General Purchase Conditions

[These general purchase conditions (hereinafter the "General Conditions") will form part of an Order, unless the purchase contract explicitly refers to different particular conditions, in which case, the particular conditions will prevail over these General Conditions]

1. Contract

The purpose of these General Conditions is to establish the conditions and procedures under which Indorama Ventures Fibras Brasil Ltda., Brazil (hereinafter, the “Company”) will purchase products from a seller (hereinafter “Seller”), and all the offers and requests made by the Company (hereinafter, the “Order”) and the agreements made with the Seller mentioned in the request, order or contract in connection with the purchase by the Company of the supplies or materials (hereinafter referred to as the “Products”) described in these Conditions will be applicable. The purchase of the Products by the Company is expressly conditioned on the Seller accepting in writing these General Conditions. The Company will expressly notify the Seller of its opposition in the event of any additional conditions and/or different proposals by the Seller in the Order or acceptance, or in any other document issued by the Seller, with which the Company will not be bound by printed or standardized conditions presented by the Seller. Unless the Company expressly and specifically disclaims in writing, the General Conditions shall apply to all requests, confirmations of Orders, acceptance of Orders or purchases, whether or not they apply to a previous purchase made by the Company. The Company reserves the right to cancel any Order at any time prior to the Seller’s acceptance.

2. Definitions:

“Binding Company” means, in relation to either Party, a subsidiary or parent company of that Party or a company subject to the same control as the Company.

“Company” means the Buyer of the Products, in accordance with these General Conditions.

“Contract” means any of the following documents: the General Conditions and/or the Order and/or a purchase contract, the object of which is the purchase of the Products by the Company from the Seller.

3. Price

The price to be paid for the Products (hereinafter, the “Price”) and the terms and conditions of purchase will be those that are in the Contract and unless otherwise indicated in writing, will be the following:

(a) it shall include all expenses, including but not limited to packaging, storage, shipping, loading, transportation, insurance and delivery of the Products at the point of delivery established in these Conditions, as well as any rights, contributions, taxes or duties; and

(b) it shall be a fixed price for the duration of the applicable Contract and, as a consequence, the Parties may expressly agree to waive any right they may have to modify the Price during any change in circumstances, except as provided in these Terms and Conditions.

The Price may not be modified or any additional costs can be applied (either on account of increases in material, labor, transportation costs, fluctuations in exchange rates or other concepts) without the prior written consent of the Company. Any unilateral change or attempt to change the Price by Seller, even if it is a partial change, will entitle the Company at its sole discretion to terminate the Contract and/or to cancel, in whole or in part, the corresponding Order, without assigning to it any liability to the Seller for the costs or damages.

4. Payment

The terms of payment shall be those established in the Contract and agreed between the Company and the Seller. The
Seller will separately invoice the Company for each purchase and delivery of Products supplied under each Order.

Unless otherwise stipulated in the Contract, Seller shall invoice to the Company each Product on the date of delivery of such Product to the Company or thereafter, and the Company shall pay such amount within sixty (60) days from the date of receipt of the invoice itself.

Without prejudice to any other rights or actions, the Company reserves the right to compensate, in accordance with article 368 et seq. of the Brazilian Civil Code, any amounts that the Seller owes at any time to the Company for any rights with the amounts owed by the Company to the Seller by virtue of the Contract.

5. Right to Property and Risk of Loss and Purchase Conditions

A. National Purchases

Without prejudice to the conditions related to the delivery and transportation provided for in the Contract, the right to property or ownership and risk of loss of the Products shall continue to be of the Seller until the first of the following hypothesis is made: (i) payment of the Price; and (ii) the acceptance of the Products by the Company.

B. International Purchases

Unless otherwise stated in writing in the Contract, the right to ownership shall pass from the Seller to the Company at the delivery point designated in writing by the Company (INCOTERMS 2010).

6. Insurance

A. National Purchases

Unless the Contract stipulates otherwise, Seller shall warrant the Products to the delivery point indicated in Clause 5A herein, while, from that point, the Company shall have the right to decide at its sole discretion whether to warrant, or not, the Products.

B. International Purchases

Seller shall be responsible for warranting the Products in accordance with the provisions on delivery terms (INCOTERMS 2000).

Notwithstanding the foregoing, in the event that the Products are damaged before the right to ownership passes to the Company, the Company shall be entitled, at its sole discretion, to receive indemnity from the insurer of the Seller, without prejudice to other rights. For this purpose, Seller shall ensure that the Company is beneficiary in the relevant policy.

The insurance contracted by Seller shall cover any damages or losses of the Products for the total amount equivalent to the insurable value of the Products.

7. Shipping and Delivery

Unless otherwise stipulated in the Contract, in writing, Seller shall deliver the Products at the delivery point designated in writing by the Company, as it deems appropriate (INCOTERMS 2000).

Delivery of the Order must be made in the quantities and delivery dates specified by the Company; on each delivery date, a guaranteed and essential limit term (essential term) will be considered for the delivery of the Products and, consequently, if there is a breach of the delivery date, the Contract will be deemed resolved or terminated, unless otherwise notified by the Company. The Company, at its sole discretion, may refuse to deliver the Products in advance.

Unless the Contract stipulates otherwise, the Products will be delivered during normal business hours. Seller shall ensure that each delivery is accompanied by the delivery receipt, which shall be placed in a prominent place and shall include, inter alia, the Order/Contract number, the Order/Contract date, the number of packages and the contents, the duly issued and signed commercial invoice, the transport documents, a complete set of signed bill of lading and all documents necessary to prove, in a reasonable manner, that Seller is the owner of the Products. The Company shall not be deemed to have accepted the Products until the Company has had a period of fifteen (15) days after delivery or, in case of hidden defects, sixty (60) days after the Company actually discovered the existence of the hidden defect in the Products. Seller shall provide to the Company, at the time
of delivery of the Products, all safety and operating instructions, clearly visible warning signs, as well as all other information necessary for its proper use, maintenance and repair. When delivery of the Products must be carried out in bulk, the Company reserves the right, at its sole discretion, to accept up to five percent (5%), more or less, of the quantity requested, and the quantity delivered, according to these standards, will be considered conformed with the quantity indicated in the application.

8. Characteristics and Suitability of Products

The Seller agrees to deliver the Products in accordance with the quantity, quality and description that conforms strictly to the technical specifications, quantity and quality, and according to the data and specifications contained in the Request/Contract and/or the sample accepted by the Company and/or to any specific specification provided by the Company to the Seller or to the price facilitated by Seller to the Company. The Products shall not be defective or faulty and shall be new and unused, unless otherwise specified. Seller shall comply with all applicable legal, normative and/or regulatory requirements regarding the manufacture, storage, packaging and delivery of the Products and that they comply with all legal requirements and national and MERCOSUR regulations. Products must be properly labeled. Packaging of Products (i) shall be in accordance with best international packaging practice to ensure adequate protection against damage, deterioration and moisture; (ii) shall be appropriate for the transportation of goods and long-distance maritime transportation and (iii) shall comply with applicable laws, regulations and standards. The Company shall at all times: (i) be entitled to examine, inspect, quantify and test the Products and (ii) shall have full access to Seller’s premises in which the Products are produced, manufactured and packaged.

The Company shall not be obliged to accept the delivery of Products that (i) do not meet the specifications, (ii) do not comply with the packaging standards set forth in this Clause 8 or (iii) that contain defects or defects.

The Company may return the Refused Products at Seller’s risk and expense. The right to refuse the Products will be extended to all or any part of a shipment. In case of rejection of the Products by the Company, the Products will be considered not delivered by the Seller. Seller shall be responsible for reimbursing the Company for all costs, losses, damages and expenses incurred by the Company due to the refusal of the Products, as well as any additional costs which it has actually incurred in obtaining other products in lieu of the Products refused.

The Seller shall immediately repair or replace the Products damaged or lost during transportation, storage or unloading, regardless of whether such damage or loss is attributed to the Company; however, the Company shall deliver the relevant notice to Seller on the damage or loss within ninety (90) days from the date on which it has actual knowledge of such damage or loss.

9. Modifications to the specifications of the Products/Purchase Order

The Company may, at any time, by written notice to Seller, request changes to the Contract, including changes to plans or specifications, method of shipment, quantities, packaging, place or date of delivery. In response to such a request, if such modifications result in additional costs, Seller agrees to provide, as soon as possible, its written estimates, including any changes to the Prices, delivery dates or delivery dates. A change request shall be considered an Independent Request, unless otherwise agreed by the Parties in writing. Any request or adjustment proposed by Seller shall be approved by the Company in writing before such proposed solicitations or adjustments are binding on the Company.

10. Manifestations and Warranties

Seller represents and warrants to the Company that:

(a) it is a company duly incorporated and operating in accordance with the laws of Brazil, if it is a Brazilian entity; or in accordance with the Laws of its Country, if foreign;

(b) it obtained the necessary certifications and consents to fulfill its obligations under the Contract;
(c) it is able to fulfill all obligations arising from the Contract, which represent valid and binding obligations to be fulfilled by the Buyer, in accordance with the items stipulated therein;

(d) it is the effective and legitimate owner of all Products supplied by Seller by virtue of the Contract;

(e) the Products are free from charges or rights of third parties;

(f) the negotiation and formalization of this Contract, as well as the fulfillment of the obligations derived therefrom, do not violate the provisions of the deed of incorporation or the bylaws of the Seller, nor shall such acts imply any allegation of noncompliance by virtue of any contract signed by Seller; and

(g) it has not signed any contracts or contractual obligations that could adversely affect Seller’s ability to fulfill its obligations under Contract or that may constitute a breach of contract.

Seller further expresses and warrants to the Company that the Products will be new and have not previously been used, will be of satisfactory quality, material and finish, marketable, free from defects with respect to design, materials and finishes and suitable for any use and shall comply with the specifications set forth in the Contract. In addition, Seller represents and warrants that (i) the Products will comply with the specifications and packaging standards set forth in Clause 8 of these Conditions, as well as the warranties set forth in this Clause 10; (ii) the Products shall comply with all regulatory requirements, applicable laws and regulations; (iii) in complying with its obligations under these Conditions, Seller will fully comply with all applicable laws and regulations; (iv) the Products nor the intended use thereof infringe the intellectual property rights of third parties; and (v) the services included in the Products shall be provided in a professional manner in accordance with applicable industry best practices. Seller also expresses and warrants that it may transmit to the Company the title to the Products. All representations and warranties set forth in this Section 10 will continue to take effect upon acceptance of the Products and shall be in addition to any other warranties, implicit or explicit, granted to the Company under the Brazilian Civil Code or otherwise. Inspection or acceptance of the Products shall not undermine any of the foregoing warranties.

11. Damage Limitation

The Company’s liability in respect of injuries, losses, damages, expenses, costs or other liabilities related to termination of the Contract or cancellation of the Order by the Company, breach of this Agreement by the Company, or any other actions or omissions of company, shall be limited to the lesser of the following (i) actual and direct costs incurred by Seller in the manufacture of the Products in question prior to such termination, cancellation, noncompliance or other actions or omissions; and (ii) the Price of the Order. In no event will the Company be liable to Seller in respect of loss of profits (loss of profit), or punitive, special, consequential, indirect, exemplary or incidental damages.

12. Disclaimer

The Seller shall exonerate the Company and its Related Companies, as well as the employees, agents, directors, advisers, distributors, representatives of both the Company and its Related Companies and, at the prior request of the Company, all entities that purchase the Products or other products to which the Products are incorporated, in addition to their respective customers, in relation to any claims, actions, procedures, judgments, liabilities, costs, damages, losses, claims and expenses (including attorney fees and court costs) arising in connection with any claim for compensation for injury, death, damage or loss to any person or property, or in connection with any incidental or consequential damages arising out of or resulting from (a) failure, defect or alleged defects in the Products (including non-contractual liability, (b) Seller's failure to comply with any of the provisions of this Agreement, (c) any actions, omissions, fault or negligence of the Seller or any person acting on its behalf or (d) any transgression, misappropriation or other infringements of patent, trade secrets, trademarks, trade names or other intellectual property rights of any natural or legal person arising in connection with the manufacture, storage, packaging, transportation, storage, sale or use of any of the Products. The Seller will be and is
responsible for the actions and omissions of its employees, agents, directors, advisers, subcontractors or other representatives on the premises of the Company and undertakes to exonerate the Company, its Related Companies and the employees, agents, directors, advisers, distributors, representatives of both the Company and its Related Companies and other entities that purchase the Products or products to which the Products are incorporated, from any liability for damages to the property or injury or death of any person attributed to actions or omissions of employees, agents, directors, advisers, subcontractors or other representatives of Seller. In the event of a claim filed by a third party against the Company that may be subject to indemnification, the Company shall notify the Seller accordingly. Seller shall provide due and full defense assistance when the Company so requests. The Seller, in respect of any claim or demand of a third party, shall reimburse the Company for legal expenses and other defense-related expenses that the Company and the Company's insurer have paid and the actual amount paid by the Company or the insurer of the Company in virtue of any agreement or failure. The Seller shall exonerate the Company and its Related Companies, as well as the employees, agents, personnel, directors, advisers, employees, distributors, representatives of both the Company and its Related Companies and all entities that purchase the Products or products to which the Products are incorporated, in respect of any actions, demands, claims, costs, charges and expenses (including court costs and other defense-related expenses) incurred as a consequence of any infringement or alleged infringement of copyrights, patents, registered designs or other intellectual property rights.

13. Cancellation and Termination

The Company shall be entitled to terminate the Contract (ad nutum termination) and/or to cancel, in whole or in part, any Order, by notifying Seller at any time before delivery of the Products, in which case the sole responsibility of the Company shall be pay the Seller the Price of Products that have already been delivered at the time of termination or cancellation, as the case may be.

14. Delivery delay

The Seller must deliver the Products to the Company within the deadlines established in the Order or stipulated in the Contract; however, each delivery date set forth in those programs shall be deemed to be guaranteed and essential time limits and, as a consequence, if there is a breach of delivery date, the Contract shall be deemed terminated or resolved, unless notice is given on the contrary by the Society. If Products are not delivered on time, then, without prejudice to any other rights arising from the Contract, the Company shall be entitled to terminate the Contract by notifying Seller. In addition, the Company shall have the right to: (i) not accept any future delivery of the Products that the Seller intends to undertake; (ii) charge the Seller any expenses incurred by the Company in obtaining Substitute Products from another supplier; and (iii) claim an indemnity for any additional costs, losses or expenses (including legal expenses and other defense costs) incurred by the Company, and which may in any way be attributed to the fact that Seller delivered the Products on the agreed date.

15. Force Majeure

The Parties may suspend the fulfillment of their obligations during the course of any event of force majeure (hereinafter “Force Majeure”), that is, any assumption that occurs at the place where the Products are manufactured or on international routes recognized from that place to the point of delivery, which cannot be predicted despite acting in accordance with best industry practice, and which was not caused by the Party invoking it or which is beyond its reasonable control and which prevents this Party from fulfilling its obligations arising from this Contract. Subject to the foregoing, the following assumptions may be deemed to be Force Majeure: unpredictable acts, acts or omissions by any governmental authority, declared or undeclared wars, terrorism, explosions, national strikes, fires, floods, earthquakes, storms and epidemics. The obligations of the Party affected by the Force Majeure shall be considered suspended for as long as the Force Majeure is maintained. If a Party is unable to fulfill any of its obligations due to an alleged Force Majeure, then it shall notify the other Party of the circumstances constituting Force Majeure.
Majeure and shall specify the obligations to which it is committed. The notification shall be delivered within forty-eight (48) hours after the date on which the Party in question became aware of the alleged or constituent event of Force Majeure. In the event Seller is a Party affected by the Force Majeure, it shall at all times do everything within its power to (i) minimize any delay in the performance of its obligations as a consequence of the alleged Force Majeure, and (ii) mitigate the harmful effects of the Force Majeure. In the event of a supposed Force Majeure, the Company shall be entitled, at its sole discretion and without any kind of disbursement or penalty, to terminate the Contract or cancel any Order or part thereof, and/or to obtain the Products object of this Request from other suppliers for as long as Seller’s inability to fulfill its obligations due to the alleged Force Majeure and/or reduce the quantity of the Products specified in any Order without any payment or penalty. The Parties may terminate the Contract, prior notice to the other Party, if the alleged Major Force Majeure has a duration of more than three (3) consecutive months.

16. Waiver

The Company’s waiver of any breach by Seller of any of its obligations under the Contract, or delay or noncompliance by the Company in asserting any rights or actions, shall not be construed as a waiver of any future breach thereof or any other conditions. The contents herein shall not limit the rights and actions of the Company in the event of Seller’s failure to comply with any of the obligations arising under the Contract.

17. Assignment

Seller shall not assign to any natural or legal person the Contract or any of its rights or obligations arising out of the Contract without the prior written consent of the Company in its sole discretion and any alleged assignment made without such consent shall be deemed void and without effect. The Company may freely assign the Contract, without Seller’s consent, (i) to any of its Related Companies, (ii) in case the Company carries out a corporate reorganization, consolidates or joins with another company, association, organization or any other entity, or that transfers all or any part of its goods or assets to any other company, association, organization or other entity, or (iii) in case of lease, usufruct or assignment of a company in operation (branch of activity) by the Company. The Company shall have the right to assign to third parties freely all or any part of its rights and obligations arising from the Contract.

18. Severability

If a competent authority considers any provision of a Contract or Order to be invalid and unenforceable, the validity of the remaining provisions of the Contract or Order shall not be affected by that.

19. Notifications and Announcements

The notifications or other communications that either party must deliver in connection with the purchase of the Products by the Company shall be made in writing and delivered by registered first class mail or fax or electronic mail to an authorized person previously designated or by fax or any other electronic means.

20. Contradictory stipulations

Subject to the provisions of Clause 1 of these Conditions, in case of contradictory or inconsistent stipulations between: (i) the corresponding sales contract, (ii) these Terms and Conditions, (iii) the Order/Contract, and (iv) other document or correspondence, the provisions of: (i) the sales contract, (ii) the Terms and Conditions, (iii) the Order and (iv) other applicable documents or correspondence shall always prevail respectively and shall have priority over any contradictory stipulations or inconsistent.

21. Seller’s Condition

The content of this Contract or these General Conditions shall not constitute or be construed as the formation of an association, joint venture, employment contract or employer and employee relationship, or relationship of principal and agent, between Seller and Company.

22. Confidentiality

Neither Party may disclose or convey the existence of the Contract, its clauses, statements or other stipulations, without the express written consent of the other Party. Likewise, the Parties shall refrain
from revealing or transmitting to third parties by any means information related to the organization of the other Party, including, for example, any technical, production, industrial, commercial, organizational, labor or financial information, unless expressly permitted in these conditions.

In any case, a Party disclosing or transmitting such information to third parties, with the express prior written consent of the other Party, may only do so by requiring that such third parties receiving the information mentioned herein enters into the same confidentiality commitment set forth in these Conditions.

Without prejudice to the foregoing, the Company may disclose the information when required by applicable laws or its rating agencies or the authorities.

The commitment of confidentiality will be indefinite and will remain valid, even after the resolution or expiration of the Contract.

The foregoing provisions shall not apply to: (i) public domain information obtained without incurring in breach of the provisions of this Clause; (ii) information that (a) is already in the possession of the receiving Party prior to its disclosure and (b) that has not been obtained from a third party subject to any confidentiality commitment; and (iii) information obtained from a third party to which, upon reasonable inquiry, the receiving Party considers that it is free to disclose such information, provided that the receiving Party has not obtained the information subject to any confidentiality commitment with that third party.

23. Mutual Data Protection

In accordance with the provisions of the Brazilian Law:

(a) the personal data of the Parties acquired during the negotiation, formalization or execution of the Contract (hereinafter the Parties Data) shall be included in the corresponding files of the Parties, (such as data controllers), which are registered with the Registry Official of the Brazilian Data Protection Agency, and will be treated, including the electronic or automated means, to the effects related to the execution of the Contract or the fulfillment of any legal requirements; only for a period of time necessary for the purposes of treatment;

(b) the provision of the Parties’ Data is optional, but refusal to provide the Parties’ Data may hinder the execution of the Contract;

(c) the Data of the Parties shall be disclosed only to the advisors or Binding Companies of the Parties or to persons designated to process the data pertinent to the effects of the stipulated in item (a) and shall not be disclosed or otherwise made available of third parties. If such advisors or Affiliates of the Parties are located outside of Brazil in jurisdictions that do not guarantee an adequate level of protection of personal data such as protection granted in Brazil, unless such transfer is included in any of the legal exceptions to that authorization, or that the transferor provides a self-declaration offering guarantees of compliance with the principles, rights of the holder and the legal regime of protection of data; and

(d) in relation to the processing of the Data of the Parties, the Parties may exercise the rights of access, rectification, opposition and cancellation.

24. Organization, Management and Control Model (Brazilian Penal Code)

Seller acknowledges that it has knowledge of:

(a) administrative and criminal liability of companies in accordance with the provisions of the Brazilian Penal Code and Law 12.846/14 and their consequences for the Company; and

(b) the organization, management and control model applied by the Company.

In this sense, the Seller declares that it has never been a party to any proceedings under the Brazilian Penal Code and undertakes to comply during the term of this Contract with the principles established there.

25. Language

The official language used between the Parties shall be Portuguese, and all communications between them, related to this Contract, shall be written in the language mentioned.
26. Governing Law and Settlement of Disputes

The Contract shall be governed by and shall be construed in accordance with the provisions of the laws of Brazil, excluding any other. Disputes arising out of or relating to the Contract shall be settled by arbitration in accordance with the Rules of the Arbitration Tribunal of the Brazil-Canada Chamber of Commerce or of the FIESP (Federation of Industries of the State of São Paulo) by three arbitrators appointed in accordance with said standards. The seat of the arbitration shall be the city of São Paulo and the arbitration procedure shall be conducted in the Portuguese language.

As proof of acceptance:

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Seller hereby declares that it expressly accepts the following Purchase Conditions Clauses:

Clause 1 (Company’s Right to revoke the Order); Clause 2 (b) (waives any right to modify the price); Clause 2 - Third Paragraph (Company Law to terminate the Contract or cancel the Order in case of unilateral change); Clause 3 - Third Paragraph (Right of compensation); Clause 5b (Company’s right to receive indemnification from the insurer of the Seller); Clause 6-Second Paragraph (Deadlines as essential date); Clause 6 - Third Paragraph (Discretion of the Company to accept tolerances); Clause 6 - Third Paragraph (Obligations of Seller to repair or replace the Products); Clause 6 - Third Paragraph (Company Law of non-acceptance); Clause 7 - Second Paragraph (Company’s Right to Refuse Products) Clause 8 (Changes in Product Specifications); Clause 10 (Limitation of liability) Clause 11 (Indemnification); Clause 12 (Cancellation and Termination); Clause 13 (Automatic resolution in case of breach of delivery date); Clause 13 (Additional rights and actions of the Company in case of delay in delivery); Clause 14 (Force Majeure); Clause 14 (Right to Terminate Contract); Clause 15 (Waiver); Clause 16 (Assignment); Clause 22 (Confidentiality); Clause 22 (Mutual protection of data); Clause 25 (Applicable Law and Arbitration).