



PETROCHEMICAL COMMERCIAL CO.

## **In the Name of God**

### **Standard Sales and Purchase Terms and Conditions Bulk Chemical and Aromatic Products on Spot and CFR Basis**

These Standard Sales and Purchase Terms and Conditions, as amended from time to time (the Terms) shall apply to all Proforma Invoices or such other documents (P/I) for the sale of Bulk Chemical and Aromatic Products on Spot and CFR Basis where reference is made directly or indirectly, expressly or impliedly to these Terms.

#### **Article 1 – The Parties**

1. “The Seller” means Petrochemical Commercial Company or any of its affiliates or such other party designated as the seller in the P/I.
2. “The Buyer” means the party purchasing the Product from the Seller or such party named as the buyer in the P/I or any transferee of the Buyer’s rights under the P/I.
3. The Seller and/or the Buyer are referred to in these Terms also as “Party” or “Parties”.

#### **Article 2 – Product**

The product (s) to be sold and purchased under these Terms and the P/I (“the Product”) shall be the product(s) mentioned in the P/I.

#### **Article 3 – Origin**

Unless otherwise stated in the P/I, the origin of the Product shall be the Islamic Republic of Iran.

#### **Article 4 – Quality**

Unless otherwise stated in the P/I, the quality of the Product (“the Quality”) shall be as per PCC’s standards and specifications applicable at the time of issuance of the P/I or such other document where the transaction subject of these Terms is contemplated. The Quality shall be determined from a sample of the Product taken from the shore tank at the Loading Port in accordance with good standard practice at the Loading Port at the time of shipment.



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### **Article 5 – Quantity**

The quantity of the Product (“The Quantity”) shall be that stated in the P/I. Unless otherwise stated in the P/I the Seller shall have an option to deliver +/- ten percent (10%) of the stated quantity. The Quantity of the Product shall be determined with ullage report from ship’s tank at the Loading Port in accordance with good standard practice at the Loading Port and vessel at the time of shipment.

### **Article 6 – Terms of Delivery**

The terms and the time of delivery shall be those stated in the P/I.

### **Article 7 – Loading Port (s)**

The loading port shall be the port(s) designated in the P/I (“the Loading Port(s)”).

### **Article 8 – Discharge Port (s)**

The discharge port(s) shall be the port(s) designated in the P/I (“the Discharge Port(s)”).

### **Article 9 – Loading & Discharging Terms**

Unless otherwise expressly or impliedly stated in the P/I, the following shall apply:

A - The Seller shall charter vessels during the term hereof, after receiving the Buyer’s acceptance via telex, telefax or email confirming in writing as to vessel’s suitability for discharging at the Discharge Port. The vessel acceptance shall not be withheld or delayed by the Buyer more than two (2) working days after vessel nomination.

B -The Buyer shall confirm demurrage rate prior to fixture of the vessel. Further conditions and terms shall apply in accordance with the ASBATANKVOY charter party form, including amendments as per PCC terms. Any event of demurrage, if applicable at the Discharge Port(s) is for the Buyer’s account.

C -The Buyer shall put at the vessel’s disposal a safe discharge berth and perform the discharge by its own shore facilities free of any expense for the Seller and/or the vessel at the guaranteed unloading rate. Should the vessel



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be detained beyond the time allowed for discharge, Buyer shall pay demurrage at the rate noted in the Seller's charter party.

D -The Buyer shall announce to the Seller the Discharge Port/berth and detailed schedule of discharging as well as full particulars of the Discharge Port before laycan of loading of such cargo.

### **Article 10 – Price**

1. The Buyer shall pay the price of the Product (“the Price”) to the Seller in accordance with the latest payment instructions.
2. The Price shall be that stated in the P/I or any subsequent document issued by the Seller. The Price may be fix or defined by reference to a price formula. The price formula shall be defined in the P/I or any subsequent document issued by the Seller (“the Price Formula”).
3. When the Price is defined by reference to the Price Formula, a provisional price (“the Provisional Price”) shall be determined on the basis of the Price Formula.
4. When the Price is to be calculated based on the Price Formula, unless otherwise stated in the P/I, the payment instrument for each shipment shall be issued on the basis of a Provisional Price, which shall be calculated on the basis of the average of the last two available issues of the publications mentioned in the P/I.
5. When the Provisional Price is to be paid in Euro, unless otherwise stated in PI, the amount due shall be converted by using Euro/US Dollar foreign exchange reference rate quoted at 14:15 Frankfurt time accessible on page 37 Reuters (ECBREF) and last available on the ECB website [www.ecb.com](http://www.ecb.com). Prior to the P/I date.
6. When the Provisional Price is stated in other currencies than Euro, unless otherwise stated in P/I, the rate shall be the rate of conversion of USD to that currency at the latest closing of the day by the relevant central bank on P/I.
7. If the price of cargo in P/I is to be calculated on the basis of the Price Formula or if a Provisional Price has been stated, the Final Price shall be paid by the Buyer to the Seller in accordance with the revised commercial invoice that shall be established by the Seller.



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## **Article 11 – Payment**

1. The payment of the Price, including when made in the form of Cash in Advance, shall be effected for each shipment through the payment instrument defined in the P/I (the Payment Instrument).
2. The Payment Instrument shall be an irrevocable letter of credit (“L/C”) or a telegraphic transfer (“TT”).
  - 2.1. When the payment instrument is an L/C, such instrument shall be established with the Seller’s designated bank and shall be advised not later than five (5) working days after the P/I date unless otherwise stated in the P/I, and shall provide for payment of the Price to the Seller on the due date as stated in the P/I against the below mentioned documents for the Quantity and based on the Price stated in the P/I. The following documents shall be presented within twenty-one (21) days from the date of the B/L by the Seller through the issuing bank.
    - i. Commercial Invoice
    - ii. Full set of 3/3 original ocean Bills of Lading signed by vessel’s master or authorized agent.
    - iii. Certificate of quantity/quality issued by independent surveyor
    - iv. Certificate of origin issued by Seller
  - 2.2. When the Payment Instrument is a TT, such instrument shall provide for payment of the Price on due date as stated in the P/I against the documents which are mentioned in item 11.2.1. for the Quantity and based on the Price stated in the P/I.
3. All banking and other charges pertaining to the payment of the Price are for the Buyer’s account, except advising bank or the Seller’s bank charges, which are for the Seller’s account.
4. When an L/C has been opened and the Price is to be calculated based on the Price Formula and/or a Provisional Price has been calculated as set forth above, the final commercial invoice in the amount of the Final Price shall be sent by the Seller to the L/C issuing bank within the due date. If such payment cannot be made through the L/C the Parties shall pay the balance by TT maximum five working days after determination of the Final Price or on the due date.
5. The non-payment of the Payment Instrument for any reason whatsoever, including for the Seller’s negligence to send the documents in a proper form and/or in due time and or within the validity period of the Payment Instrument shall not release the Buyer from its obligation to pay the Price. However, any extra cost that may be incurred by the Buyer due to the Seller’s negligence in timely sending the documents to the issuing bank shall be borne by the Seller.



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## **Article 12 - Currency and Exchange Rate**

1. The L/C shall be opened in USD or Euro or in any other convertible currency at the Seller's discretion.
2. If the amount payable under such L/C is not payable in the relevant currencies due to any reason, then at the Seller's option the Price shall be paid in any other convertible currency through any other suitable payment instrument. For such any other currencies, the rate shall be the rate of conversion of LC currency to that currency at the closing of the day by the relevant central bank or any official website ten (10) working days prior to the value due date of payment under such L/C.
3. As mentioned in Article 10.5 above, when the Buyer opens the L/C in Euro or any other currency, the Seller shall issue both the provisional and Final Invoices in Euro or in such other currency acceptable by the Seller, at the equivalent Provisional Price (in USD) and the Final Price (in USD) by converting the US Dollar prices to others currencies as set forth above.
4. If the exchange rate is not available on tenth (10th) business days before actual value date of the payment, then the latest available prior to tenth (10th) business days before actual due date of the payment shall be applied.

## **Article 13 - Late Payment Damages**

In the event of delay in the payment of the price of the Product, the Buyer shall pay late payment damages on any outstanding amount at the rate of London Inter Bank Offered Rate (LIBOR) one month, plus three percent (3%), to the Seller.

## **Article 14 - Inspection**

The Quantity and Quality Certificates shall be issued by an independent international surveyor designated by the Seller and named in the P/I. The costs of inspection at the Loading Port shall be borne by the Seller any other costs pertaining to inspection shall be borne by the Buyer. In case of discrepancy between inspectors' certificates at the Loading Port and at the Discharge Port, the inspection certificate at Loading Port shall be binding on all parties.

## **Article 15 - Insurance**

Unless otherwise expressly stated in the P/I, the Seller shall have no duty to insure the cargo. The Buyer shall be free to arrange for insurance at its own costs.



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### **Article 16 – Commercial Terms**

Incoterms 2010 and as may be amended, shall apply and govern documentary obligations.

### **Article 17 – Governing Law**

These Terms, the P/I and any other documents and matters pertaining thereto or to the relationship between the Parties with respect to the transaction contemplated in the P/I shall be construed, governed and interpreted in accordance with the laws of the Islamic Republic of Iran.

### **Article 18 - Settlement of Disputes**

1. Any dispute arising out of, relating to or in connection with these Terms, the P/I and/or the transaction contemplated in the P/I, their validity, interpretation, application and/or the enforcement of any right or obligation thereunder, if not settled through amicable negotiations, shall be finally and exclusively settled by Arbitration under the Rules of Arbitration (the Rules) of Tehran Regional Arbitration Centre (TRAC).
2. When the amount in dispute is quantified by the claimant in an amount equal or in excess of one million Euro, or the equivalent in other currencies, unless otherwise agreed by the Parties, three arbitrators shall be appointed in accordance with the Rules. When the amount in dispute is quantified by the claimant in an amount less than one million Euro, or the equivalent in other currencies, unless otherwise agreed by the Parties, a sole arbitrator shall be appointed in accordance with the Rules.
3. The Arbitration shall be conducted in the English language.
4. The arbitral award shall be final and binding upon the Parties.
5. Each Party shall contribute in equal shares to the arbitration costs. The arbitrators shall determine the costs, including the legal costs that shall be borne by either Party with due consideration to each Party's success in its positions in the arbitration proceedings.

### **Article 19 – Force Majeure**

1. Any failure by a Party to comply with these Terms or the P/I, other than a failure to perform a payment obligation, shall not be considered as a failure to perform its obligations to the extent that it is solely attributable to "Force Majeure". Force Majeure for the purpose of this Article shall mean all events beyond the reasonable control of the Parties and shall include, but not be limited to war, civil commotion, strike, storm, tidal



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waves flood, epidemic, explosion, fire, lightening, earthquake, acts of governmental authorities.

2. The Party facing a Force Majeure situation shall immediately inform the other Party thereof, and where appropriate provide a certificate issued or approved by the Chamber of Commerce of its domicile confirming the occurrence of the events relied on.
3. Irrespective of the above, the Seller shall be entitled to suspend or reduce the delivery(ies) at the Seller's discretion, if its ability to supply the Product and/or to make delivery is affected due to causes beyond its control. The Buyer shall not be entitled to raise any claim whatsoever for any direct or indirect loss or damage that may have been suffered as a result such suspension or reduction.

#### **Article 20 – Limitation of Liability**

Neither the Seller nor the Buyer shall be liable towards each other for any indirect or consequential loss or damages, including without limitation, loss of profit, loss of revenue and loss of production, arising out a Party's failure under these Terms or the P/I.

#### **Article 21 – Title and Risk**

Title of ownership and risk of loss or damage to the Product shall pass from the Seller to the Buyer when the Product is delivered and loaded on board the vessel at the Loading Port.

#### **Article 22 – Language**

English language shall be used in all documents addressed by either Party to the other.

#### **Article 23 – Resale**

Buyer shall not sell the Product or cause it to be sold in Iran, for any purpose whatsoever, in whole or in part. The Buyer acknowledges that the consignments delivered hereunder and intended for sale outside Iran.

#### **Article 24 – Failure to Exercise Rights**

Failure by either Party to exercise or enforce any of its rights under these Terms or the P/I shall not prevent that Party from the future exercise or enforcement of such rights.



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### **Article 25 – Confidentiality**

The terms of the transaction contemplated in the P/I, in particular any information with regard to the price of the Product and the manner in which business is conducted between the Parties hereto are confidential and shall be kept in confidence by the Parties. Neither Party shall have the right to disclose such information to third parties without the prior written consent of the other Party, nor save as and when required by law.

### **Article 26 – Severability**

If any provision of these Terms becomes invalid, illegal or unenforceable, the remainder of the Terms shall continue to be valid and enforceable.

### **Article 27 – Assignment**

1. The Buyer shall not assign or otherwise transfer any of its rights or obligations under these Terms and/or the P/I, except to a subsidiary of an affiliated company, without the written and prior consent of the Seller.
2. The Seller may assign or transfer to such bank or banks (the “Assignee(s)”) as the Seller may nominate (or as such Assignee(s) directs) any of the Seller’s rights, benefits or obligations and may grant one or more sub-participations in its rights and/or obligations thereunder. The Seller may give to the Buyer notice of such assignment(s) and the Buyer agrees to confirm to the Assignor(s) in writing its acceptance and acknowledgement to any such assignment(s) if so requested by the Seller.

### **Article 28 – Charges and Dues**

It being understood that the Product shall not be subject in the country of origin to any taxation, levies, fees or charges of any nature or license fees. Such charges and dues at the Port of Discharge are for the Buyer’s account.

### **Article 29 – Notice**

1. Any notice or communication under these Terms shall be in writing and shall be sent by registered mail, telex or facsimile.
2. Notices shall be deemed to have been served on the date of confirmation of receipt. Any deadline shall commence to run from the day following the day of receipt. Notices shall be addressed to the addresses as stated in the P/I or at such other address as the Parties may from time to time by written notice designate for this purpose.





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### **Article 30 – Warrant**

The Seller and the Buyer warrant that they are duly organized companies incorporated in their respective countries under their proper laws, that they have power and authority to do all they have undertaken under the P/I, that the transaction contemplated in the P/I is valid and binding obligation on them and they have taken all necessary actions to be able to enter into such transaction.

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