

ACERO BUILDING SYSTEMS

# GENERAL TERMS AND CONDITIONS

TOTAL SOLUTIONS FOR CUSTOMIZED STEEL BUILDINGS

 **ACERO**  
BUILDING SYSTEMS

**These General Terms and Conditions are established by Acero Building Systems (hereby referred to in this document as ACERO) to govern the sale of Customized Steel Buildings and auxiliary products and services.**

## **1. NEW ORDERS**

Orders are placed after ACERO submits a written proposal, also known as a quotation or offer to the customer. Proposals may be revised until all technical and commercial matters are agreed upon by both the customer and ACERO.

Once all matters are agreed upon and are included in a final revised ACERO proposal, the customers' authorized representative and ACERO's authorized sales representative must sign a standard contract. A blank form of this contract is attached to all ACERO proposals.

## **2. ORDER ACCEPTANCE**

Only signed and dated contracts are accepted at ACERO. Accepted orders are entered in a sales register maintained by ACERO's project management department.

Incomplete orders are placed on hold until the order is complete. Customers are informed of the "on hold" status directly by ACERO project management department or through the authorized ACERO sales representative.

## **3. STANDARD PAYMENT TERMS**

### **3.1 Letter of credit**

Payment of the full contract price is by a sight irrevocable confirmed letter of credit (LC). The validity period for the LC is to be established at the time of signing the contract.

The minimum validity period of the LC shall be 90 days for shipment and an additional 21 days for presentation of LC documents. For example, if the latest date for shipment is the 5<sup>th</sup> of January, then the LC expiry date shall be the 26<sup>th</sup> of January.

### **3.2 Beneficiary name**

The beneficiary shall be:

"Acero Building Systems"

### **3.3 Correspondent Bank**

ACERO's correspondent bank in the UAE shall be documented in the proposal or pro forma invoice.

### **3.4 Description of goods**

Description of the material supplied by ACERO shall be "Steel Building Components" as per ACERO's proposal No. XX-XXXX Rev. "X" dated dd/ mm/yyyy.

### **3.5 Insurance of ACERO's material**

Insurance of the material supplied by ACERO is the responsibility of the customer and shall be covered by the customer.

### **3.6 Supply to job site, overland shipment (UAE destinations)**

The LC value is payable according to and against presentation of the documents specified: A down payment of 20% of the LC value is paid upon receipt of the LC and against presentation of the beneficiary's sight draft and commercial invoice to the negotiating bank. The balance of the LC amount is paid against presentation of:

- Sight draft drawn on negotiating bank
- Commercial invoice
- Packing list
- Trucking consignment note issued by the trucking company confirming receipt of the material for further delivery to the job site

Other terms:

- Partial shipment must be allowed
- Negotiating and advising bank charges are borne by the beneficiary
- Opening and issuing bank charges are borne by the customer/applicant

### **3.7 Supply to job site, overland shipment (GCC countries and Middle East destinations)**

The LC value is payable according to and against presentation of the documents specified: A down payment of 20% of the LC value is paid upon receipt of the LC and against presentation of the beneficiary's sight draft and commercial invoice to the negotiating bank. The balance of the LC amount is paid against presentation of:

- Sight draft drawn on negotiating bank
- Commercial invoice
- Packing list
- Trucking consignment note issued by the trucking company confirming receipt of the material for further delivery to the job site
- Certificate of origin, issued by the Chamber of Commerce, showing origin of goods

Other terms:

- Partial shipment must be allowed
- Negotiating and advising bank charges are borne by the beneficiary
- Opening and issuing bank charges are borne by the customer/applicant
- LC must be confirmed, and all confirmation charges are borne by the customer/applicant
- The original documents (most common are the commercial invoice, packing list, trucking consignment note and certificate of origin).

### 3.8 Supply Ex-works ACERO factory

The LC value is payable according to and against presentation of the documents specified: A down payment of 20% of the LC value is paid upon receipt of the LC and against presentation of the beneficiary's sight draft and commercial invoice to the negotiating bank.

The balance of the LC amount is paid against presentation of:

- Sight draft drawn on negotiating bank
- Commercial invoice
- Packing list
- Material dispatch note issued by the beneficiary and countersigned by an authorized representative of the customer confirming receipt of materials (in the case the material dispatch note is not signed by the customer within 14 days from its issue date, then the beneficiary is permitted to claim the LC without countersignature of applicant), OR

Notice sent by beneficiary to the applicant through appropriate channels (fax, email, registered mail, etc.), up to 10 days prior to shipment date, informing that the material is ready for shipment and requesting for customer pick up. If trucks are not made available on shipping date, beneficiary is allowed to submit copies of the invoice, certificate of origin (if applicable), packing list and material dispatch or "Notice" to the negotiating bank for negotiation.

Other terms:

- Partial shipment must be allowed
- Negotiating and advising bank charges are borne by the beneficiary
- Opening and issuing bank charges are borne by the customer/applicant
- LC must be confirmed, and all confirmation charges are borne by the customer/applicant
- The original documents (most common are the commercial invoice, packing list and material dispatch note or "Notice") are submitted to negotiating bank for negotiation.

### 3.9 Supply CFR destination port, sea shipment (all destinations)

The LC value is payable according to and against presentation of the documents specified: A down payment of 20% of the LC value is to be paid upon receipt of the LC and against presentation of the beneficiary's sight draft and commercial invoice to the negotiating bank.

The balance of the LC amount is paid against presentation of:

- Sight draft drawn on negotiating bank
- Commercial invoice
- Certificate of origin, issued by the Chamber of Commerce, showing origin of goods
- Packing list
- Bill of lading

Other terms:

- Partial shipment must be allowed and transshipments must be allowed
- Negotiating and advising bank charges are borne by the beneficiary
- Opening and issuing bank charges are borne by the customer/applicant

LC must be confirmed, and all confirmation charges are borne by the customer/applicant

#### 4. APPROVAL OF ACERO DRAWINGS

When requested by the customer, or considered necessary by ACERO, approval drawings are prepared to ensure that ACERO's interpretation of all the customers' requirements are accurate.

If the building is joined, or part of an existing building, ACERO will not issue approval drawings until a report from a certified surveyor, hired/appointed by the customer, is received at the ACERO project management department.

When approval is required, three sets of drawings are provided, free of charge to the customer, of which one set must be signed by the customer and returned to ACERO with "approved as is" or "approved as noted". Additional sets of approval drawings are available for a fee.

The information presented in the approval drawings is preliminary in nature and is not to be used for setting anchor bolts, design of foundations or any other construction activities.

The approval of these drawings is accepted by ACERO only in the form of the customers (or the customers authorized representative) signature within the "Approval" stamp placed by ACERO on its approval drawings. Approval by any other means is not accepted by ACERO. Signed approval drawings are final and binding.

Approval drawings for standard buildings are normally submitted within 2-3 weeks, while approval drawings for more complex buildings may require a longer time frame.

Comments on returned approval drawings, which change the previously agreed upon scope of work, must be in red ink and covered by a 'change order' that is duly signed and accepted by the customer.

Approval drawings are returned to ACERO within 2 weeks, after receipt by the customer. Delay in returning approval drawings may affect the overall project cycle, including delivery of the steel to the job site or port of entry.

Orders that are 'out for approval' for more than 60 days are subject to the pricing schedule that is in effect at the time the approval drawings are returned to ACERO.

ACERO reserves the right to place on hold an order that has been 'out for approval' for more than 90 days. An order that is not 'released for fabrication' within 60 days of the date of receiving the approval drawings signed by the customer as 'approved as is' or 'approved as noted', are subject to re-pricing.

ACERO reserves the right to place on hold an order that is not 'released for fabrication' within 90 days of the date of receiving the approval drawings signed by the customer as 'approved as is' or 'approved as noted'.

## 5. DESIGN CALCULATIONS

For orders requiring approval, the design calculations may be included with the approval drawings if requested. Two sets of design calculations are provided free of charge. Additional sets are available for a fee.

Standard design calculations include:

- Design loads
- Material specifications and design assumptions
- Design of the primary and secondary structural framing
- Column reactions

Additional engineering fees may be levied for requested design calculations with requirements that exceed those of ACERO's standard design calculations.

## 6. DESIGN CERTIFICATE

A design certificate attesting to the structural design integrity of an ACERO building, signed and stamped by the ACERO engineering department, may be supplied, at no cost, in place of the design calculations.

## 7. CHANGE ORDERS

Changes in requirements, after a contract is signed and accepted, require the customer to sign a contract change order prepared by ACERO. A contract change order describes the change and the impact that the change may have on the price and/or delivery.

No further action is taken by ACERO until a contract change order is signed and accepted by the customer.

Any change after an order is 'released for fabrication' is strictly prohibited. In the event the customer insists on initiating a change, the price of fabricated components made obsolete as well as all engineering and related costs incurred will be charged to the customer.

## 8. ORDER ON HOLD

After the start of manufacturing, all costs incurred when an order is placed on hold by the customer, will be charged to the customer. ACERO reserves the right to re-price an order according to the price rates that are valid at the time of release of the order from its on-hold status.



## **9. MATERIAL DISPATCH**

The material dispatch commitment is measured in weeks from the date of the latest receipt and acceptance at the ACERO head office of the following documents:

- Signed contract
- Acceptable LC, final accepted and amended LC
- Final change order, including any amendments to the LC price
- Approval drawings signed "approved as is" or "approved as noted"

Fabrication and dispatch schedules are determined when all the above conditions are fulfilled. The fabrication completion date will be communicated to the customer by the authorized ACERO sales representative.

## **10. CONSTRUCTION/ERECTION DRAWINGS**

Three sets of construction/erection drawings are sent to the customer.

## **11. MATERIAL SUBSTITUTION**

ACERO reserves the right to substitute material without jeopardizing the integrity of the structure.

## **12. DESIGN AND SUPPLY EXCLUSIONS**

ACERO only supplies materials which are clearly described in its proposal under 'Building Description' and 'Standard Supplied Material' or covered by written, accepted and signed contract change orders.

ACERO does not supply, nor does it accept responsibility for the design or construction of column footings, ground slabs, tie beams, masonry walls and other civil concrete works.

ACERO does not supply, nor does it accept responsibility for plumbing services, electrical services, air conditioning services, or any other material or service not specified in the final accepted proposal contract or change order.

## **13. PERMITS AND FEES**

It is the customer's responsibility to obtain and pay for all building permits, licenses, public assessments, prorated utilities, utility connections, occupancy fees and any other fees required by any government authority in connection with the work provided for in the contract.

The customer shall provide, at their expense, all plans and specifications required to obtain the building permit, except those plans to be provided by ACERO. It is the customer's responsibility to ensure that all the plans and specifications, including those produced by ACERO, comply with the applicable requirements of all the governing building authorities at the site of the ACERO building.

#### **14. INSPECTION OF FABRICATED MATERIAL**

ACERO has a standard quality plan which outlines the quality control procedures that are followed during the fabrication and shipment of its products. This plan describes the sampling techniques, types of tests conducted, control procedures and reporting format used in the fabrication of all manufactured components. The ACERO standard quality plan is available upon request.

Inspection of ACERO's products by a customer or by the customer's authorized representative (if required by a specific supply contract) may be arranged. Such inspection is scheduled after receipt of a written request for such inspection by the customer. Inspections are arranged in such a manner so as not to delay fabrication and/or shipment. If the customer or his representative fail to conduct inspection as scheduled, the materials shall be considered "released by concession".

#### **15. MATERIAL DISPATCH ADVICE**

The customer is notified of the actual dispatch by ACERO immediately upon the dispatch of the material.

#### **16. PARTIAL SHIPMENTS**

When partial shipments are requested by the customer and accepted by ACERO, each shipment is assigned a prorated value equal to the value of the dispatched materials that is claimed according to the accepted terms of payment covering the total job value. For large jobs, partial shipments are necessary and are handled in a similar manner.

#### **17. CUSTOMER PICKUP SHIPMENTS**

ACERO prefers to make all overland shipments by contract carriers.

The customer may also pick up the material, provided that:

- The customer obtains an assigned loading date and time from ACERO project management department
- The customer provides suitable trailers for loading by ACERO. ACERO cannot load closed van trailers and trailers with siding
- The customer's driver must sign a receipt for the ACERO materials

Customers not familiar with the ACERO pick up procedure, should request this information from the project management department at ACERO's head office



## **18. UNLOADING OF MATERIAL AT JOB SITE**

Unloading of trucks at jobsite is the responsibility of the customer. The customer is required to provide suitable equipment for unloading the material. If a site is inaccessible or not ready to accept the material, another site for unloading must be provided by the customer. The customer is responsible for the condition of the jobsite as far as the safety of the trucking company driver and ACERO material is concerned.

The customer is responsible for accurately checking the materials upon arrival and unloading. Any discrepancies must be noted on the material dispatch note. A receiving representative of the customer cannot refuse to accept an entire shipment due to some portion of that shipment being damaged or missing. Damaged material must be noted on the material dispatch note and reported to ACERO within 7 days of receiving the material, failure to submit a claim within the number of days specified will render the claim invalid.

## **19. ERECTION OF BUILDINGS**

The customer is responsible for the quality of erection of ACERO buildings. ACERO assumes no liability for, and the customer shall not hold ACERO liable on account of any defects in the erection of buildings or such defects as loose connections, missing parts, roof leaks, damaged sheets, omission of sealant, scratched surfaces, poor alignment, inadequate drainage and any other defects caused by others.

The customer is required to permit an ACERO representative to inspect and take pictures of the erection work at any time during the erection process. ACERO appoints only tried and tested contractors as certified builders, however, ACERO is not responsible for the quality of the erection made by these builders. ACERO certified builders are independent contractors who are certified by ACERO due to their knowledge and experience in steel building erection and contracting practices.

## **20. SHORTAGE OF MATERIAL**

It is the responsibility of the customer or his representative to check the materials before signing and dating the acceptance on ACERO's material dispatch note. The dated signature of the customer or his representative constitutes a formal acknowledgment of the correct receipt of the consignment for both quality and quantity. Claims of shortages shall only be accepted by ACERO if received in writing and within seven days of the date of the acceptance signature on the material dispatch note. If, after receipt of such claims, ACERO's bill of material and shipping lists are found to be correct, replacement material shall be supplied only after receipt of a written acceptance, of the additional ex-works costs and delivery costs for such replacement material, from the customer or his representative. ACERO shall not accept any subsequent claims or liabilities alleged to arise from losses or shortages.

## **21. FIELD MODIFICATIONS**

Minor field modifications and adjustments, in any steel buildings, are to be expected. Minor field work does not constitute grounds for claims. Such field work is provided for within the contingency element of any construction estimate.

Only repairs due to major fabrication errors may be cause for filing a claim. Such repairs shall only be undertaken after consultation and consent by ACERO.

## **22. COMBINED SHIPMENTS**

ACERO is occasionally obliged to include a small quantity of material (backorder or urgent material request) consigned to a customer within a shipment destined to another customer in the same metropolitan area or territory. All customers involved benefit from this cooperation.

## **23. STORAGE**

ACERO shall store, free of charge, in its open yard any or all the materials for a contract for a period not exceeding 45 days from the fabrication completion date. Should a customer delay dispatch of goods for a period exceeding 45 days after the fabrication completion date, storage charges shall be levied by ACERO at the rate of 0.1% of the ex-works selling price (of the unshipped material) per day, up to a maximum of 3 months from the fabrication completion date.

After a period of 3 months from the fabrication completion date, ACERO reserves the right to discard, by any means available, all material that is not cleared for dispatch, and all charges incurred shall be billed to the customer. ACERO shall not be held responsible for deterioration of the paint coating caused to the exposed steel due to the extended storage period.

## **24. CLAIMS FOR SHORT SHIPPED, DAMAGED & QUALITY NON-CONFORMING MATERIALS**

Claims may result from any of the following:

- Short-shipped material (Material on the shipping list but not received at site)
- Damaged material (Material received damaged before unloading of material at jobsite)
- Quality Non-Conformance (Defective Material, BOM error, etc.)

## 24.1 Reporting of Claims

Claims for short shipped, damaged or defective material must be reported to ACERO on pm@acero.ae.

Claims must be reported within the number of days noted below:				
Claims		Must be reported within (days)	Event	ACERO Response
From (Territory)	For			
UAE	Short Shipped Material	4	Date of receipt of material at the jobsite.*	ACERO will ship replacement material within 7 days of receiving a claim
	Damaged Material	4		
	Quality Non-Conformance	30		
	*In case of customer pickup, it is the Date of Dispatch of material from ACERO yard.			
Other GCC Countries	Short Shipped Material	10	Date of receipt of material at the jobsite.	
	Damaged Material	10		
	Quality Non-Conformance	40		
Other Countries	Short Shipped Material	30	Date of Bill of lading	
	Damaged Material	30		
	Quality Non-Conformance	60		
Failure to report a claim within the number of days noted above will make the claim invalid.				

#### **24.2 Backordered Material (These do not require the filling of a claim)**

ACERO ships its jobs in phases with a deliberate intent to ship complete phases and avoid *backorders*. A *backorder* is an item that is deliberately excluded from ACERO supply because of its unavailability at ACERO at the time of shipping a phase. A phase may occasionally be shipped incomplete because of a customer's insistence to receive material on site. When a shipped phase has *backorders*, ACERO will inform the customer of each item that is *backordered*, its quantity and the approximate date when it will be shipped. No claim needs to be filled for *backorders*. *Backordered* material does not show in ACERO's shipping list.

#### **24.3 Short Shipped Material**

Short-shipped material is material that is on ACERO's shipping list but not received at jobsite. It is the responsibility of the customer (or his erector) to check the material received at jobsite to ensure that all material mentioned in ACERO's shipping list is accounted for.

#### **24.4 Damaged Material**

Damaged material is material that is received damaged prior to unloading it from trailers/containers at the jobsite. Container shipments must be unloaded at jobsite. It is the responsibility of the customer (or his erector) to unload ACERO material at the jobsite in a safe and orderly manner to avoid damage to ACERO material during unloading; and to store ACERO material at the jobsite in a manner that will protect it from the environment as well as from mechanical damage.

Once a claim is accepted by ACERO, ACERO will determine whether the damaged material can be rectified by the customer or whether the damaged material should be replaced altogether by ACERO. When rectification is practical ACERO will ask the customer/erector to rectify the damaged material in accordance with a ACERO method statement.

## 24.5 Quality Non-Conformance (includes defective material)

Defective Material can be of 2 main types:

1. A fit problem such as a clip welded in the wrong location, missing holes, wrong size of hole, wrong length of a member, etc. Such defects are easy to discover and report. ACERO can quickly check them against shop drawings or manufacturing records.
2. A technical problem such as a welding defect, excessive sway, camber, tolerance, deviation from specs, etc.

Normal erection operations include the corrections of minor misfits by moderate amounts of reaming, chipping, welding or cutting, and the drawing of elements into line using drift pins. Errors which cannot be corrected by the foregoing means or which require major changes in member configuration are to be reported immediately to ACERO by the customer to enable whoever is responsible either to correct the error or to approve the most efficient and economical method of correction to be used by others. (Section 7 AISC Code of Standard Practices, 13th Edition)

Claims for defective material must specify the ACERO part no. that is defective and a detailed description of the defect. Digital photos clearly showing the defect must be attached to the claim. Defects may be minor in which case it is the responsibility of the erector to fix them without liability to ACERO or they can be more serious which may require rectification or replacement. ACERO will determine whether a part no. can be rectified by the erector or whether a replacement is required. When rectification is an acceptable option ACERO will pay for the cost of the rectification based on UAE material and labor rates and will provide a method statement for the rectification.

Other quality non-conformance includes BOM errors (Material that is required and shown on ACERO Erection Drawings but was missed in the BOM), Missing details on erection drawings, etc.

## **25. WARRANTY**

ACERO warrants its material for one year from the fabrication completion date. This warranty extends only to material manufactured by ACERO in that such material shall not fail due to defective material or workmanship when utilized in the intended manner. ACERO warrants that the structure shall support the loads described in ACERO's drawings and contract, when properly, erected as part of a complete structural system designed by ACERO and comprising only of parts made by ACERO, and the structure is used in a manner and the purpose for which it was designed. No warranties are expressed or implied other than those described in the above terms.

In the event of breach of warranty, the limit of any claim shall be the correction or replacement of defective material and correction of defective workmanship. Under no circumstances shall ACERO be held responsible for subsequent damages that are alleged to arise from any such claim of breach of warranty.

## **26. FORCE MAJEURE**

ACERO shall not be held accountable for delays in material dispatch or delivery (after dispatch) resulting from circumstances outside its control, such as strikes, acts of war, revolution, riots or civil disturbance, trade sanctions or restrictions, or occurrences of meteorological or geophysical nature, etc., to the extent that these affect transport, communications or manufacturing, by ACERO, its suppliers and its subcontractors.

## **27. CANCELLATION OF ORDERS**

In the event a signed contract is cancelled by a customer, the following cancellation charges apply, 10% of the total contract amount and all charges incurred by ACERO and its subcontractors/suppliers up to the time of receipt by ACERO the acknowledged notice of cancellation.

Cancellation charges are due immediately upon receipt by ACERO of the customer's notice of cancellation. An order placed on hold (at any stage) for a period of 90 days will be considered cancelled. If at any stage after execution of the sales agreement, the Company (customer) or any of its key management personnel become the subject of any trade, economic or financial sanctions law issued, administered or enforced by the United Nations Security Council, the United States of America, the European Union, the United Arab Emirates or any other applicable sanctions authority, ACERO shall have the unilateral right to immediately terminate this agreement whereupon the Customer shall forfeit all advances/ payments received by ACERO under this agreement and ACERO shall have the right to recover all losses and costs incurred by it due to such cancellation.



## 28. GOVERNING LAW AND DISPUTE RESOLUTION

An Acero signed contract shall be governed by and construed in accordance with laws of the United Arab Emirates.

Any dispute arising hereunder or from or in connection herewith shall be resolved amicably by discussion between the parties hereto, failing which the parties shall submit the matter in dispute to be finally settled pursuant to the United Arab Emirates Arbitration Regulations.

The arbitration shall take place in Dubai, United Arab Emirates.

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*No changes in these terms and conditions shall be allowed unless explicitly agreed to, in writing, by the CEO of Acero Building Systems, with specific reference to the Job number and customer.*

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