

# General Purchase Conditions of Covestro S.A. de C.V.

## 1. - General

1.1. - These General Purchase Conditions shall be an integral part of the Agreement/Purchase Order. Any conflict or inconsistency with the delivery conditions provided by the seller or other provisions made by the seller, shall not be deemed to be accepted unless the purchaser shall have stated to accept them in writing in a specific order.

1.2. - Other ancillary agreements, amendments or covenants shall only be effective upon prior written consent of the purchaser.

## 2. - Offer

2.1. - The seller's offer shall exactly cover the amounts and qualities specified in the purchaser's quotation request. Any breach of these terms shall be expressly mentioned by the seller.

2.2. - The offer shall be submitted at no cost and without any obligation being imposed on the seller. The compensation for cost estimates shall only be paid by special arrangement.

## 3. - Order

3.1. - The orders and amendments to orders shall be made in writing. In case of doubt, oral agreements or arrangements discussed by telephone shall be a commitment only if confirmed in writing.

3.2. - Each order or amended order shall be confirmed in writing to the seller and transacted separately in all correspondence.

3.3. - The following details shall be indicated in all correspondence: the purchase department, full order number, the order date and the purchaser's reference.

## 4. - Time of Delivery

4.1. - The time of delivery shall start from the order date. If the seller correctly assumes that it may not meet, or meet in time, any or all of its contractual obligations, it shall immediately inform it to the purchaser, indicating the reasons and the probable length of the delay. If the seller fails to do so, it shall not be entitled to request the release from liability due to such delay.

4.2. - If the seller is not able to make the delivery within the agreed term, it shall continue to be obliged under the existing legal provisions. This shall not affect its obligation to pay the penalty for late delivery agreed between the parties.

## 5. - Guarantee, liability and notification of defects

5.1. - The seller hereby guarantees that the merchandises provided by it are free of any defect that may decrease their value or affect their use, that they have the agreed or guaranteed characteristics, which are appropriate for the intended purpose provided in the order, that they are in compliance with the generally accepted technical practices, and that they comply with the current Mexican regulations and laws concerning safety of devices and tools and with the appropriate security specifications and rules for the protection of employees and the prevention of accidents. If the merchandises so delivered fail to meet any of these requirements, the purchaser may demand, in its discretion: (i) to remedy such defect or to be supplied defect-free merchandises, (ii) cancel the agreement or decrease the purchase price under the existing legal provisions, (iii) the compensation or reimbursement for the unnecessary expense. If the seller has offered to guarantee the characteristics or durability of the supplied merchandises, the purchaser may also file a complaint pursuant to the guarantee. The foregoing shall not be applied to defects or damages caused by ordinary wear and tear and/or inappropriate handling by the purchaser. The purchaser shall notify the seller of any defect in the merchandises so delivered, as soon as they are discovered in the ordinary course of business.

5.2. - Except as otherwise expressly provided, the regulatory guarantee terms shall be applied.

5.3. - The seller's guarantee shall also cover any item manufactured by the subcontractors.

5.4. - If the seller is notified of a default, the guarantee deadline shall be extended for the term elapsed between the notice and the repair of the default. If the item supplied by the seller is completely replaced by a new one, the deadline shall start again; if the item is partially substituted, the guarantee term shall start again for the new items.

5.5. - The merchandises submitted to a complaint for guarantee shall remain available to the purchaser until the replacements shall have been provided, thereafter, they shall become the property of the seller.

5.6. - In urgent cases, or if the seller omits or fails to repair a defect, the purchaser may eliminate the defect by itself and decrease the payment to the seller or enforce any of the rights and guarantees referred to in clause 5.1.

5.7. - The acceptance of the seller's services by the purchaser shall not affect the seller's obligations under guarantee.

5.8. - The seller shall hold the purchaser harmless from any liability complaint for the manufacture of a product or any complaints filed under the Mexican law for the liability of a product's manufacture if the default which resulted in the complaint is caused by the seller or any of the seller's suppliers.

5.9. - Notwithstanding the foregoing provisions, the seller shall be bound under the current legal provisions.

## 6. - Tests

6.1. - If any tests are conducted for the merchandises to be supplied, the seller shall bear the costs of such tests, including its own personnel costs, but excluding the purchaser's personnel costs. The seller shall give the purchaser at least seven days' notice of the date the merchandises shall be ready to be tested and shall agree with it to a date to conduct the tests. If the merchandises are not submitted for testing on such date, the purchaser's personnel costs shall be borne by the seller. If any defect in the merchandises requires the repetition of tests or the conduction of new tests, the seller shall pay the full cost of personnel and other costs related to the tests. The seller shall also pay for all personnel costs and other costs incurred with respect to the test of materials used by it in the performance of the order.

## 7. - Insurance

7.1. - The transportation insurance shall in all cases be at the expense of the purchaser.

7.2. - The seller shall carry, at its sole cost, liability insurance for damage to third parties, to cover any damage resulting from services performed by it, assets delivered by it, properties owned by it, its personnel or third party commission agents. The seller, if required, shall make available to the purchaser the documents showing the sums insured per event.

7.3. - The carrying of special insurance for assembly, in addition to the third parties' liability insurance mentioned under clause 7.2, shall in each case be subject to agreement between the purchaser and the seller. In force from September 2015.

7.4. - Any machine, device, etc., lent to the purchaser, shall be insured by the purchaser against the usual risks. Any other liability of the purchaser for damage to such machines, devices, etc. or damage shall be excluded, unless caused in a voluntary or negligent manner.

## 8. - Shipment Requirements

8.1. - On the day the merchandises are shipped, the seller shall send to the purchaser a detailed shipment note for each shipment, separate from merchandises and the invoice. Merchandises shall be accompanied by a remittance and a shipment list. If the merchandises are sent by vessel, the papers and shipment invoice shall indicate the name of the shipment company and of the vessel. The seller shall choose the form of transportation which is most favorable and convenient for the purchaser, unless there are specific instructions from the purchaser in that respect. The seller shall fully

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show on the outside of the merchandises' package, in an appropriate place and as a reference, the purchase order number and unloading point specified by the purchaser in all shipment notes, delivery notes, packaging, shipment documents and invoices.

8.2. - The seller shall, at all times, pack, label and deliver hazardous merchandises according to the relevant domestic/international regulations. The documents attached to these merchandises shall demonstrate not only the risk category but also any other detail required by the appropriate transportation regulations.

8.3. - The seller shall be liable for any damage accrued by breach of these provisions and shall pay any cost accrued by this breach. Likewise, it must also ensure that these shipment requirements are contemplated by its subcontractors.

8.4. - Any shipment which delivery cannot be accepted by the purchaser because of breach of these provisions shall be stored at the seller's cost and risk. The purchaser shall be entitled to verify the contents and condition of such deliveries. The tools and equipment for the assembly/erection shall not be loaded and shipped together with the merchandises.

### 9. - Prices and Conditions

The prices indicated in the purchase order shall remain fixed until the merchandises are accepted by the purchaser. If the seller decreases its prices or grants better conditions, the effective prices and conditions shall be applied as of the delivery date.

### 10. - Invoice and Payment

10.1. - The seller 's invoices shall conform to the respective orders concerning the description, order of items and prices. Any additional or cancelled service or supply shall be indicated separately on the invoice.

10.2. - The terms for payment shall elapse from the specified dates, but not before the dates on which the merchandises and invoices are received.

10.3. - The payment shall not be construed to constitute the acceptance of conditions and prices. The time of payment shall not affect the seller's guarantee obligations or the purchaser's right to state any claims.

### 11. - Documents

11.1. - All drawings, standards, guidelines, analysis methods, formulas, and other documents provided by the purchaser to the seller for the manufacture of the merchandises to be provided, as well as any document prepared by the seller according to special instructions of the purchaser, shall continue to be owned by the purchaser and shall not be used for any other purpose, reproduction or made available to third parties by the seller. If so required by the purchaser, it may request all copies and duplicates of these documents from the seller without delay. The purchaser reserves the industrial property rights of all documents provided by it to the seller. The seller shall respect the research, the order and all the work related to such purchase order as a trade secret and shall therefore treat them as confidential. The seller shall be bound by any loss incurred by the purchaser because of failure by it to comply with any or all of these obligations. The seller shall provide to the purchaser all documents necessary for the discussion of the goods or services to be provided. This discussion or other involvement of the purchaser shall be exclusively within the liability of the seller and shall not release the seller from any guarantee or other obligations.

11.2. - The seller shall provide to the purchaser in time, at no cost for the purchaser, and without the need for a special petition to do so, all necessary documentation for the purchaser for the use, installation, processing, storage, operation, service, inspection, maintenance or repair of the supplied merchandises.

11.3. - As long as the purchaser specifies the standards or regulations, it is the last version which shall be applied. The seller shall request the purchaser to provide it with its work standards and regulations.

### 12. - Incidental Items

12.1. - Molds, models, tools, films, etc., made by the seller to allow it to execute the purchase order shall, upon payment, become the property of the purchaser, even if they remain in the possession of the seller. The seller shall be required to deliver them upon request of the purchaser.

### 13. - Assembly, Erection, Maintenance, Inspection, Repairs, etc.

13.1. - If any assembly, maintenance, inspection, repair or other works, are made at any of the facilities of the purchaser, such works shall be in accordance with the Contractor Safety Manual of Covestro S.A. de C.V.. Such manual shall be provided at the beginning of the works or must be requested to the Safety Department of the purchaser's plant.

13.2. - The purchaser shall not be liable for any property of the seller or of its personnel used at the facilities of the purchaser.

### 14. - Patent Infringement

14.1. - The seller shall be liable for any patent, license or third parties' protection rights infringement that may be derived from the use of the merchandises. Any license use fee shall be covered by the seller.

### 15. - Advertising Material

15.1. - The seller shall not refer to its business relationships with the purchaser in any information or advertising material, except as otherwise previously consented to in writing by the purchaser.

### 16. - Applicable law, Interpretation of Provisions, etc.

16.1. - These conditions and the purchase agreement shall be in accordance with the current Mexican law.

16.2. - The usual commercial terms shall be construed in accordance with the most recent Incoterms.

### 17. - Origin of Merchandises

17.1. - The supplied merchandises must meet the origin conditions specified under preferential trade agreements executed by Mexico, except as otherwise expressly indicated in the order confirmation.

### 18. - Place of Execution and Jurisdiction

18.1. - Except as otherwise provided by the order/agreement, the location of execution shall be the point of delivery specified by the purchaser. The location of jurisdiction shall be Mexico City, Federal District.