party, which approval shall not be unreasonably withheld. The parties to this contract shall, however, be entitled at any time to make changes in their directorates or partnerships, and such changed directorates or partnerships shall thence be deemed to be included in the expressions "client" or "Armscor".

13. ALTERATIONS TO THE CONTRACT

- 13.1 No variation, modification or waiver of any provision of this contract or consent to any departure therefrom shall in any way be of any force or effect unless confirmed in writing and signed by both the parties, and then such variation, modification, waiver or consent shall be effective only in the specific instance and for the purpose and to the extent for which it was made or given.

14. ADDITIONAL REMUNERATION FOR ALTERATIONS TO THE ASSIGNMENT OR SERVICES

- 14.1 In the event of circumstances arising other than force majeure which could not have been reasonably foreseen by Armscor or in the event of the client altering the scope of the assignment or services necessitating alterations to completed parts of the assignment, or alterations to parts of the assignment which are still in progress and being worked on, and which also require the alteration or re-composition of any documentation prepared in whole or in part by Armscor, the whole of the cost of revising, amending or reproducing such documents to bring the status of the assignment up to the stage at which it was modified shall be the subject of additional remuneration, based on the methods and conditions set forth in the contract and in any appendices to the contract.

15. APPLICABLE LAW AND INTERPRETATION

- 15.1 The contract shall be interpreted and explained under the Law of the Republic of South Africa.
- 15.2 The headings used in the contract are for convenience only and shall not be taken into consideration for the purposes of interpretation.
- 15.3 Unless inconsistent with the context, an expression which denotes:
- Gender includes the other gender;
 - A natural person includes a juristic person and vice versa;
 - The singular includes the plural and vice versa.

16. INDEMNITY

16.1 The client shall be solely responsible for and hereby indemnifies and holds Armscor free and harmless from any claims arising from the actions of the client, its representatives, agents or employees in any way sustained in connection with or by reason of the execution of this contract, unless such claim is the result of the negligence of Armscor, its employees, agents or representatives.

17. APPENDICES

17.1 Any appendices to the contract shall form an integral part of the contract.

18. SPECIAL TERMS AND CONDITIONS OF CONTRACT

18.1 Any special terms and conditions of contract shall be included in an appendix to the contract.

19. PRIORITY OF DOCUMENTS

19.1 Should there be any contradictions between the General Terms and Conditions of Contract and the contract, including any appendices to the contract, the General Terms and Conditions of Contract shall have priority.

20. NOTICES AND DOMICILIUM

20.1 The parties choose the addresses stated in the contract as their respective domicilia citandi et executandi. Delivery of all contract deliverables and correspondence shall be to these addresses.

21. VALIDITY PERIOD OF QUOTATION / PROPOSAL / ESTIMATE

21.1 The contract shall be valid for the period stated in the contract or any appendices to the contract.

22. INTELLECTUAL PROPERTY

22.1. The client acknowledges that any and all of the intellectual property rights (including inventions, patents, trademark and copyright) and the know-how used or embodied in, or in connection with, the services (including the user guide) shall remain the sole property of Armscor. In the event that new intellectual property is generated or arises, or that the invention (product) evolves as a consequence of the performance, or as a result of this agreement, the client acknowledges that all intellectual property rights therein shall belong to Armscor, unless otherwise agreed to in writing.

23 *Only applicable to HAZMAT PROTECTIVE SYSTEMS:*

23.1. Payment is to be made 30 (thirty) days from date of invoice, free of bank exchange or any other set off or deduction, unless otherwise agreed to in writing by the parties.

23.2. When goods are delivered in instalments, invoices relating to separate deliveries shall be paid 30 days from date of invoice and no payment shall be postponed until such time as all the goods ordered have been delivered.

- 23.3. Unless the client notifies Armscor in writing within 24 (twenty-four) hours of delivery of the goods that such goods are defective, short delivered, not in accordance with the order or damaged, or that any other discrepancy exists in regard thereto, Armscor shall not be liable for any of the aforesaid discrepancies: provided that such notification shall have no other probative value.
- 23.4. Notwithstanding that all risk in and to all goods sold by Armscor to the client shall pass on delivery, ownership in all goods sold and delivered shall remain vested in Armscor until the full purchase price has been paid, and in the event of a breach of these terms and conditions by the client or if the client is sequestrated or placed under liquidation or judicial management or commits any act of insolvency or enters into any compromise with its creditors or fails to satisfy a judgment granted against it within 7 days of the date of judgment or changes the structure of its ownership, Armscor shall, without prejudice to any further rights vested in it, be entitled to take possession of the goods.
- 23.5. All goods returned must be complete, clean, saleable and undamaged and, where applicable, in their original packaging.
- 24. *Only applicable to GEROTEK TRAINING:***
- 24.1. This proposal/quotation is valid until 31 March of each year from date of issue.
- 24.2. All proposals/quotations will only be accepted once written confirmation is received from the client.
- 24.3. All participants will be required to sign an indemnity form.
- 24.4. Additional costs such as fuel, oil, etc. have not been included and will be charged separately per usage and added onto the final invoice.
- 24.5. For clients with an approved credit limit, a written confirmation in the form of purchase order or e-mail, is required before commencement of training.
- 24.6. For all COD clients, full payment is required before commencement of training.
- 24.7. Cancellations must be received (10) ten working days prior to the date of training.
- 24.8. All cancellations must be submitted in writing. In the event of a late cancellation actual expenses incurred, will be charged.
- 24.9. Cancellations received (5) five working days before the date of training will be considered late cancellations and will incur the charges as stipulated above.
- 24.10. Gerotek Training reserves the right to include into the final invoice costs for additional equipment or support, requested through the course of the training, which may not be included in this costs structure.
- 24.11. The Facilitator may alter the programme based on amongst others, prioritisation, track availability or other necessitating considerations.
- 24.12. Unless otherwise discussed with Gerotek, the client will provide own training vehicles.

25. Only applicable to GEROTEK EVENTS:

- 25.1. This proposal is valid for 14 (fourteen) days only from date of issue.
- 25.2. No discount will be given should fewer people attend than has been agreed to in this contract.
- 25.3. Catering cost will increase pro rata should more people attend than was provided for in the contract.
- 25.4. All participants will be required to sign an indemnity form.
- 25.5. Additional costs such as fuel, oil, etc. have not been included and will be charged separately per usage.
- 25.6. Soft-drinks or alcoholic beverages have not been included in the costing. These will be charged separately.
- 25.7. Written cancellations must be received five (5) working days prior to the function.
- 25.8. In the event of a late cancellation, a fee of 40% or actual expenditure, whichever is the greater of the total function cost will be charged.
- 25.9. Additional equipment or support, requested through the course of the event, will be charged separately.
- 25.10. The full amount is payable before commencement of the event. Consumables will be invoiced after completion.

26. Only applicable to GEROTEK TESTING

- 26.1. Test and preparatory work shall only commence after receipt of a valid order or letter of undertaking.
- 26.2. Reservation for the use of specific equipment and/or test dates shall be finalized upon receipt of written confirmation. Where the necessary authorization for the execution of work has not been received in sufficient time for the work to be executed according to the reservation, delays may occur while other scheduled work is completed.
- 26.3. Cancellation of scheduled work shall take place five (5) working days prior to commencement of the scheduled test. Gerotek reserves the right to claim an amount of 10% for loss of potential income because of late cancellations of scheduled tests.
- 26.4. The use of any of Gerotek's facilities, equipment or services and entering the premises is at the client's own risk and the client shall indemnify Gerotek against any liability for claims arising out of loss of life, physical injury, damage or loss of property.
- 26.5. Unless otherwise stated in this contract, the client accepts responsibility for delivery to and collection of test items at Gerotek Test Facility. Additional transportation costs incurred by Gerotek shall be for the account of the client.

- 26.6. Any item or equipment left at Gerotek shall be at the client's own risk. Gerotek cannot guarantee that items will not be damaged or destroyed during tests. Gerotek cannot be held responsible for any damage to or loss of the client's equipment, regardless of the extent of such damage or loss incurred. For this reason, clients must insure their equipment against all risks, including fire, theft and accident damage in the period during which the equipment is on Gerotek's premises.
- 26.7. Where a retest is necessary owing to test items or equipment not passing the original test, or where repairs or changes had to be undertaken, the continuation conditions shall be renegotiated by the contracting parties.
- 26.8. Gerotek reserves the right to terminate a test at any time if it appears that the continuation of the test will cause damage to the test sample without contributing to the end results.
- 26.9. Test instrumentation and other aids supplied by the client shall be used at the client's own risk. If it should appear that the above-mentioned items are defective and that a retest is necessary, renegotiations shall be entered into by the contracting parties for the retest.
- 26.10. Where unforeseen problems arise, or where it is clear that specialized equipment is required, Gerotek has the right to renegotiate the contract. This shall also be applicable where Gerotek is requested to test beyond the bounds of the agreement.
- 26.11. Fuel, oil, lubricants or repair costs are excluded from the total quoted cost and will be invoiced separately.
- 26.12. Test items have to be collected within three (3) months after testing. If not collected, Gerotek will dispose of such equipment.
- 26.13. Unless otherwise stated, the validity of Gerotek's contract shall be 60 days. Where commencement of the tests are delayed by six (6) months or longer after acceptance of the contract, for whatever reason, the provisions of the contract shall be reviewed.