

Terms and Conditions for Providers located outside Japan

These Terms and Conditions shall constitute a valid and binding agreement between Philip Morris Japan Limited (the “Purchaser”) and the captioned provider (the “Provider”) in connection with the Purchaser’s order of the above captioned products or services (the “Order”) if the Provider prepares an Order Acceptance Statement, or orally accepts this Order, or begins work on filling the Order, without expressing any objection hereto.

- 1.1. After completing delivery or performance on the products (the “Products”) the services (the “Services”) or the work product (the “Work Product”) involved in the Order (collectively the Products, the Services and the Work Product shall be referred to as the “Contracted Work”), the Provider shall submit an invoice together with a delivery receipt or other documentation evidencing that performance on the Order has been completed, to the responsible organizational unit at the Purchaser as stated on the front page of the Order.
- 1.2. The Purchaser shall pay the consideration for the Order within one hundred twenty days (120) days after the date of receipt of the invoice. Payment shall be made by direct deposit into the bank account designated by the Provider.
2. The Provider shall at its own expense deliver or perform on the Contracted Work during business hours on the delivery date, to the captioned delivery location and in the method set forth in this Order, and shall notify the Purchaser to that effect. The Provider shall deliver to the Purchaser a delivery receipt at the time of delivery or performance.
3. The quality, standards and other specifications (collectively, the “Specifications”) of the Contracted Work shall comply with all applicable law as well as the Specifications that the Purchaser designates by a specifications statement or other means. In the event of any doubt regarding the Specifications, or if the Specifications designated by the Purchaser violate any law or regulation, the Provider shall notify the Purchaser to that effect promptly and shall follow the Purchaser’s instructions.
- 4.1. The Purchaser shall inspect the Specifications and quantity promptly after delivery or performance, and shall accept only those that pass the inspection and in conformity with the Order.
- 4.2. The Provider shall immediately deliver replacement goods, cure defects or re-perform at the Purchaser’s instruction in respect of such insufficient quantities or rejects as a result of the inspection.
- 4.3. If the Purchaser discovers any defect within one (1) year after the inspection of the Contracted Work, the Provider shall at the Purchaser’s request and at the Provider’s expense provide improvements or replacements of the defect.

- 5.1. The delivery of the Contracted Work shall be completed with the Purchaser's acceptance inspection, and title or ownership over the Contracted Work shall pass from the Provider to the Purchaser.
- 5.2. Any loss, destruction, alteration of quality or other damage to the Contracted Work that occurs prior to the transfer of title or ownership shall be borne entirely by the Provider except in the event that the fault is attributable to the Purchaser, and any damage of this nature that occurs after the transfer of title or ownership shall be borne entirely by the Purchaser, except in the event that the fault is attributable to the Provider.
- 6.1. The Purchaser may at any time cancel this Order immediately prior to completion of performance of the Order; provided, however, that except in the event of the following paragraph, the Purchaser shall compensate and indemnify the Provider against all losses that the Provider occurs as a result of canceling the Order.
- 6.2. The Purchaser may immediately cancel this Order (a) if the Provider violates the Terms and Conditions hereof or any other conditions that are agreed between the Purchaser and the Provider; or (b) in the event of suspension of payment by the Provider, or a petition for commencement of bankruptcy or civil rehabilitation proceeding, commencement of corporate reorganization proceedings, commencement of corporate reconstruction proceedings, or commencement of special liquidation in connection with the Provider; or (c) if the Provider has received a disposition of suspension of transactions from a note clearinghouse. The Purchaser shall not incur any obligation for payment to the Provider in connection with a cancellation pursuant to this paragraph.
- 7.1. The Provider must not sub-contract all or any portion of the Order to any third party without the prior written consent from the Purchaser.
- 7.2. The Purchaser must not assign, offer as security or otherwise dispose of the rights of the Purchaser that ensue in connection with this Order, to any third party.
- 8.1. Each of the parties hereto must use any information of the other party of which they are provided for the purpose of performing this Order or which they learn in connection with this Order solely to the extent necessary to perform this Order and shall not disclose such information to any third party.
- 8.2. Any technical information or other valuable information that the Purchaser has provided to the Provider in connection with this Order, and any rights in connection with such information constitute proprietary information to the Purchaser, and the Provider shall immediately return said information on request by the Purchaser.
- 9.1. The Provider does not have any right with respect to any intellectual property owned by the Purchaser or an affiliate thereof, including any patents, utility

- models, trademarks, copyrights, service marks, designs, or goodwill (hereinafter “Trademarks”) that are used in connection with this Order. The Provider shall not use or allow any third party to use the Trademarks, for any purpose other than performance on the Order.
- 10.1. The Purchaser warrants that use, repair, improvement or assignment to a third party of the Products or the Work Product as well as receiving the Services does not infringe the rights of any third party (including intangible property rights).
 - 10.2. If any litigation or other legal proceeding is initiated, or any demand outside of litigation is made by a third party against the Purchaser on the grounds that an infringement of these rights has occurred, the Provider shall indemnify the Purchaser in full against the costs necessary to handle the legal proceeding or demand, as well as any damages that the Purchaser incurs, except in the event that the infringement of rights is the result of an instruction or the Specifications of the Purchaser.
 11. The Provider warrants that there is no defect in the Products (as defined in the Product Liability Law. The same shall apply hereinafter) or the Work Product.
 - 12.1. The Provider shall indemnify and compensate the Purchaser as well as its affiliates, and the agents, officers, employees and designees (hereinafter “Affiliates”) against all damages and expenses (including attorneys fees) (hereinafter “Damages”) resulting from a defect if such exists in the Products or the Work Products.
 - 12.2. The Provider shall indemnify and compensate the Purchaser as well as its Affiliates, against all Damages, resulting from a defect in the Contracted Work manufactured pursuant to the Order, if the Contracted Work is related to the design of goods or otherwise related to the production of goods (hereinafter “Manufactured Goods”).
 - 12.3. The Provider shall indemnify and compensate the Purchaser and its Affiliates, in connection with any Damages, as a result of a claim made by a third party against the Purchaser or an Affiliate, on the grounds of a defect in the Products or Manufactured Goods.
 - 12.4. Notwithstanding the provisions of the preceding two paragraphs, if there is no defect in the Products at the time of delivery, or if the defect in the Products is demonstrated to have been caused by the Specifications designated by the Purchaser or instructions by the Purchaser, or if the providing of the Services is demonstrated not to be the cause of the defect, the Provider shall not have any liability under this Article.
 13. The Provider shall indemnify and compensate the Purchaser against any Damages, in the event that the Purchaser incurs any damage as a result the

Contracted Work not complying with the Terms and Conditions hereunder or the Order, or poor performance in respect of the Contracted Work.

14. The Provider shall take such appropriate actions as maintaining insurance that is sufficient to secure against liabilities resulting from a defect in goods that are manufactured using the Products or the Services.
15. Provider shall not use any part of the payments by Purchaser to Provider under this Order: (a) for any purpose that would constitute a violation of the laws of Japan or any other country, whose laws may apply to either of the parties, including without limitation the U.S. Foreign Corrupt Practices Act; (b) in order to procure any improper benefit from any government official on behalf of Purchaser; or (c) for any other illegal, unethical or improper purpose.
16. If the Purchaser determines necessary, the Purchaser may publicize all or part of the following matters. In addition, if requested by the Purchaser, the Provider shall publicize all or part of the following matters on the relevant Work Product or in the manner requested by the Purchaser, after obtaining the approval of the Purchaser on the contents thereof.
 - (i) The level or details of the Purchaser's involvement in or contribution to the Contracted Work;
 - (ii) Whether the Purchaser has paid for the Contracted Work, and other contents of this Order and these Terms and Conditions; and
 - (iii) Other matters deemed reasonably necessary by the Purchaser.
17. If the Purchaser and the Provider have already entered into an agreement that is the basis for this Order, and the terms and conditions of said agreement contradicts the Terms and Conditions set forth herein, the terms and conditions of said agreement shall have priority.
18. The Provider represents that neither it, nor any of its affiliates (nor any director, officer or to its knowledge, employee of it or any of its affiliates) nor any of its agents, is a person, or is owned or controlled by a person that is (1) the subject of any Sanctions; (2) engaged in any activities that could trigger a designation under the Sanctions administered by the relevant authorities or (3) employs, uses, procures or subcontracts any workers or labour originating from or attributable to North Korea. Sanctions means any economic or financial sanctions or trade embargoes implemented, administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Departments of State or Commerce or any other US government authority, the United Nations Security Council, the European Union, Switzerland or other such Sanctions authority in a jurisdiction of relevance to this Agreement.
19. The Company is entitled to appoint its internal and/or independent auditors to audit during the normal business hours the financial records and books of the Supplier in relation to the performance duties of the Supplier by reasonable prior

notice. The Company may exercise its right to audit in the course of the provision of the Products and/or Services.

20. All financial statements, records, and invoices submitted by the Supplier to the Company must, in reasonable detail, accurately and honestly, indicate the activities and transactions relating to the Company's business. The Supplier must keep and maintain complete and accurate books, records of account, other reports and data necessary for the proper administration of this Purchase Order. All information can be in hard copy or electronic form.
21. This Order and these Terms and Conditions shall be interpreted in accordance with Japanese Law, and both parties confirm the exclusive jurisdiction of the Tokyo District Court in connection with this Order.