

KNPC

Kuwait National Petroleum Company



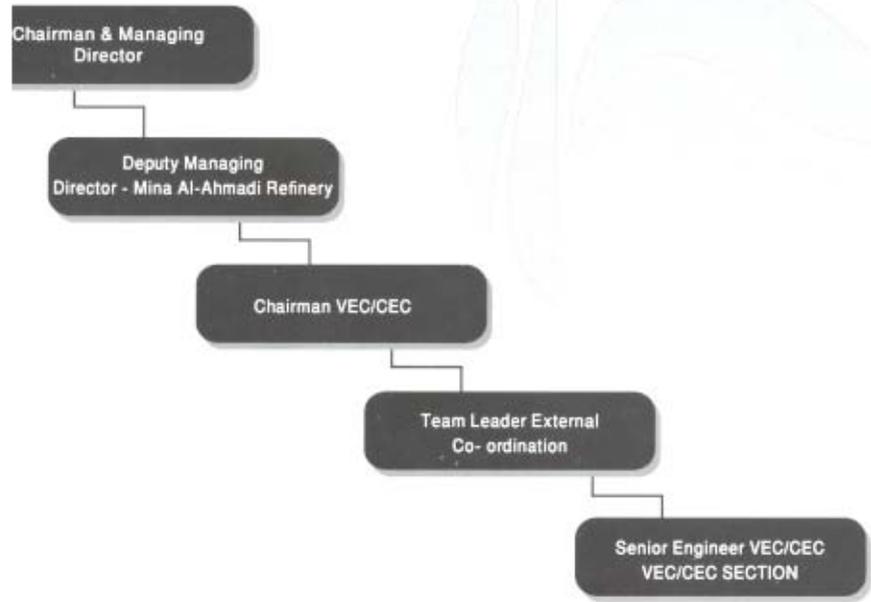
Vendors / Contractors Evaluation System

Booklet
for



Our Mission – Add value to Kuwaiti hydrocarbons

	Vision – <i>we aim to...</i>	Values – <i>we commit to...</i>
 <p>Superior Business PERFORMANCE</p>	<p>Play a strategic role in the oil sector and Kuwait economy Be the best refiner in the Gulf Be amongst the top quartile refiners in the world</p>	<p>Collaborate across our industry Maximise value from our assets and resources Grow our business profitably</p>
 <p>Build Best PEOPLE</p>	<p>Have highly qualified staff at all levels Have everyone achieve their potential Support local community for the prosperity of Kuwait</p>	<p>Teamwork, creativity and openness Reward people on the basis of their performance Empower people to learn and grow Respect for the individual Nurture future leaders</p>
 <p>The right PRACTICE always</p>	<p>Be a leader in safety, health and environmental performance Be the reliable refiner of choice Operate efficient and integrated business process</p>	<p>Take responsibility for the health and safety of each other, our contractors and the community Be stewards for the protection of the environment Reliably provide superior quality products for our customers Act ethically and be accountable for all we do</p>



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Introduction:

Kuwait National Petroleum Company was established in October 1960 as a shareholder company owned by the government and private sector. In 1975 the company became a fully owned state company.

After the creation of Kuwait Petroleum Corporation in 1980, KNPC became fully owned by KPC which itself is owned by the State of Kuwait. When the Oil Sector was restructured, KNPC was entrusted with the responsibilities of oil refineries located in Mina Al-Ahmadi, Mina Abdulla and Shuaiba, in addition to the LPG plant in Mina Al-Ahmadi, as well as the distribution of petroleum products in the local market on behalf of KPC.

Kuwait National Petroleum Company (referred as "KNPC" or "Company" hereinafter) procures materials from international manufacturers and local Kuwaiti manufacturers (referred as "Manufacturers" or "Vendors" hereinafter) also the company hires contracting services from the local Kuwaiti contractors as well as international contractors (referred as "Contractors" hereinafter) if any foreign manufacture/contractor has tie-up with local Kuwaiti companies to associate service to the company as agent (referred as "Local Agent" hereinafter)

About VEC/ CEC Committee

VENDOR AND CONTRACTOR EVALUATION COMMITTEE (VEC/ CEC)

VEC/CEC committee set up by KNPC to evaluate the Vendors/Contractors pre-qualification and monitor the performance of approved Vendors /Contractors, in order to establish and regulate supplies/services according to KNPC requirements.

VEC/CEC Committee was formed in December 1984. The list below shows who chaired the committee.

March 2008	Mr. Ahmad M. Al-Tabtabai
April 2006	Mr. Ali Abdulla Ahmad
November 2002	Mr. Aref A. Al.Yaseen
May 2001	Mr. Ibrahim Al. Khula
May 1994	Mr. Ahmed Al. Abdul Hadi
August 1991	Mr. Othman Al- Hubaishi
December 1984	Mr. M.K. Mahmoud

The present Committee consists of six permanent & alternate members each one from the refineries of Mina Al-Ahmadi, Mina Al-Abdulla, Shuaiba, Project Department, Local marketing and Commercial department.

Objectives:

This booklet is intended to provide an idea to the Vendors, Contractors and Chemical & Catalyst Manufacturers about the company's requirements, procedure to register an applicant as a Vendor or Contractor, methodology adopted for procurement of materials & tying-up for services, expectations from Vendor /Contractor and performance evaluation of registered Vendors & Contractors.

Vendor Registration

KNPC procures materials like pipes, fittings, valves, cables, instruments etc, equipments like pumps, compressors, turbines, heat exchangers, control valves, analysers etc, and the installed equipment's spares that are normally required for oil refining operations from reputed, qualified manufacturers either directly or through their authorized local agents/suppliers. These materials are classified as;

- a) Critical Items (Prior approval is required to supply materials)
- b) Single source items (Materials procured from the Original Equipment Manufacturer (OEM's) unless or otherwise decided by KNPC)
- c) General items (Prior approval is not required to supply materials)

KNPC has identified and codified Critical Items under different 'Class' and then into 'Sub Class', which are specified in VEC Product Index, available in KNPC website (<http://www.knpc.com/tenders/vec>). Vendors interested in supplying critical items to the refineries requires pre-qualification approval. KNPC has a scheme of Pre Qualification approval for Vendors in order to supply 'Materials' to KNPC requirements, which are carried out by a VEC/CEC committee. Only those who qualify by the pre-qualification process of KNPC are eligible to participate in Tender's for critical items.

KNPC has a list of approved vendors for each and every product code. Whenever a requirement arises, KNPC will float a limited tender among the listed manufacturers. Registration of Vendors is handled by the Vendors/ Contractors Evaluation committee located in KNPC Head office, Second Floor and all communications related to registration shall be addressed to Chairman, Vendors/ Contractors Evaluation Committee. Senior Engineer –VEC/CEC, coordinating the activities of this committee can be contacted on phone 320 9229 or on fax 398 6170.

How to Register as a Vendor?:

PQ Application Form and annexure in PDF are available in KNPC website (<http://www.knpc.com/tenders/vec>) this can be downloaded for filling and submission.

Manufacturer should submit separate application for each VEC class, along with KD 25 processing fee has to be paid in the following bank account and enclose the original copy of chalan for records.

National Bank of Kuwait,

P.O. Box. 95,Safat – 13001, Kuwait.

Bank A/C No. 000 324523 0101.

Application form and necessary annexure to be downloaded and all questions needs to be answered. The applicant should furnish all related information like original catalogue, copies of certificates/approvals, copies of executed orders to prove their past experience etc... along with application. At present KNPC is receiving PQ application in hard copy two sets (one original & one duplicate.) In future the same may be received online.

Fulfilled application shall be submitted to the VEC/ CEC Office either by person or courier. The Company shall evaluate applications based on the particulars provided by the applicants and in some cases may visit the applicant's manufacturing facilities and/ or obtain opinion from the applicant's clients on the credibility of the products/applicant. KNPC shall call for additional details if the submitted particulars are inadequate or requires clarification. Generally KNPC will not entertain correspondences on approval unless it is really genuine and reasonable and deserves review of the submitted particulars. All applications will be scrutinized and if an applicant is found suitable and there is a need to include additional vendors under that product code, the applicant would be intimated about the decision. This registration process may take 3 to 4 months. KNPC shall intimate the reason for rejection of an application or product. KNPC's decision is final in all respects and any re-review request shall be entertained only after 6 months from the date of intimation for rejection.

Further, in case of change in name of an approved Vendor the same should be informed to KNPC along with official documentation from the Governmental/statutory authorities certifying the change of name under their country's company law. Also new application have to be submitted if an approved Vendor wishes to include additional product codes to the existing list or to include additional manufacturing facility(s) or approved facility shifted to new location.

Expectation from Vendors to Monitor Performance:

All the registered Vendors are expected to fulfil the following requirements as long as they intend to be listed as a registered Vendor

- a) Communicate changes in name of Vendor, manufacturing facilities that are related to the registered products, mailing addresses, phone/ fax numbers, contact person's details , email address, local agent etc..
- b) Positive response to Company's enquiries for material requirements, if a vendor is unable to submit quotes, the exact reason for non-quoting shall be informed within the specified due date. Also all queries / clarifications /order acceptances need to be answered or clarified adequately within the due date. All required documents like guarantee, brochure etc shall be furnished along with the bid and within the call date if asked later.
- c) Vendor to respond to the Company's queries directly, if it is not routed through the local agent.
- d) Vendor should accept orders if the company awards it based on the quote submitted by them or their authorized agent. No request for cancellation or extension of delivery time shall be entertained. Any such request will affect the Vendor's Performance rating adversely.
- e) Manufacturing and supply of ordered materials should be done as per the requirements/quality standards and within the committed delivery time. All documents and certificates are to be furnished as deemed necessary.
- f) Vendor to supply materials as per specification and terms & conditions, in case discrepancies are observed after receipt of materials at the company warehouses, the Vendor should rectify them on urgent basis.
- g) Vendors should follow the Company's safety rules and regulations if any of the ordered materials to be delivered at the Company's warehouses.
- h) If a Vendor nominates a local supplier and the supply is effected through them, then the local supplier should be responsible to deliver the agreed services and also the local supplier should be able to understand the requirements clearly. Any poor performance of local supplier shall reflect on the performance rating of the principle vendor.
- i) Proper after sales services and availability of spares are to be ensured if the vendor has been approved for supply of equipments.
- j) Equipment Vendors should intimate the Company well in advance if they wish to stop manufacturing the original equipments they had supplied earlier to the company or its spares. Also they should propose suitable

Contractor Registration

KNPC hires Contractors to deliver services like consultancy, construction/maintenance in civil, mechanical, electrical, instrument, telecommunication, insulations, catalyst handling, inspection services, catering, cleaning etc...

KNPC has a scheme of Pre Qualification approval for Contractors in order to execute 'Specialised Services' to KNPC requirements.

The Company has classified the required services under different 'Category', (refer below table) 'Type of work' and then into 'Section' are specified in CEC Index, available in KNPC website (<http://www.knpc.com/tenders/vec>). Applicants, whose line of activities falls within the specified services in CEC index, shall obtain prior approval from KNPC to participate tenders. For some of the services the applicant has to be qualified by KNPC as well as by the Central Tenders Committee (CTC), the Kuwait Government's statutory body in order to carryout such services. Approved contractors only can participate the Tenders for the Specialised Services as specified in the CEC index.

Contractor's approvals are based on the value, KNPC has 7 categories.

Category	Value of Contract approved to participate
1	Above KD 30 Million Upto KD 100 Million
2	Above KD 10 Million Upto KD 30 Million
3	Above KD 1 Million Upto KD 10 Million
4	Above KD 500,000 Upto KD 1 Million
5	Above KD 250,000 Upto KD 500,000
6	Above KD 30,000 Upto KD 250,000
7	Above KD 1,000 Upto KD 30,000

Registration of Contractors is handled by the Vendor/ Contractor Evaluation committee located in KNPC Head office, Second Floor and all communications related to registration shall be addressed to Chairman, Vendor/ Contractor Evaluation Committee. Senior Engineer –VEC/CEC, coordinating the activities

How to Register as a Contractor?:

PQ Application Form and annexure in PDF are available in KNPC website (<http://www.knpc.com/tenders/vec>) this can be downloaded for filling and submission.

Contractor should submit separate application for each Type of Work, along with KD 25 processing fee has to be paid in the following bank account and enclose the original copy of chalan for our records.

**National Bank of Kuwait,
P.O. Box. 95,Safat – 13001, Kuwait.
Bank A/C No. 000 324523 0101.**

Application form and necessary annexure to be downloaded and all questions needs to be answered. The applicant should furnish all related information like manpower & resources , copies of executed contracts to prove their past experience etc along with application. At present KNPC is receiving PQ application in hard copy two sets (one original & one duplicate.) In future the same may be received online.

Fulfilled application shall be submitted to the VEC/ CEC Office either by person or courier. The Company shall evaluate application based on the particulars provided by the applicant. If necessary the applicant's facilities would be inspected and/ or opinion from the applicant's clients shall be obtained on their credibility. KNPC shall call for additional details if the submitted particulars are inadequate or requires clarification. Generally KNPC will not entertain correspondences on approval unless it is vitally genuine and reasonable and deserves review of the submitted particulars. This registration process may take 3-4 months. If the applicant is found suitable and there is a need to include additional Contractors under the desired group, the applicant would be intimated about the decision. KNPC shall intimate the reason for rejection of an application. KNPC's decision is final in all respects and any re-review request shall be entertained only after 6 months from the date of intimation for rejection.

Further, in case of change in name of an approved Contractor the same should be informed to KNPC along with official documentation from the Governmental/statutory authorities certifying the change of name under their country's company law. Also new application has to be submitted if an approved Contractor wishes to include higher category or additional Type of work.

Expectation from Contractors to Monitor Performance:

All the registered Contractors are expected to fulfil the following requirements as long as they intend to be listed as an approved Contractor

- a) Communicate changes in the Contractor's name, management, authorized person's name, postal address, phone/ fax numbers, email address, local agent etc..

- b) Positive response to Company's enquiries for limited tenders; if a contractor is unable to submit quotes, the exact reason for non-quoting shall be informed within the specified due date. All required documents like guarantee, etc are to be furnished along with the bid and queries/ clarifications need to be answered within the call date.
- c) Every year the local Contractors have to submit the current registration details with Kuwait Chamber of Commerce and CTC to the Company.
- d) Contractors should be technically capable to understand the scope of work and financially sound to execute the contract up to the required quality & within the contract period.
- e) Contractor should sign contracts if the Company awards it based on the quote submitted by them or their authorized agent. No request for cancellation or extension of delivery time shall be entertained. Any such request will affect the Contractor's Performance rating adversely.
- f) Contractors should follow the Company's safety rules and regulations when they execute works within the Company premises.
- g) If a Contractor nominates a local agent, then the local agent should be responsible to deliver the agreed services and also the local agent should be able to understand the requirements clearly. Any poor performance of local agent shall reflect on the performance rating of the principle Contractor.
- h) Contractors need to employ Kuwaiti manpower to the extent specified in the tender documents.
- i) Contractor should have a co-operative attitude as a partner with common objective of contract completion within the approved cost and time. They should maintain a cordial relationship with other contractors while executing services within the Company premises.



Chemical & Catalyst Vendor Registration

Chemical & Catalyst have to meet the specifications prescribed by the individual refineries for these types of materials and accordingly registered for individual refineries.

How to Register as a Chemical & Catalyst Vendor?

PQ Application Form is available in KNPC website (<http://www.knpc.com/tenders/vec>) this can be downloaded for filling and submission.

Manufacturer should submit application along with KD 10 processing fee has to be paid in the following bank account and enclose the original copy of chalan for our records.

**National Bank of Kuwait,
P.O. Box. 95,Safat – 13001, Kuwait.
Bank A/C No. 000 324523 0101.**

KNPC has identified and codified Chemical Items under 06 VEC Class and Catalysts 91 VEC Class and then into subclasses it is available in KNPC web site. Vendors interested in supplying Chemical & Catalyst items to the refineries require pre-qualification approval.

Application form to be downloaded from the website and all questions needs to be answered, the applicant should furnish all related information like original catalogue, copies of certificates/approvals, copies of executed orders to prove their past experience etc along with application. Application is to be submitted in triplicate, one original and two photocopies enclosing identical attachments with each set.

Fulfilled application shall be submitted to the VEC/ CEC Office either by person or courier addressed to Chairman VEC/CEC , KNPC Head Office 2nd Floor, Commercial Department, Ahmadi. Senior Engineer –VEC/CEC, coordinating the activities for approval can be contacted on phone 320 9229 or on fax 398 6170..

The Company shall evaluate applications based on the particulars provided by the applicants. KNPC shall call for additional details if the submitted particulars are inadequate or requires clarification. Generally KNPC will not entertain correspondences on approval unless it is vitally genuine and reasonable and deserves review of the submitted particulars. All applications will be scrutinized and if an applicant is found suitable and there is a need to include additional vendors under that product code, the applicant would be intimated about the decision. This registration process may take 3-4 months. However, Chemicals & Catalysts field tests may be required to be carried out before approval of their products and in such cases the applicant needs to supply free chemicals/catalysts for the required duration to prove the suitability. KNPC shall intimate the reason

Actions against Poor Performance Vendors / Contractors

KNPC will re-evaluate the existing approved Vendors & Contractors as and when required. However, KNPC monitors performance of approved Vendors/ Contractors to maintain a relationship.

VEC/ CEC Committee is responsible to take action against any approved/non approved/ single source Vendor & Contractor. KNPC has three kinds of actions against poorly performing Vendors / Contractors (Warning, Alert or Quarantine). The responsible End User shall make recommendations to the VEC / CEC Committee regarding corrective actions to be initiated with poorly performing Vendors /Contractors which may include addition to the Warning, Alert or Quarantine List.

Vendors /Contractors will be advised of their inadequacies by the VEC / CEC Committee and shall be requested to pursue corrective actions within an agreed time frame. Those Vendors /Contractors failing to properly and positively respond to such requests shall be placed on one of the following lists:

1. Alert List

An "Alert List" is defined as a list of Manufacturers/Suppliers/Contractors with whom KNPC has experienced difficulties. Their performances will be closely monitored by KNPC with specified time limit recommended by VEC/ CEC Committee. However, KNPC will be continuing business with them.

2. Warning List

A "Warning List" is defined as a list of Manufacturer's/Suppliers/Contractor's with whom KNPC has experienced major difficulties due to various reasons such as financial instability, poor performance, unethical business practices, etc. These Manufacturers/ Suppliers/ Contractors shall not be allowed to participate in any new Tenders for aspecific duration (i.e. six months/ one year).

3. Quarantine List

A "Quarantine List" is a listing of Manufacturers /Suppliers /Contractors with whom KNPC has experienced unacceptable difficulties due to various reasons such as financial instability, continued unacceptable performance, unethical business practices etc. Those approvals/businesses with them will be terminated without any time limit, unless or otherwise decided by VEC/CEC Committee.

Proof of documents required to update in Company records

KNPC is required the following proof of documents to amend the information in KNPC Records

Change in Name of the company (International):

The following documents are required to change the Foreign Manufacturer's name in KNPC approved list:

1. Certificate of Incorporation on Change of Name from the Registrar of Companies.
or
2. Official Documentation from the respective Government / Statutory Authorities.

The above documents to be legalized by respective Chamber of Commerce. If Foreign Company (Principal) has a local agent, below specified documents are required to be submitted along with above documents

3. Legalized Agency Agreement in the new Name, duly attested by relevant Country's Arab Chamber of Commerce.
4. Copy of Agency Certificate from the Ministry of Commerce & Industry in the New Name.

Change in Name of the company (Kuwaiti):

The following documents are required to change the Local Manufacturer's name in KNPC approved list:

1. Article of Memorandum from Ministry of Justice . (Real Estate Registration & Authentication Department)
2. Company Licence from Ministry of Commerce & Industry. (Companies Department)
3. Endorsement in the Commercial Register from Ministry of Commerce & Industry (Commercial Registration Department - indicate New & Old name)
4. To Whom it may Concern- Certificate from Ministry of Commerce & Industry (Commercial Registration Department - indicate New name)

Change in Local Agent Relationship

The following documents are required to change the local Agent relationship in KNPC records:

1. Copy of Agency Agreement Termination letter from the principal to old Local Agent.
2. Legalized Agency Agreement with new local agent, duly attested by relevant Country's Arab Chamber of Commerce.
3. Copy of Agency Certificate from the Ministry of Commerce & Industry.
4. Copy of latest KNPC Approval Letter.

Termination of Local Agent Relationship:

The following documents are required to delete the local Agent relationship in KNPC records:

1. Copy of Agency Agreement Termination letter from the principal to old Local Agent.

OR

2. Copy of Endorsement in the Commercial Register from Ministry of Commerce & Industry, Kuwait (Commercial Registration Department - indicate no relation with particular principal)



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