

## ***BR Petrobras***

### ***Materials Supply Conditions***

#### ***CFM 2018***

## **CONTENTS**

- 1 - Purpose**
- 2 - Definitions**
- 3 - Use of Contractual Documents and Information**
- 4 - Intellectual Property Rights**
- 5 - Obligations and Responsibilities of the Supplier**
- 6 - Obligations and responsibilities of Petrobras**
- 7 - Inspections**
- 8 - Packaging**
- 9 - Delivery**
- 10 - Goods Warranty**
- 11 - Contractual amendments**
- 12 - Assignment**
- 13 - Deadlines**
- 14 - Payments**
- 15 - Fines and Penalties**
- 16 - Termination**
- 17 - Health, Safety and the Environment (HSE)**
- 18 - Supplier's Social Responsibilities**
- 19 - Taxes Levied**
- 20 - Predominant Language**
- 21 - Applicable Legislation and Jurisdiction**

## 1 - PURPOSE

1.1 - To set forth the conditions that govern the supply of Goods and Associated Services to Petrobras.

1.1.1 - Where necessary, the Contractual Instrument can contain clauses that differ from these Conditions, provided that this reservation is previously stated in the Call for Bids.

1.2 Whenever there is a conflict between the clause in the Contractual Instrument and its annexes, the provisions of the Contractual Instrument shall prevail.

## 2- DEFINITIONS

2.1 For the purposes of simplification, the following definitions are used in these Conditions and other contractual documents:

2.1.1 **Good:** any system, equipment, product or material that the Supplier undertakes to deliver to Petrobras in accordance with the Contractual Instrument.

2.1.2 **Good requiring technical qualification (RQT):** Good used in the Petrobras industrial process whose failure or inadequacy could threaten the safety of people facilities, and/or the environment impact operational performance and/or compromise the quality of the Petrobras end product

2.1.3 **Delivery Conditions:** trading terms used internationally to define the obligations and risks of the buyer and Supplier as set forth in INCOTERMS 2010.

2.1.4 **Delivery Date:** contractually defined date for the delivery of the Good and/or Associated Services and stated in the Contractual Instrument (Purchase Order or Purchase Order with Contract Reference) in the delivery date field.

2.1.5 - **Contract:** legal transaction that gives rise to the rights and obligations of the parties formalized in the respective Contractual Instrument.

2.1.6 **Termination Date:** date defining the Termination of the contract.

**2.1.7 Supplier Engineering Documents:** drawings, data book, manufacturing drawings, designs, technical specifications, reports Project, memoranda, calculation and any other documents prepared by or on behalf of Supplier, necessary for the supply of the goods and services contracted.

**2.1.8 Supplier:** company that will provide Petrobras directly with the Good and Associated Service in accordance with the Contractual Instrument.

**2.1.9 Inspection:** activity carried out by Inspection Bodies, in the facilities of the supplier and/or sub-suppliers involved, for planning and execution purposes, in order to verify the conformity of the equipment or materials manufactured with the specifications in the Contractual Instrument. For the purposes of these Materials SupplConditions (CFM), this activity is manufacturing inspection

**2.1.10 Inspector:** the private individual or legal entity designated by Petrobras to perform the manufacturing inspection and accompany the acceptance testing of the Good and Associated Services, in accordance with the Contractual Instrument.

**2.1.11 Contractual Instrument:** legal instrument formalizing the contract, Orders, Purchasing and including Purchase Services Contracts or Purchase Orders with Contract Reference, including, all documents and respective attachments;

**2.1.12 Inspection Body:** Petrobras Unit or company contracted by Petrobras to perform the manufacturing inspection and accompany acceptance testing of the Good and Associated Services, in accordance with the Contractual Instrument. -----

**2.1.13 Petrobras:** any company of PETRÓLEO BRASILEIRO SA purchasing the Goods and Associated Services covered by the Contractual Instrument.

**2.1.14 Inspection Requirements:** basic contractual requirements relating to the manufacturing inspection.

**2.1.15 Associated Service:** service associated, with the supply of the Good, such as: installation, preparation, technical assistance, training and/or other services set forth in the Contractual Instrument.

2.1.16 **Subsupplier:** company chosen and qualified by the Supplier to supply components of the Good covered by the Contractual Instrument.

2.1.17 **Destination Unit:** Petrobras Organizational Unit that will receive the acquired Good and/or Associated Service covered by the Contractual Instrument.

2.1.18 **Requisitioning Unit:** Petrobras Organizational Unit that requested acquisition of the Good and/or Associated Service.

2.1.19 **Contractual Amount:** amount to be paid to the Supplier in accordance with the Contractual Instrument for the fulfillment of their contractual obligations

2.2 For the purpose of the Contractual Instrument, the terms that determine the delivery conditions and other commercial terms used to describe the obligations of Petrobras and the Supplier shall have the meanings assigned to them in the International Rules for Interpretation of Commercial Terms published by the International Chamber of Commerce in Paris, commonly known as INCOTERMS 2010.

2.3 - The criterion used by Petrobras for measuring and charging for local content is that of the National Petroleum Agency (ANP) (local content schedule), with certification.

### **3- CONFIDENTIALITY**

3.1. Petrobras and the Supplier undertake, for a period of 20 (twenty) years, to maintain the confidentiality of all information or confidential data conveyed to them or to which they have access in order to execute contractual object, except in the case described in item 3.1.2.

3.1.1 Information or stored data to which Petrobras and the Supplier have access, and also data communicated verbally, in writing or electronically for the purpose of executing this Contractual confidential, Instrument shall be considered irrespective of whether its confidentiality is expressly stated or not.

3.1.2 - The period stated in item 3.1 shall not apply to information and data related to business secrets (know-how, trade secrets), commercial strategy and anything providing a competitive differential for Petrobras, which should be kept confidential by Supplier for an indefinite period, unless expressly authorized by Petrobras.

3.1.3 For the purpose of confidentiality, Petrobras and the Supplier shall assume responsibility for their directors, employees, agents, successors and commission merchants.

3.1.4 - Any information obtained by the Supplier during contractual execution on Petrobras' premises or originating therefrom, which is not directly related to the object of this Contractual Instrument, shall be kept confidential under the terms and for the periods stated in this Clause.

3.2 - The following cases are the only exceptions to the confidentiality obligation:

- a) Information proven to be known prior to the contract negotiations either directly or through a bidding procedure;
- b) Prior express consent from the holder of the information<sup>1</sup> with authorization from the highest authority of the body responsible for the Contractual Instrument providing a release from the obligation of secrecy and confidentiality;
- c) Information proven to be legally and legitimately known by another source<sup>1</sup> independently of this Contractual Instrument;
- d) Judicial and/or administrative decision to disclose the information provided that this is immediately notified to the respective holder prior to disclosure and judicial secrecy is required regarding how the information is whether judicially and/or administratively handled.

3.3 Any disclosure of any information or data related to this Contractual Instrument shall be subject to prior authorization from Petrobras except in regard to mere news of its existence.

3.4 - The documents referred to in item 3.11 which are the property of Petrobras<sup>1</sup> with the exception of the Contractual Instrument itself shall remain the property of Petrobras and, if requested by the Supplier, shall be returned (all copies) to Petrobras immediately upon completion of the work involving said documents.

3.5 - Failure by the Supplier to comply with the confidentiality obligation, revealing confidential information and data or facilitating its disclosure, shall constitute grave misconduct and may result in the levying of the fines and penalties set forth in item 15.6 of these Materials Supply Conditions (CFM).

## **4- INTELLECTUAL PROPERTY RIGHTS**

4.1 - Payments of royalties related to the licensed intellectual property rights of third parties shall be the sole responsibility of the Supplier, except in cases where said licenses are provided by Petrobras.

4.2 - The Supplier shall keep Petrobras safe and shall be solely liable for any adverse decision arising from third party claims for infringement of intellectual property rights as a consequence of the use of the Good, except in cases where the Good is constructed in accordance with specifications developed and/or provided by Petrobras in writing.

4.3 Petrobras can, at any time, require the Supplier to submit the authorizations, assignments, licenses, concessions and contracts proving the Supplier's intellectual property rights in the Good

4.4. Notwithstanding the form of delivery stipulated in the Contractual Instrument, the Supplier shall grant PETROBRAS a charge-free, non-exclusive, non-transferable, perpetual and irrevocable authorization to use the Suppliers, Engineering Documents for the purpose of equipment maintenance, restoration, adaptation and purchase of spare parts regardless of the source of supply and as a reference in future bidding or contracting procedures<sup>1</sup> whether in Brazil or abroad.

## **5- OBLIGATIONS AND RESPONSIBILITIES OF THE SUPPLIER**

5.1 - The Supplier undertakes:

5.1.1 - To supply and deliver the Good and execute fully the Associated Service required under the Contractual Instrument, in the form within the deadline and to the quality stipulated in the contract and anexes.

5.1.1.1 - To maintain at his own expense, in the case of a Good requiring technical qualification (RQT), a quality assurance system in accordance with the Quality System Requirements, compatible with ISO 9000 standards or ISO 9000 certification, issued by a certification body recognized, by the national certification body of the country in which his certified production plant is located.

5.1.2 - To assume, within the limits set forth in the Contractual Instrument, full responsibility for the actions and omissions of his employees, subsuppliers and subcontractors. None of the provisions in the Contractual Instrument shall give rise to a contractual relationship between any subsupplier or subcontractor and Petrobras.

5.1.2.1 The Supplier, subsuppliers, employees, and subcontractors' employees shall comply with the Petrobras System Code of Ethics, the Petrobras Code of Conduct and Petrobras Social Responsibility Policy.

5.1.3 - Whenever requested by Petrobras, to present documentation proving compliance with his tax, social security and labor obligations, including FGTS deposits.

5.1.3.1 - To pay Petrobras the amount Petrobras is ordered to pay as a result of a subsidiary or joint and several adverse judgment by the Judicial Authority, an Arbitration Tribunal or other competent body, for defaulting on obligations to pay tax, social security, labor and severance fund (FGTS) charges in respect of employees.

5.1.3.1.1 Said amount shall be increased to include all costs and expenses related to administrative, judicial and arbitration proceedings, in any court or tribunal, that Petrobras may be ordered to pay, assuming both in and out of court full liability for these obligations, safeguarding the interests of Petrobras and, in addition, providing the necessary guarantees for their discharge.

5.1.4 In all the activities related to the execution of the contract, not to use child labor, under the terms of Paragraph XXXIII of art. 7 of the Federal Constitution, or to use labor under

conditions equivalent to slavery, and to require that said stipulations be incorporated into Contractual Instruments concluded with suppliers of inputs and/or service providers, on pain of Termination of contract, without prejudice to other appropriate measures.

5.1.4.1 Whenever requested by Petrobras, to issue a written statement that it has fulfilled or is complying with the requirement stipulated in the previous item.

5.1.5 To conduct his manufacturing and/or inspection operations, whether carried out in his facilities or those of his subcontractors in strict compliance with the standards of safety hygiene and occupational medicine assuming liability for infringements committed. He shall also provide personal protective equipment at his own expense and maintain said equipment in Perfect condition for use on pain of termination of the contract without prejudice to other appropriate measures.

5.1.6 - When requested to do so to dispatch duly qualified and accredited representatives to appear at the places defined by agreement with Petrobras with the aim of examining and clarifying any problems related to the supply.

5.1.7- To provide reports on the development of the various stages of the manufacture of the Good of keeping Petrobras informed of all details of the supply covered by the Contractual Instrument.

5.1.8 To facilitate the activities of representatives accredited by Petrobras as set forth in the contract.

5.1.8.1 To provide the necessary material resources for implementing the inspection and test plan(PIT) and/or test procedures to satisfy the Inspection Requirements covered by the Contractual Instrument.

5.1.9 The contracted party shall be under obligation to repair, rectify, remove, rebuild or replace, at his own expense, whether wholly or partially, a contractual object in which Petrobras detects flaws, defects or errors resulting from the execution or materials used.

5.1.9.1 If it is necessary to remove the Good, the Supplier shall remove it from in the place to which the Good was supplied, as set forth in the contract.

5.1.10 The liabilities of the Supplier and Petrobras for losses and damages shall be limited to direct losses in accordance with the Brazilian Civil Code and applicable law, excluding loss of earnings and indirect losses, and direct losses shall be limited to 10 %(ten percent) of the adjusted contractual amount, unless otherwise stipulated in the Call for Bids or contract.

5.1.10.1 The Supplier and Petrobras undertake to compensate for environmental damage and losses suffered by third parties as a result of operations involving the Good covered by the contract, but only as from its delivery, as follows:

a) If he causes losses the Supplier undertakes to pay compensation up to a limit of 10% (ten percent) of the adjusted contractual amount unless otherwise stipulated in the Call for Bids or contract

b) The limit established in item "a" above shall not apply to environmental damage resulting from

non-compliance with the environmental legislation.

c) Petrobras undertakes to indemnify the amount that exceeds the Supplier's limit of liability

d) Each Party shall have the right of recourse in accordance with the law in order to recover any amounts that may be paid to third parties as a result of a final court judgment and which the other Party is under contractual obligation to pay up to the limits defined above.

d1) With due regard to the limit set forth in item "a" of this item 5.1.10.1 the amount that the third party effectively is awarded in court shall be reimbursed in addition to all ancillary costs such as legal expenses and lawyer's fees.

5.1.10.2 Notwithstanding the provisions of item 5.1.10 the Supplier shall be liable for losses caused directly to PETROBRAS or to third parties regardless of the proof of his culpability or intent in the execution of the contract and this liability shall not be excluded or diminished by the fact that Petrobras has conducted inspection and monitoring operations.

5.1.10.2.1 The liability set forth in item 5.1.10.2 includes, but, is not limited to, the costs of additional services required for the repair, reworking or replacement of the Good, subject to the provisions of item 10.3.3.

5.1.10.2.2 The Supplier shall not be liable for damages caused directly to PETROBRAS or third parties in cases in which his conduct has not caused the losses

5.1.10.3 - The limits established for direct losses in 5.1.10 and 5.1.10.1 shall not apply in the following cases:

a) Fraud by any of the Parties in the execution of the contractual object, causing losses to the other Party or third parties, with due regard to the provisions of articles 927 and 932, item III, of the Civil Code;

b) Non-compliance with the environmental, tax, labor and social security legislation.

5.1.10.4 For the purposes of items 5.1.10 and 5.1.10.1, the adjusted contractual amount is understood to mean initial amount of the contract plus adjustments and additional clauses

5.1.10.5 The Supplier may choose to take out insurance to cover his assets and civil liability in respect of Petrobras and third parties, in accordance with items 5.1.10, 5.1.10.1, 5.1.10.3 and 5.1.10.4 of these Materials Supply Conditions (CFM) bearing all expenses related to insurance premiums linked to the contract except for the compulsory insurances required under the current legislation as well as any other expenses related to the contracting of insurance and deductibles.

5.1.10.5.1 The optional insurance taken out by the Supplier in accordance with item 5.1.10.5 shall not replace the guarantees stipulated in art. 70 of Law 13.303/16

5.1.10.5.2 If the Supplier chooses not to take out insurance, it will be considered, for all purposes, as if insured were.

5.1.10.5.3 If any insurance has been taken out the respective policy or policies shall contain a provision guaranteeing the waiver of any rights of subrogation against Petrobras for the risks assumed by the Supplier and this should be stated in the Insurance Certificates.

5.1.10.6 Petrobras undertakes to keep in force the insurance policies for the protection of its assets (onshore and offshore Operational Risks) and general liability to the Supplier and third parties (General Civil Liability - RCG) for the entire term of this contract, including a clause to wave any subrogation rights against the Supplier for the risks assumed by Petrobras, subject to the limits of the Supplier's liability, as set forth in items 5.1.10, 5.1.10.1, 5.1.10.3 and 5.1.10.4 of these Materials Supply Conditions (CFM)

5.1.11 To supply the Good in accordance with the requirements specified in the Contractual Instrument, regardless of whether the documents are approved and the manufacturing inspection carried out by Petrobras or by the company contracted by Petrobras for these purposes.

5.1.11.1 The provisions of item 5.1.11 apply in full to the Associated Services covered by the Contractual Instrument

5.1.12 If the Good has been manufactured with raw material supplied by Petrobras, the Supplier shall account for the use to which the raw material is put as defined in the Contractual Instrument.

5.1.12.1 The accounting submitted shall be accompanied by a list of invoices related to the raw material received and to the finished product, indicating the respective dates, weights and quantities of material in each commercial invoice.

5.1.12.2 Any left over raw material supplied by Petrobras should be placed at its disposal

5.1.13 If the Supplier is a Limited Company (LTDA) and General Partnership (Sociedade Simples), whenever there is a change in the corporate structure, he undertakes to send a copy of the respective Record at the Commercial Registry or Legal Entity Registry Office to the contract.

## **6- OBLIGATIONS AND RESPONSIBILITIES OF PETROBRAS**

6.1 - Petrobras undertakes:

6.1.1 - To make the stipulated payments as defined in the Contractual Instrument.

6.1.2 To inspect the Good in the Suppliers plant, when stipulated in the Contractual Instrument, as well as all releases for shipment.

6.1.3 To provide the necessary import documentation and pay port tariffs, customs expenses and tax obligations in Brazil, if the Good is purchased by Petrobras directly from abroad.

6.1.4 To collaborate with the Supplier when requested by him to do so, where possible and without assuming any encumbrance, in examining and interpreting the technical documents.

6.1.5 To give the Supplier prior notification when any contractual fines or other penalties stipulated in the Contractual Instrument or by Law are to be levied.

6.1.5.1 - If a contractual penalty is to be levied for delayed delivery as stipulated in the Contractual Instrument, no prior notification will be given.

6.1.6 To maintain in the insurance policies in force for the entire term of the contract, as set forth in item 5.1.10.6.

## **7- INSPECTIONS**

7.1 The Inspection Requirements specified by Petrobras, as well as the type of inspection to be carried out, shall be defined in the Call for Bids or other equivalent document in which the submission of a supply proposal is requested.

7.1.1 - The type of inspection defined in the Call for Bids shall set forth the extent of Petrobras' involvement in the production process, which can be: Released (L), A, B or C, as defined on the electronic portal

7.2 - Petrobras shall be responsible for carrying out the inspections defined as type A, B or C, and they will be performed by the Inspection Body designated by Petrobras.

7.3 - For inspections under the responsibility of Petrobras to be conducted in Brazil, the Supplier shall notify the Inspection Body indicated in the Contractual Instrument at least five (5) business days in advance of the date from which the Good will be available for inspection.

7.3.1 The inspection shall begin in up to 03(three) business days as from the date of availability of

the Good, specified in the communication covered by item 7.3.

7. For inspections under the responsibility of Petrobras to be carried out outside Brazil, the Supplier shall communicate with the Inspection Body indicated in the Contractual Instrument at least 20 (twenty) calendar days prior to the date on which the Good will be available for inspection.

7.4.1 - The inspection shall commence on the date on which the Good is available, specified in the communication covered by item 7.4.

7.5 Inspections can be carried out on the premises of the Supplier or subsupplier(s), at the place of delivery and at the final destination of the Good. When performed on the Supplier's

or subsupplier's premises, the Inspector shall be provided, at no charge to Petrobras, with all the necessary technical assistance, including access to contractual documentation, drawings, production data and quality records, reports and certificates.

7.5.1 - If the Inspector is frequently present in the Supplier's production facilities, the Supplier shall provide a suitable place for his stay on their premises, in compliance with the Supplier's in-house standards.

7.5.1.1 For the cases mentioned in 7.5.1, the Supplier shall provide Petrobras representatives in advance with the inspection schedule, in which case the provisions of items 7.3 and 7.4 shall not apply.

7.5.2 In carrying out the inspection operations indicated in the Inspection and Test Plan (PIT), the Supplier shall notify the person responsible for manufacturing inspection, within the contractual deadlines, with the aim of examining, verifying or witnessing the operations agreed in said plan. If the person responsible for the inspection fails to attend within the contractual deadlines, the manufacturing process shall not be interrupted.

7.5.2.1 - For the final release of the Good, the supplier shall notify the person responsible for manufacturing inspection, within the contractual deadlines, in order to examine, verify or witness the operations specified in the PIT otherwise the Good cannot be delivered

7.6 If the inspection is not carried out as scheduled and this is the sole responsibility of the Supplier, or if re-inspection is necessary following rejection of the Good in a previous inspection the Supplier shall reimburse Petrobras for all resulting costs incurred.

7.7 The Supplier shall be responsible for providing the Inspector with the drawings and Documents needed to carry out the inspection.

7.7.1 For ongoing inspections throughout the manufacturing cycle prior to the final release of the Good the relevant drawings and documents if set forth in the Contractual Instrument shall have been approved by Petrobras or its agent.

7.7.2 For the purpose of issuing the Material Release Note (CLM) the relevant drawings and Documents if set forth in the Contractual Instrument, shall be accepted as certificates by Petrobras or its agent. If any Good inspected or tested fails to comply with Materials Requisitions (RM) applicable Standards or Contractual Inspection Requirements, Petrobras can reject it and it is up to the Supplier to replace the rejected Good or to make all necessary changes in order to satisfy said requirements, at no extra charge to Petrobras, and the materials shall be resubmitted for inspection or testing, in accordance with item 5.1.9 of these Materials Supply Conditions (CFM).

7.9 No Good subject to inspection shall be dispatched without the Inspector's written release, otherwise the Provider shall bear all the costs arising from such a decision.

## **8- PACKING**

8.1 The Supplier shall be responsible for the packaging and/or wrapping of the Good, and it shall be suitable for the means of transportation defined in the Contractual Instrument and satisfy the requirements of current legislation, especially the requirements concerning safety, health and the cargo transportation, environment, and the Packaging Requirements.

8.1.1 The Packaging Requirements specified by Petrobras shall be defined in the Call for Bids or other equivalent document in which the submission of supply proposal is requested, and shall be at least equivalent to those available on the electronic portal.

8.2 The packaging shall be marked in indelible ink, with the following: Petrobras; acronym of the Destination Unit; address of the Destination Unit; number and item or items in the Contractual Instrument, appropriate and to shall also bear the signage the type of material to be transported (example: FRAGILE, HAZARDOUS, RADIOACTIVE, etc.).

## **9- DELIVERY**

9.1 - The Good shall be delivered by the Supplier in accordance with the Contractual Instrument, and no early deliveries shall be allowed, except where specified in the Contractual Instrument or with written authorization from Petrobras, to be requested in advance by the Supplier

9.1.1 Early delivery is understood to mean a delivery made over 15 (fifteen) consecutive days prior to the contractual date of delivery.

9.2 The Good specified in a Contractual Instrument or one of its items shall be delivered in one delivery or several partial deliveries, as specified in said document.

9.2.1 - If partial deliveries are specific in the Contractual Instrument or subsequently requested by Petrobras, all the provisions set forth in these Materials Supply Condition (CFM) shall apply to each shipment.

9.2.2 For a single delivery consisting of more than one shipment delivery shall be considered complete upon receipt of the last shipment making up the total quantity of the item.

9.2.2.1 - For partial deliveries delivery will be considered complete upon receipt of the shipment that makes up the total partial quantity.

9.3 The document indicating that the Good is available for transportation by Petrobras is the Goods Availability Note (ADB) which may be replaced by any other document issued by the Supplier that indicates that the Good is available and specifies all the data necessary for transportation.

9.3.1 - Models of the Goods Availability Note (ADB) to be used by domestic and foreign Suppliers are available on the electronic portal.

9.3.2 The provisions of items 9.3 and 9.3.1 apply to the INCOTERMS 2010 delivery conditions groups "E" and "F".

9.3.3 If the Good cannot be made available on the date indicated by the Supplier and communicated to Petrobras and this is the fault of the Supplier any costs incurred by this unavailability shall be borne by the Supplier. If Petrobras fails to make the preparations necessary to receive the Good made available by the Supplier on the agreed date, Petrobras shall undertake to pay any additional costs arising therefrom, provided that they are duly proven by the Supplier, agreed between the Parties and approved by Petrobras.

9.3.4 The Supplier shall send the Goods Availability Note (ADB) or equivalent to the contract manager, where applicable, accompanied by signed copies of the following documents:

a) Material Release Note (CLM) or Material Acceptance Report (for Good Purchased Abroad) for a

Good subject to inspection;

b) Certificate of the classification society, for a Good subject to marine classification

c) Safety Data Sheet and Material Safety Data Sheet MSDS if the Good is controlled product (hazardous chemical, explosive, radioactive material etc.) purchased in Brazil;

d) "Material Safety Data Sheet", and "Dangerous Goods Declaration DGR" issued by the "International Maritime Organization IMO" or "Dangerous Goods Regulations - DGR" issued by the "International Air Transport Association - ATA", if the good is a controlled product (hazardous chemical, explosive, radioactive material, etc.) purchased abroad;

e) Special requirements/guidelines for mooring, protection, transportation, unloading and storage

of the Good, where necessary.

9.3.5 For EX-WORKS and FCA-SUPPLIER Delivery Conditions, the Good will be removed by Petrobras only if it is accompanied by the documents mentioned in sub-item 9.3.4, Commercial Invoice, Packing List and the Certificate of Origin (where applicable).

9.3.6 - If the Delivery Conditions are FCA-CARRIER, FCA-AIRPORT OF DEPARTURE and FOB-PORT OF DEPARTURE, the Supplier shall deliver the Good accompanied by the documents mentioned in sub-item 9.3.4, the Commercial Invoice, Packing List and Certificate of Origin (where applicable). Foreign Suppliers can deliver Goods only with written authorization to be requested in advance from the contract manager.

9.4 Under INCOTERMS 2010 conditions for groups "C" and "D", the Supplier shall ship the Goods together with copies of the documents mentioned in sub-item 9.3.4, Commercial Invoice, Packing List and the Certificate of Origin (where applicable). Foreign Suppliers can deliver Goods only with written authorization to be requested in advance from the contract manager.

9.5 - The liability of the Supplier with regard to delivery and the risks entailed shall cease when the Goods are delivered as defined in the respective Contractual Instrument.

9.6 The effective delivery date of the Good subject to the provisions of item 9.2.2. shall be as defined below in accordance with the delivery conditions set forth in the Contractual Instrument:

a) EX WORKS: date on which the contract manager receives the Goods Availability Note (ADB) or any other document issued by the Supplier indicating availability or the date scheduled mentioned in the ADB whichever is the later.

b) FCA-SUPPLIER and FCA-CARRIER: date on which the Contract manager receives the Goods Availability Note (ADB) or any other document issued by the Supplier indicating availability or the date scheduled for issuance mentioned in the ADB whichever is the later.

c) FCA-AIRPORT OF DEPARTURE and FOB-PORT OF DEPARTURE: date on which the contract manager receives the Goods Availability Note (ADB) or any other document issued by the Supplier that indicates availability or the date scheduled for issuance, mentioned in the ADB, whichever is the later.

d) CPT-AIRPORT OF DESTINATION: date of issue of the "AIR WAYBILL - AWB".

e) CFR-PORT OF DESTINATION: date of issue of the "BILL of LADING".

f) CIP-Petrobras and CIP-THIRD PARTIES: date of issue of the air waybill provided by the Carrier.

g) CIP-CARRIER: date of issue of the air waybill provided by the Carrier indicated by Petrobras.

h) DDP (designated place): date of delivery of the Good at the place defined in the Contractual Instrument, legibly recorded on the Electronic Invoice Auxiliary Document (DANFE) by the person who received the Good, who should also legibly enter on the same DANFE his/her name, registration and position.

9.7 - The right of Petrobras to verify and, where necessary, reject the Good after its arrival at the final destination shall not be in any way limited or excluded simply because the Good has been inspected, tested and approved by Petrobras or its representatives prior to shipment.

9.8 Commercial invoices shall always:

a) Indicate the number of the Contractual Instrument (Purchase Order, Purchase and Services Contract or Purchase Order with Contractual Reference), as well as the corresponding items;

b) Correspond to a single and exclusive Purchase Order or Purchase Order with Contractual Reference

c) Provide the Supplier's bank details, Bank number, Bank name, Branch number and Current Account number, City, State and Country, as, well as the beneficiary if not the Supplier himself

9.9 - Commercial invoices shall always contain the following information:

- a) Number of the Contractual Instrument (Purchase Order, Purchase and Services Contract or Purchase Order with Contractual Reference), as well as the corresponding items;
- b) The billing documentation shall correspond to a single and exclusive Purchase Order or Purchase Order with Contractual Reference;
- c) Description in Portuguese or another official language of the General Agreement on Tariffs and Trade (GATT) accompanied by a translation in Portuguese;
- d) Quantity and type of packages, Unit Price, Total Value, Net Weight and Gross Weight (in kg);
- e) Mark, numbering and, if any, reference number of packages;
- f) Country of purchase, country of origin and country of acquisition;
- g) Delivery condition;
- h) Port /Airport of Destination;
- i) International freight, where applicable;
- j) Form of payment and currency;
- l) Name and full address of the importer if the Supplier is not the manufacturer of the Good;
- m) Name and full address of the importer;
- n) Full address of the Supplier;
- o) Supplier's bank details: the Bank's number or SWIFT code, ABA number and the name of Bank, Branch number with the current account number or IBAN code; City, State and country;
- p) Information on the existence of a published price list;
- q) Declaration that it is a Good to order, where applicable;
- r) Name, address and CNPJ (business taxpayer number) of the representative in Brazil, if any;
- s) Whether the commission will be retained in Brazil or transferred abroad;
- t) Percentage of commission payable to the representative in Brazil, if any;
- u) Details of Bank account in which the commission should be deposited: Bank number, name of the Bank, Branch and Current Account number, City, State and country;
- v) Be declared "sold to and ship to" as specified in the Contractual Instrument.

## 10- GOODS WARRANTY

10.1 - The Supplier shall warranty the quality of the Good from the effective date of delivery for a period of twelve (12) months, unless otherwise specified in the Contractual Instrument, subject to the storage conditions specified by the Supplier.

10.2 - The warranty shall cover the restoration or replacement of any component, system, equipment, product or material that exhibits non-conformities in the characteristics or any design errors and manufacturing defects, at the Supplier's expense.

10.3 - If, during the warranty period, anl defects or non-conformities in the characteristics of the Good are verified, Petrobras shall communicate this fact in writing to the Supplier, agreeing on the deadline for rectifying defects and eliminating non-conformities.

10.3.1 - The warranty period shall be suspended on the date on which the non-conformity is communicated by Petrobras, and shall be resumed when the Good is in perfect condition for use.

10.3.2 Petrobras shall make available the Good whose defects/non-conformities have been notifiedf and receive it after the respective rectifications at the delivery address specified in the Contractual Instrumentf bearing in mind following, the:

10.3.2.1 The Supplier is responsible for the execution and costs of the cargo movements, loading / unloading, shipments / landings, transport and shipments customs, among other actions necessary for the completion of what is established in item 10.3.2, regardless of whether they are performed in Brazil and / or abroad

10.3.2.2 - If customs clearance by the Supplier is prevented by legal requirement, Petrobras shall clear the Good at the Supplier's expense.

10.3.2.3 - Petrobras shall bear the cost and handle landings/dislandings of the Good at the deliery address specified in the Contractual Instrument onto/from the transportation provided by the Supplier.

10.3.3 - If the Supplier is unable to rectify the defect. Petrobras shall be able to make the necessary repair, either directly or using third parties, at Supplier's expense and subject to prior notification, and the Supplier's acknowledgment of his liability for reimbursing Petrobras for the amounts spent, and the provisions of items 5.1.10 and 5.1.10.1. shall not apply for the purposes of this item.

## **11- CONTRACTUAL AMENDMENTS**

11.1 Contractual changes of any kind in compliance with the current legislation, shall be made only by agreement in writing between Petrobras and the Supplier, and be inserted into the respective Contractual Instrument.

11.1.1 - Under the same contractual conditions, the Supplier can accept additions or deletions to the goods or associated services, to a limit of 25% (twenty-five percent) of the updated initial amount of the Contractual Instrument, and, in the particular case of equipment, (fifty percent) for additions up to a limit of 50%

11.1.2 No additions or deletions shall exceed the limits established in item 11.1.1, except for deletions under an agreement between the contracting parties.

11.1.3 If no unit prices for Goods or Associated Services have been included in the Contractual Instrument due to a change of scope, unit prices shall be determined by agreement between the parties, with due regard to the limits established in item 11.1.1.

## **12- ASSIGNMENT**

12.1 The Supplier may not assign, in whole or in part, the rights and obligations arising from the contract, unless prior written authorization is obtained from Petrobras.

12.1.1 The Supplier shall be jointly and severally liable with the assignee for all contractual obligations assigned.

12.2 - The Supplier shall not assign or in any way pledge as collateral, whether in whole or in part, credits of any kind arising out of or originating from this contract, unless prior written authorization is obtained from Petrobras.

12.2.1 In the case of fiduciary assignment for guaranteeing credit from financial institutions under the PROGREDIR rules (Petrobras program for the granting of credit/loans from participating financial institutions to suppliers of raw materials, goods and/or services along the Petrobras production chain), prior authorization from; Petrobras will be issued electronically (<http://www.progredir.petronect.com.br>).

12.3 In the aforementioned cases, even if duly authorized by Petrobras, the Supplier shall not be exempted from any of his contractual responsibilities.

12.4 Petrobras shall be able to fully or partially assign the contract with the consent of the Supplier, and in these cases there shall be no requirement for the Assignee to be a company controlled by Petrobras or in which Petrobras has an interest.

## **13- DEADLINES**

13.1 The delivery times shall be counted in consecutive days, as from the date specified in the Contractual Instrument.

13.2 Any delays suffered by subsuppliers or subcontractors shall be the sole responsibility of the Supplier.

13.3 The Supplier can submit a request for consideration by Petrobras to extend the deadline for reasons of force majeure, fortuitous event or just cause.

13.4 - The contract validity period shall expire on the date of termination stated therein, and shall not be confused with the contractual deadline for delivery of the good.

## 14- PAYMENTS

14.1 - Goods and the Associated Services purchased on the domestic market will be paid for by Petrobras to its Suppliers after full or partial delivery thirty (30) calendar days from the date of delivery of the billing documentation to the address indicated in the Contractual Instrument and if the conditions set forth in item 14.6 of these Materials Supply Conditions (CFM) are satisfied.

14.1.1 - Payments to Suppliers will be made through a billing invoice issued by a banking institution in the form of a simple, registered bill to the "CNAB-240" (Febraban) standard. If a "CNAB-240" (Febraban) billing invoice is not used, payments shall be made by a current account credit, with the

payment period increased by one day (D + 1).

14.2 - Goods and the Associated Services purchased on the domestic market will be paid for by Petrobras to its Suppliers after full or partial delivery thirty (60) calendar days from the date of delivery of the billing documentation to the address indicated in the Contractual Instrument and if the conditions set forth in item 14.6 of these Materials Supply Conditions (CFM) are satisfied.

14.3 - Payments shall be made based on contractual events, in accordance with the system laid down in the Contractual Instrument.

14.4 - If the Contractual Instrument stipulates payments prior to delivery of the Good linked to predetermined intermediate events, the Supplier shall submit the respective billing documentation to the contract manager.

14.4.1 - For domestic Suppliers, payment of these amounts shall be made within 30 (thirty) calendar days from the date of presentation of the billing documentation, conditional on Petrobras verification that the event has occurred.

14.4.1.1 In this situation the billing documentation shall consist of the presentation of a receipt, which shall contain the following:

a) The CNPJs (business taxpayer numbers) of Petrobras and the Supplier, the number of the Contractual Instrument and a description of the event;

b) Attached documentation proving that the event has occurred.

c) The Supplier's bank details: Bank number, Bank name, Branch and Current Account number, City, State and Country;

d) The billing documentation shall correspond to a single and exclusive Purchase Order or Purchase Order with Contractual Reference.

14.4.2 - For domestic Suppliers, payment of these amounts shall be made within 30(thirty) calendar days from the date of presentation of the billing documentation, conditional on Petrobras verification that the event has occurred.

14.4.2.1 This situation the billing documentation shall consist of the presentation of a receipt, which shall contain the following:

- a) The corporate names and addresses of Petrobras and the Supplier, the number of the Contractual Instrument and a description of the event;
- b) Attached documentation proving that the event has occurred.
- c) The bank details of the Supplier, the Bank number or SWIFT code, the ABA number and the name of the Bank, Branch number and Current Account number or IBAN, City, State and country code;
- d) Whether a commission is payable to a representative in Brazil;
- e) Whether the commission is to be retained in Brazil or sent abroad, where applicable;
- f) The percentage commission of the representative in Brazil, where applicable;
- g) The name, address and CNPJ (business taxpayer number) of the representative in Brazil, where applicable;
- h) Details of the bank in which the commission should be deposited: the Bank number, Bank, Branch and Current Account number City, State and Country where applicable;
- i) Correspond to a single and exclusive Purchase
- ii) Order or Purchase Order with Contractual Reference.

14.4.3 - Payment of amounts linked to predetermined intermediate events, stipulated and occurring as set forth in the Contractual Instrument, shall be deducted from the total amount payable for the purchase.

14.5 - Commercial invoices shall fully satisfy the conditions set forth in items 9.8 and 9.9 of these Materials Supply Conditions (CFM).

14.6 The payment for a Good purchased on the domestic market shall be conditional presentation to Petrobras of the on the following documents:

- a) Electronic commercial invoice (NF-e) and respective digital file ("xml") in accordance with current legislation and in full compliance with the Contractual Instrument;
- b) Goods Availability Note (ADB), where applicable;
- c) Proof of Goods handover to the Carrier (RET), where applicable;
- d) Material Release Note (CLM), if the Good is subject to inspection;
- e) Proof that the event on which final payment is conditional has occurred (technical documentation, manuals, etc.), to be obtained from Petrobras, where applicable.

14.7 Price adjustment shall apply only to contractual instruments that contain a specific clause for this purpose, with due regard to the period defined in the current legislation and subject to the Petrobras Adjustment and Payment Conditions (CRP) defined in the Call for Bids and in the Contractual Instrument.

14.8 - For payment of goods purchased abroad, the Supplier must provide a copy of the following documentation:

- a) "COMMERCIAL INVOICE";
- b) Goods Availability Note (ADB), where applicable;
- c) "B/L - BILL OF LADING" or "AWB-AIR WAYBILL" and attachments;
- d) Material Acceptance Report, if the Good is subject to inspection;
- e) Proof that the event on which final payment is conditional has occurred (technical documentation, manuals, etc.), to be obtained from Petrobras, where applicable.

14.8.1 If the good is purchased from a Foreign Supplier who is responsible for international freight, it shall be paid for in accordance with the amounts in the "B/L" or "AWB", limited to the amount of the Contractual Instrument.

14.9 Failure to comply with the requirements stipulated for making payments as mentioned above in previous items of these Materials Supply Conditions (CFM) shall result in restarting the payment period from the date of rectification, and no additional amount shall be paid as financial remuneration.

14.10 Petrobras shall be able to deduct any amounts due to be reimbursed directly from any outstanding Supplier invoice, communicating the decision.

## **15- PENALTIES**

15.1 - Supplier default on a contractual obligation or delay in the delivery of the Good or, in the provision of the Associated Service shall attract a contractual delay penalty of 0.10% (ten hundredths percent) per day of the value of the Good or Service delayed or in default.

15.1.1 In cases in which the Good or the Associated Service is divisible, and considering those Goods or Associated Services whose parts are in themselves of economic and functional utility to Petrobras, the contractual delay penalty shall be applied to the value of the parts delayed.

15.1.2 The value of the Good and/or Associated Service subject to a contractual delay penalty shall always be its respective price, adjusted where applicable, including the respective charges such as taxes, freight and incidental charges.

15.1.3 - In the event of default on a contractual obligation and delay in the delivery of the Good or provision of the Associated Service, the total amount of the contractual delay penalty shall

be limited to ten percent (10%) of the total amount of the Purchase Order or Purchase Order with Contractual Reference, under terms of subitems 15.1, 15.1.1 and 15.1.2

15.1.3.1 In the event of a default on a contractual obligation in Purchase and Services Contracts, the total amount of the contractual delay penalty shall be limited to ten percent (10%) of the total amount of the contract under the terms of subitems 15.1, 15.1.2 and 15.1.3.

15.1.4 - The contractual delay will be counted in consecutive days as from the contractual delivery date until the effective date of delivery of the Good defined in item 9.6.

15.1.5 The Good and/or Associated Service supplied in contravention of conditions specified in the Contractual Instrument shall not be considered delivered, and may be subject to a contractual delay penalty.

15.2 If the contract is terminated for reasons attributable to the Supplier, set forth in Clause 16 of these Materials Supply Conditions (CFM) a compensatory contractual penalty of 30% (thirty percent) of the outstanding balance of the Purchase Order or Goods and Services Contract shall be levied, adjusted where applicable, but excluding the respective charges, such as taxes, freights and fees incidents.

15.3 The amount of the penalty levied shall be debited from the respective invoice for the Good or any other invoice being processed for payment to the Supplier by Petrobras.

15.4 Any default by the Supplier in the fulfillment of his obligations with no justification acceptable to Petrobras can in addition to the penalty, give rise to the execution of the contractual guarantees without prejudice to administrative and other penalties laid down by law.

15.5 If the Supplier delays the rectification of defects and elimination of non-conformities detected in the characteristics of the Good, he shall be subject to the penalties in item 15.4.

15.6 The Supplier's failure to comply with the confidentiality obligation in Clause 3 of these Materials Supply Conditions (CFM), disclosing confidential information or data or facilitating its disclosure, this can result in:

- a) Levying of administrative penalties;
- b) Levying of a compensatory penalty of 5% (five percent) of the total amount of the Purchase Order or the Purchase and Services Contract, adjusted where applicable, but excluding the respective charges, such as taxes, freight and incidental charges.
- c) Legal action applicable pursuant to Law N° 9.279/96 and legislation applicable;
- d) Contract termination, if the contract is in force;
- e) Liability for losses, in which case any limit on the amount specified in item 5.1.10 of these Materials Supply Conditions (CFM) shall not be applicable.

15.6.1 Failure by the Supplier to fulfill the confidentiality obligation in this item shall characterize serious misconduct, in terms of registration for and participation in bids and contracts.

## 16- TERMINATION

16.1 Without prejudice to other contractual penalties, Petrobras shall be able to terminate the contract by notifying the Supplier at least seven(7) business days in advance, in the following situations:

16.1.1 Non-compliance or irregular performance of contractual clauses, specifications, designs or deadlines;

16.1.2 Slow performance of the Contractual Instrument, leading Petrobras to the conclusion that it is impossible to complete the supply of the Good or provision of the Associated Service, within the stipulated deadlines;

16.1.3 Unjustified delay in starting up the manufacture or supply of the Good or provision of the Associated Service;

16.1.4 Stoppage in the manufacture or supply of the Good or provision of the Associated Service, without just cause and without prior notification of Petrobras;

16.1.5 Total or partial subcontracting of the contractual object, the supplier's association with a third party, full or partial assignment or transfer, and merger, spin-off or incorporation without prior written authorization from Petrobras;

16.1.6 - Declaration of bankruptcy, dissolution of the company, change in the articles of organization, alteration or modification of the purpose or structure of the company which is deemed by Petrobras to be prejudicial to the execution of the Contractual Instrument.

16.2 In the event that Petrobras partially terminates the contract, the Supplier shall continue to honor the parts not rescinded.

16.3 - The contract may also be terminated in the following situations, without prejudice to other cases set forth in the Contractual Instrument:

16.3.1 - Highly relevant and widely known reasons of public interest justified and determined by Petrobras and recorded in the process to which the Contractual Instrument relates;

16.3.2 - Suspension of execution by written order of Petrobras for a term exceeding 120 (one hundred and twenty) days, except in cases of public disaster, serious disturbance of national public order or war;

16.3.3 - Occurrence of a fortuitous event or force majeure, legitimately proven, impeding execution of the Contractual Instrument.

16.4 In the event of termination for whatever reason, the Supplier shall be paid, following due proof, the amount corresponding to that part of the order delivered in full compliance with the contract, including the respective design; these amounts shall correspond to the original prices, plus contractual adjustments due on the termination date, if no discounts or withholding are required under the terms of the Contractual Instrument.

16.4.1 For contract terminations based on item 16.3, the Supplier shall also be paid, following due proof, for the design and the value of the material specifically dispatched to Petrobras if the order cannot be suspended by the Supplier, under the conditions set forth in item 16.4.

16.4.2 - The materials and designs covered by the supply and paid by Petrobras shall become the property of Petrobras.

16.5 - In the event of termination of the contract, Petrobras shall be able to take immediate and exclusive possession of the part of the order already executed, delivering them to any other party, without judicial authorization and with no consultation of or interference by the Supplier, who shall answer contractually and legally for any infringement or inadequate execution that has given rise to termination.

16.5.1 In the case covered by item 16.5, the Supplier shall reimburse Petrobras for expenditure in excess of the contractual amount and provide redress for losses arising from the termination, limited to the Supplier's liability for losses stated in items 5.1.10 and 5.1.10.1.

16.5.2 - In the event that Petrobras is unable to take possession of that part of the order already fulfilled in accordance with item 16.5, the Supplier shall return to Petrobras the amounts paid for partial deliveries prior to delivery of the Good and redress losses resulting from termination, in which case the limits stipulated in items 5.1.10 and 5.1.10.1 shall not apply, without prejudice to their penalties stipulated in the Contractual Instrument, in these Materials Supply Conditions (CFM), or by law.

## **17 - HEALTH, SAFETY AND THE ENVIRONMENT (HSE)**

17.1 - The Supplier shall undertake to comply with the current legislation and all the provisions set forth in the Contractual Instrument regarding Health, Safety and the Environment in force within the country and shall be responsible for ensuring that his sub-suppliers satisfy the same requirements.

17.2- The Supplier shall be responsible for the acts of its employees, its subcontractors and sub-suppliers, and the consequences of non-compliance with any laws, standards or regulations relating to Industrial Safety, Occupational Health and Environmental Protection in force within the country.

17.3 In the execution of the Contractual Instrument, no claims shall be entertained based on the Supplier's lack of awareness of the Industrial Safety, Occupational Health and Environmental Protection Standards and Regulations in force on the proposal submission date. These Standards and Regulations will not necessarily be attached to the Contractual Instrument and will be available for consultation in each Petrobras operating segment.

17.4 The Supplier should adopt a preventive approach to the protection of people and the Environment, as included and consolidated in the sub-items below:

17.4.1 The Supplier shall be responsible and under obligation to provide his employees with Personal Protective Equipment (PPE) in accordance with the legislation in force. The criteria and technical specifications of the PPE shall be defined by the Supplier in accordance with an assessment of the risks inherent in the services provided, and should be effective and efficient in ensuring the health of workers, protection from the risks in the working environment and levels to which they may be exposed. PPE should be stamped with and bear the number of the Certificate of Approval (CA);

17.4.2 The Supplier shall be responsible for preparing and adhering to an Environmental Risk Prevention Program (PPRA) and an Occupational Health Medical Control Program (PCMSO) for his personnel and subcontractor(s), in accordance with the provisions of the applicable Regulatory Standards, issued by the Ministry of Labor and Employment;

17.4.3 If the Supplier is responsible for the handling and transportation of hazardous material, either directly or through third parties, he shall ensure compliance with the applicable legal provisions and regulations.

17.5 - Vehicles used by the Supplier can transit in Petrobras internal areas only if Brazilian Traffic Code rules are followed and subject to prior authorization from Petrobras. Within operating segments, the Supplier should comply with the guidelines in the Petrobras Emergency Control Plan.

## **18- SUPPLIER'S SOCIAL RESPONSIBILITIES**

18.1 To enforce and show, based on objective evidence and whenever requested to do so by Petrobras, his commitment to compliance with the basic principles set forth in a Social Responsibility Management process.

18.2 To comply with the applicable legislation and international instruments mentioned in the Contractual Instrument. If any non-compliance is identified, he shall adopt measures aimed at prompt correction.

18.3 To continuously improve workplace conditions, making them safer and healthier, not allowing the development of situations of serious and imminent danger or that may harm human health and the environment.

18.4 To provide the necessary information to those involved in the entire supply chain for the products under contract so that they can be handled and used safely throughout their entire life cycle.

18.5 - Not to allow the practices of child labor, forced labor or measures such as physical, mental or psychological coercion, verbal abuse and other unethical constraints.

18.6 To ensure that there is no discrimination (based on race, social class, nationality, color, religious belief, gender, sexual orientation, union membership, political party affiliation, etc.).

18.7 To act in a manner that encourages the commitment of his subsuppliers, subcontractors, partners and service providers to following the basic principles set forth in a Social responsibility Management process.

18.8 - To ensure that his social responsibility is documented and publicized to all his employees.

## **19- TAXES LEVIED**

19.1 Taxes of any kind due as a direct result of the supply of goods and/or associated services, shall be the sole liability of the taxpayer as defined in the tax standard, with no right to reimbursement, and no claims based erroneous assessment shall be entertained.

19.2 The Supplier undertakes to immediately reduce the contractual price if there is any improper increase in amounts corresponding to taxes of any kind which includes amounts resulting from unsuitable classification in the Mercosur Common Nomenclature (NCM), non-utilization of tax benefits, failure to make deductions or use credits authorized by law, with the consequent requisitition or compensation to Petrobras of the amounts paid to the Supplier, updated pro rata on a daily basis as from the date of such payment.

19.3 Petrobras, as a withholding source, shall deduct and collect from the payments made, within the legal deadlines the taxes levied on it by the current legislation, and the Supplier shall not be entitled to increase the calculation base or revise the price.

19.3.1 - The Supplier shall provide beforehand all the necessary documents for the possible reduction or elimination of the withholding implemented by Petrobras without prior notification.

19.4 If during the term of the contract new taxes are created, tax rates changed and/or the calculation base changed, or existing taxes are abolished, fiscal incentives of any kind and/or exemption or reduction of taxes are introduced, directly increasing or reducing the Supplier's tax burden, the price shall be reviewed at the earliest opportunity in proportion to the increase or reduction involved offsetting the difference arising from the respective changes.

19.4.1 The revision stipulated in item 19.4 to increase the contractual price shall occur only if the increase in the tax burden is not a result of the Supplier's decision.

19.5 - The Supplier shall make available all the documents necessary to avoid encumbrances arising from Petrobras' joint and several liability as laid down by law including those relating to its subsuppliers and subcontractors, without prior notification, on pain of paying compensation at the earliest opportunity for the amount of tax in respect of which the joint and several liability stipulated in the legislation applies.

19.6 - The price shall be adjusted immediately in order to eliminate the amount of the undue tax if any tax included in the contractual price ceases to be due whether fully or partially, because of: (i) a declaratory act of the Attorney General of National Treasury, approved by the Minister of Finance, authorizing the Federal Government not to appeal or to withdraw an

appeal; (ii) binding precedent; Supreme (iii) Court final decision of the Federal on a Direct Action for Inconstitutionality (ADI) or Declaratory, Action of Constitutionality (ADC); (iv) suspension of a norm by the Federal Senate or (v) qualification or classification under a tax incentive regime.

## **20- PREDOMINANT LANGUAGE**

20.1 The Contractual Instrument shall be in the Portuguese language and an English or Spanish version can be used in order to operationalize its execution. In all cases the Portuguese text shall prevail and all documentation arising from the Contractual Instrument issued by the parties shall be drafted in Portuguese with the exception of technical specifications which can be in English.

## **21- APPLICABLE LEGISLATION AND JURISDICTION**

21.1 The terms of the Contractual Instrument shall be interpreted and enforced in accordance with Brazilian law and the courthouse of the judicial district of the State Capital (headquarters of the Unit) where the purchase was made shall be competent to settle any dispute arising from the Contractual Instrument including any arbitration efforts made constituting the chosen courthouse prevailing over any other however privileged it may be.