

**Please be sure to indicate Purchase Order # on such documents as an invoice, payment request details, shipping documents, etc. related to this Purchase Order.**

### **Standard Terms & Conditions**

This Standard Terms & Conditions (hereinafter the “**Ts & Cs**”) applies to individual transactions (hereinafter the “**Transaction**”) associated with the Purchase Order received by your company (hereinafter “**Supplier**”) from Eli Lilly Japan K.K. (hereinafter “**Lilly Japan**”). “Contract-Related Website” posted on Lilly Japan website for external users (URL: <https://www.lilly.co.jp/suppliers>) should be referred for other Ts & Cs defined by Lilly Japan.

#### Article 1 (Application of Ts & Cs and Execution of Contracts)

- 1) These Ts & Cs does not apply to the following cases:
  - a) Where the Transaction falls under one of the “Transaction Types to Which these Ts & Cs Do Not Apply,” which are posted on Lilly Japan website for external users (URL: <https://www.lilly.co.jp/suppliers> hereinafter the “**Contract-Related Website**”);
  - b) Where the parties separately enter into a contract containing basic terms and conditions which are to be applied to transactions involving ordering of products or commissioning of services (hereinafter the “**Basic Transaction Agreement**”); in this case, the Basic Transaction Agreement shall prevail over these Ts & Cs and the order details for the products or services contained in the Purchase Order shall constitute individual contracts made under the Basic Transaction Agreement; and
  - c) Where the parties separately enter into an individual contract concerning transactions involving ordering of products or commissioning of services (hereinafter the “**Separate Individual Agreement**”); in this case, the Separate Individual Agreement shall prevail over these Ts & Cs.
- 2) Supplier shall notify Lilly Japan of any questions or objections concerning the order made by Lilly Japan within 5 business days after the receipt of the Purchase Order.
- 3) Supplier shall be deemed to have accepted these Ts & Cs at whichever is the earlier of the times listed below, and a contract shall be made containing the provisions of the Purchase Order and these Ts & Cs:
  - a) The time at which Supplier ships the products in response to the Purchase Order or commences the commissioned services; or
  - b) The time at which Supplier issues an acceptance of the Purchase Order.
- 4) If any difference is found to exist between the General Terms & Conditions posted in the Contract-Related Website and these Ts & Cs, these Ts & Cs shall prevail.

#### Article 2 (Purchase Order)

- 1) The Purchase Order shall include the items listed below:
  - a) Order date
  - b) If the order is for products: product name, quantity, delivery date, place of delivery, shipping instructions, product price and payment terms
  - c) If the order is to commission services: name of the commissioned services, due date or term of the commissioning (shown as the delivery date), and service fee and payment terms.

#### Article 3 (Amendment of these Ts & Cs and Purchase Order)

- 1) In the event that these Ts & Cs are amended, the original version shall be applied until the date on which Supplier receives the notice indicating such amendment or the amended version of these Ts & Cs, and the amended version shall be applied from the following day.
- 2) Lilly Japan may amend the content of the Purchase Order by giving notice to the Supplier, if Lilly Japan considers such amendment is necessary.

- 3) If the amendment in the preceding paragraph causes any loss, damage or special expenses to Supplier and Supplier requests compensation, the parties shall decide on compensation through mutual consultation.

#### Article 4 (Performance of the Commissioned Services)

- 1) Supplier shall perform the commissioned services without delay in accordance with the operation plan and schedule specified in advance by Lilly Japan.
- 2) If the service involves deliverables delivered to Lilly Japan (hereinafter the **"Deliverables"**), the parties may agree upon the delivery data and the place of delivery.
- 3) In the event that Supplier deems that the content of the commissioned services or schedule listed in the 1st paragraph may be infringed, Supplier shall immediately notify Lilly Japan of the matter and take emergency measures at its own discretion, and submit an improvement plan without delay.
- 4) Regarding the transaction of the GMP services consignment work and/or purchase of GMP consumables related to the manufacturing operation of pharmaceuticals, the following shall apply.
  - a) In the case of a consignment work requiring notification of a workplace in advance, Lilly Japan shall notify the fact to Supplier to that effect in writing thereof. In that case, Supplier shall not perform the consignment work outside the workplace notified in advance without getting prior written consent from Lilly Japan.
  - b) In the case Lilly Japan acknowledge that it is necessary to improve the quality, production, etc. of Supplier's consignment work or GMP consumables, after obtaining the prior written consent from the Supplier, in order to achieve the purpose of consignment work or the purpose of purchase of GMP consumables, Lilly Japan is entitled to conduct on-site inspections at Supplier's site, request the improvement and give guidance.
  - c) Supplier shall ensure the data integrity of the work record which is necessary for performing the consignment work.
  - d) When Lilly Japan deems it is necessary, Lilly Japan may request Supplier to submit the records and data relating to the quality and performance of the deliverables of consignment work or the GMP consumables.

#### Article 5 (Delivery)

- 1) Supplier shall deliver the products in the quantity specified in the Purchase Order to the place and by the date specified therein in accordance with the shipping instructions given by Lilly Japan.
- 2) In the event that Supplier is not or may not be able to deliver part or all of the products in the prescribed quantity by the delivery date, Supplier shall notify Lilly Japan of the reason and estimated date of delivery, and promptly take appropriate measures after consulting with Lilly Japan.
- 3) In the event that Supplier causes any loss or damage to Lilly Japan in connection with the previous two paragraphs, Supplier shall be liable to pay damages; provided, however, that if such loss or damage is attributable to Lilly Japan, Supplier shall be exempted from the liability to the extent attributable to Lilly Japan, and that if the loss or damage is attributable to force majeure or third parties, the parties shall consult with each other and decide the damages that are to be paid by Supplier.
- 4) This article shall be applied mutatis mutandis to the Deliverables created through the commissioned services.

#### Article 6 (Inspection and Acceptance, and Transfer of Ownership and Risk)

- 1) Lilly Japan shall perform acceptance inspection after Supplier delivers the products and shall accept only the products that have passed the inspection (hereinafter the **"Acceptance"**). With respect to rejected products, Lilly Japan shall notify the Supplier without delay.
- 2) Supplier shall take delivery of products that have been rejected at acceptance inspection at its own expense and responsibility, and deliver replacements by the date

- separately specified by Lilly Japan. If a shortage in quantity is found at acceptance inspection, Supplier shall promptly take measures (for example, delivery of additional products) in accordance with the instructions of Lilly Japan.
- 3) In the event that an excess in quantity is found at acceptance inspection, Supplier shall take delivery of the excess products at its own expense and responsibility by the date separately specified by Lilly Japan.
  - 4) With respect to paragraphs 3 and 4 of this article, if Lilly Japan issues any other instructions, Supplier shall follow such instructions. Lilly Japan may ask Supplier to pay the costs incurred for identifying and repairing the defective products.
  - 5) If Supplier has any questions or objections regarding the acceptance inspection performed by Lilly Japan, Supplier shall give written notice to Lilly Japan without delay, and the parties shall settle any outstanding differences through mutual consultation.
  - 6) The ownership of and risks associated with the products (or Deliverables) shall be transferred from Supplier to Lilly Japan at the time the Acceptance is completed.
  - 7) If “Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors” applies to this Transaction, the acceptance inspection stipulated in paragraph 1 shall be carried out within 10 business days (including the date of delivery) of Lilly Japan after delivery of the products; provided, however, if there exists separate agreement between Supplier and Lilly Japan, such separate agreement shall prevail. If Supplier does not send to Lilly Japan any notification of non-Acceptance, Acceptance of the products is deemed completed.
  - 8) This article shall be applied mutatis mutandis to the Deliverables created through the commissioned services.

#### Article 7 (Warranty)

- 1) Supplier shall warrant that the products (or Deliverables) conform to the specifications agreed between the parties.

#### Article 8 (Product Price and Service Fee)

- 1) The price of the products shall include packaging, transportation, and any other costs incurred to deliver the products to the place specified in the Purchase Order, unless otherwise agreed between the parties.
- 2) If the product price or service fee is required to be amended, the parties shall again consult with each other.
- 3) Supplier shall issue an invoice and send it to invoice address in accordance with the Purchase Order. Lilly Japan shall pay the product price or service fee in accordance with the payment terms specified in the Purchase Order.

#### Article 9 (Compensation)

- 1) Lilly Japan may claim damages against Supplier pursuant to paragraph 2 for losses or damages caused by any defects found in the products during a) one year from the date on which the Acceptance is completed or b) the consumer warranty period for the ordered products or any product manufactured using the ordered products, whichever is the longer (hereinafter the “**Warranty Period**”).
- 2) Lilly Japan may claim compensation as listed below against Supplier, which shall be answerable for any such claim.
  - a) Replacements: Lilly Japan may request Supplier to deliver replacements for defective products (hereinafter the “**Defective Products**”).
  - b) Cost of identifying faults and repair: Lilly Japan may request Supplier to pay the costs of identifying and repairing Defective Products (adjustment, replacement, removing and installing, etc.).
  - c) Other loss or damage: The content and amount of damages for harm to a person or any other loss or damage not compensated under items a) and b) above shall be decided by mutual consultation between the parties.
- 3) Payment by Supplier to Lilly Japan under items b) and c) of the preceding paragraph shall be made into a bank account specified by Lilly Japan by the last day of the month

following the month in which Lilly Japan makes the claim against Supplier, unless otherwise specified.

- 4) If Defective Products are required to be returned, the parties shall consult with each other and decide how such products are to be handled.
- 5) This article shall be applied mutatis mutandis to the Deliverables created through the commissioned services.

#### Article 10 (Violation of Intellectual Property Rights)

- 1) Supplier shall not use, without the prior written approval of Lilly Japan, Lilly Japan's intellectual property rights including patent, utility model right, design right, trademark, copyright, and know-how.
- 2) In the manufacture and delivery of the products (or Deliverables) or performance of the commissioned services, Supplier shall pay sufficient attention not to violate third parties' patent, utility model right, design right, trademark, copyright, right of name, portrait, and image, or any other right, and shall obtain, if necessary, approval to use such rights from third parties who retain such rights.
- 3) In the event that any dispute such as the violation of rights in the preceding paragraph arises or may arise between the Supplier and third parties, Supplier shall notify Lilly Japan in writing without delay of such matters, whether or not the dispute is occasioned by Lilly Japan's instructions.
- 4) In the event that any dispute such as violation of rights provided in paragraph 2 arises between Supplier/Lilly Japan and third parties, Supplier shall settle the dispute at its own responsibility and expense, and pay damages for loss or damage suffered by Lilly Japan, if any; provided, however, that this stipulation does not apply if the dispute is attributable to concrete instructions from Lilly Japan.

#### Article 11 (Treatment of Intellectual Property Rights)

- 1) All rights, title and interest in and to a) the products or Deliverables created through the commissioned services, b) invention, design, improvement, or creation made or done by Supplier based on drawings disclosed by Lilly Japan, specifications, test data, know-how, ideas, or other information related to the ordered products (hereinafter the "**Product-related Creations**"), and c) invention, design, improvement, or creation made or done by Supplier in the course of the performance of the commissioned services (hereinafter the "**Service-related Creations**") shall be retained by Lilly Japan, who may, without additional cost, freely use (or make improvement of), make a profit from, and dispose of such rights and power.
- 2) In cases where the Deliverables, Product-related Creations, or Service-related Creations is copyright, they shall include the rights provided in Article 27 (Rights of Translation, Adaptation, etc.) and Article 28 (Right of the Original Author in the Exploitation of a Derivative Work) of the Copyright Act. Supplier shall, upon the request of Lilly Japan, cooperate with Lilly Japan to procure and maintain the rights concerning the Deliverables, Product-related Creations, and Service-related Creations.
- 3) With respect to the moral right of an author (right to make a work public, right to determine the indication of an author's name, and right to maintain integrity) which is not transferable in nature, Supplier shall agree not to exercise such rights against Lilly Japan, third parties authorized by Lilly Japan, and any person who has succeeded to the authority from such third parties.

#### Article 12 (Prohibition on Transfer of Rights and Obligations)

- 1) Supplier shall not transfer to third parties the contractual status under these Ts & Cs, or assign to or offer as security to third parties claims arising hereunder, or have third parties assume any obligations hereunder, unless Lilly Japan gives a prior written approval to do so.

#### Article 13 (Confidentiality)

- 1) Each party (receiving party) shall keep strictly secret the confidential information of the other party (disclosing party) acquired through the performance of orders (hereinafter

“**Confidential Information**”) and shall not disclose such information to third parties without a prior written approval of the other party (disclosing party) and shall not use such information for any purpose other than that provided in the Purchase Order; provided, however, that this provision does not apply if such information falls under any of the following items:

- a) Information that has already been made public;
  - b) Information that has already been known by the receiving party;
  - c) Information that has been made public for a reason not attributable to the receiving party;
  - d) Information that the receiving party has lawfully acquired from a third party without the obligation of confidentiality;
  - e) Information originally developed by the receiving party; or
  - f) Information required to be disclosed by a relevant authority or law; however, if the disclosure is required by a relevant authority or law, the receiving party shall, to the extent permitted by law, i) immediately notify the disclosing party of the matter, and ii) not disclose any Confidential Information until the disclosing party gives prior written approval or until the disclosing party is exempted from disclosure or takes lawful measures to limit the extent of disclosure.
- 2) Notwithstanding the provisions of the preceding paragraph, the receiving party may disclose the Confidential Information to the receiving party’s employees, agents, or subcontractors if subcontracting is approved under Article 15, paragraph 1 hereof, who are required to know such Confidential Information (hereinafter collectively referred to as the “**Permitted Receiving Parties**”); provided, however, that in such cases, the receiving party shall ensure that the Permitted Receiving Parties bear the same obligations of confidentiality as the receiving party and shall be responsible to the other party for the performance of their obligations of confidentiality.
- 3) In cases where the Transactions are terminated for any reason, the parties shall promptly return the Confidential Information to the other party, in documents, floppy disks, magnetic tape, or any other media (including copies). If it is impossible to return information, the party shall notify the other party of the matter and follow the instructions of the other party.
- 4) Regarding access to a Lilly Japan’s office that is particularly specified by Lilly Japan, or regarding confidentiality requirements, Supplier shall take sufficient measures in accordance with the instructions of Lilly Japan.
- 5) Notwithstanding the preceding four paragraphs, if the parties enter into a confidentiality agreement separately from these Ts & Cs for the products or commissioned services, the separate agreement shall prevail.

#### Article 14 (Personal Information)

- 1) Supplier shall handle personal information provided by Lilly Japan in connection with the Transactions or personal information acquired through the commissioned services in accordance with the Act on the Protection of Personal Information. The term “personal information” refers to information defined in Article 2 of the Act.
- 2) Supplier shall appoint a person in charge of handling personal information and shall not copy or reproduce personal information beyond the extent objectively considered as the minimum necessary for the performance of operations. With respect to the handling of personal information after the termination of the Transactions, Supplier shall follow the instructions of Lilly Japan for the return or disposal of the information, unless such information is required by law to be stored by Supplier.
- 3) Supplier shall take all necessary steps to securely manage all personal information and prevent disclosure, damage, loss, or theft. In case of accident, Supplier shall immediately notify Lilly Japan of the matter and take necessary measures, regardless of the cause of the accident.
- 4) In principle, Supplier shall not use memory cards (USB flash drives, etc.) to store and transfer personal information. In the event that the use of memory cards is inevitable,

memory cards specified by Lilly Japan's Information Technology Department shall be used. Even in this case, Supplier shall bear responsibility for disclosure, damage, loss, or theft of the personal information.

#### Article 15 (Subcontracting)

- 1) Supplier shall not, without a prior written approval of Lilly Japan, subcontract to third parties all or part of the manufacture of products or performance of services.
- 2) In the event that Supplier subcontracts the manufacture of products or performance of services under the preceding paragraph after obtaining the prior written approval of Lilly Japan, Supplier shall ensure at its own responsibility that the subcontractors comply with the provisions of these Ts & Cs and Supplier shall be responsible to Lilly Japan for the performance of such obligations by the subcontractors.

#### Article 16 (Compliance with)

- 1) Supplier shall comply with all laws and standards applicable to the Purchase Order and Lilly Japan policies of which Lilly Japan specifically notifies Supplier.
- 2) The parties each acknowledge for its part that the services Supplier will provide under these Ts & Cs and payment Lilly Japan will make for the product price or service fee pursuant to these Ts & Cs are legitimate, compliant with all applicable laws, including anti-bribery laws, and do not have any illegal or unethical intention. The parties also each acknowledge for their part that they comply with all the applicable laws in Japan, including anti-bribery laws, and that each, for its part, will take no action that might violate such laws.
- 3) Supplier confirms that it has not given or promised to give, and will not make offer, agree to make or authorize any payment or transfer anything of value, directly or indirectly, to any civil servants or any customer of Lilly Japan or its associated parties.
- 4) Each party shall reasonably cooperate with the other party, if necessary, to ensure that the other party complies with law on the prevention of bribery and corruption.
- 5) The parties acknowledge that the breach of this article is deemed as a material breach of these Ts & Cs and the parties may pursue appropriate remedies, including immediate termination of contracts, against the party in breach.

#### Article 17 (Notice)

- 1) Notice related to the Purchase Order or Ts & Cs shall be made by electromagnetic means or in writing to the address agreed between the parties in advance. In the case of notice by electromagnetic means, such notice shall be deemed to have been made at the time the receipt is confirmed or the following day of transmission, whichever is the earlier. In the case of notice in writing, such notice shall be deemed to have been made at the time of receipt or three business days after the date of dispatch, whichever is the earlier.
- 2) Notice of intention to terminate the contracts shall be made in writing and sent to the address of the other party or its head office. If notice of the intention to terminate the contracts is not delivered because of such reasons as the address of the other party or its representative being unknown, such notice shall be deemed to have been made on the date on which two weeks have passed from the date of dispatch.

#### Article 18 (Termination of Contracts)

- 1) Either party may immediately terminate, without notice or any other procedure, all or part of the contracts made based on the Purchase Order if any of the following items applies to the other party:
  - a) Where the other party fails to perform the obligations under these Ts & Cs or is in breach thereof and although the party in breach has been notified in writing thereof and given a reasonable period of time to perform the obligations or correct other breaches, the party in breach fails to do so;
  - b) Where the other party is subject to attachment, provisional attachment, provisional disposition, or forced sale, or fails to pay taxes and public dues

- and is required to pay them, or is subject to attachment as disposition for non-payment;
- c) Where a bill or check issued or accepted by the other party has been dishonored or the other party has become unable to make payment;
  - d) Where the other party has filed for or is subject to proceedings for bankruptcy, civil rehabilitation, corporate reorganization, voluntary liquidation, or any other similar proceedings;
  - e) Where the other party has transferred all or part of its business, abolished or made material changes to its business, or resolved to dissolve itself;
  - f) Where the other party has been ordered by regulatory authority to suspend or close its business;
  - g) Where the management of the other party has materially changed due to merger or company split; or
  - h) Where either party deems that there is a good reason to consider that the financial status of the other party has worsened or may worsen.
- 2) In the event that either party is in breach of these Ts & Cs and fails to correct such breach although it has been notified thereof and given one month to correct it, the other party may terminate all or part of the contracts made based on the Purchase Order.
  - 3) In addition to the cases in paragraph 1 and 2 of this article, either party may terminate all or part of the contracts made based on the Purchase Order after obtaining approval of the other party.

#### Article 19 (Loss of the Benefit of the Term)

- 1) Either party shall at any time automatically lose the benefit of the term with respect to all debts arising under the contracts made based on the Purchase Order and shall immediately pay such debts to the other party, if any of the items in paragraph 1 of the preceding article applies to the other party. The same shall apply to the cases where the contracts made based on the Purchase Order are terminated.

#### Article 20 (Liability for Damages)

- 1) In cases where either party breaches these Ts & Cs and causes loss or damage to the other party, the said party shall be liable to pay damages. Termination under Article 18 shall not preclude any claim for damages.

#### Article 21 (Measures Taken Upon the Termination of Contracts)

- 1) Upon expiration or termination of the contracts based on the Purchase Order, the parties shall promptly return any item borrowed from the other party, if any (for example, drawings), in accordance with the instructions of the other party.
- 2) In cases falling under the preceding paragraph, Lilly Japan shall have the right to purchase from Supplier the products (or Deliverables), work in progress, mold exclusively used for manufacturing the products (or Deliverables), jigs and tools, and gauges in priority to third parties.

#### Article 22 (Surviving Articles)

- 1) The parties shall bear the following obligations even after the expiration or termination of these Ts & Cs:
  - a) Article 7 (Warranty)
  - b) Article 9 (Compensation)
  - c) Article 10 and 11 (Articles related to intellectual property rights)
  - d) Article 13 (Confidentiality)
  - e) Article 14 (Personal Information)
  - f) Article 21 (Measures Taken Upon the Termination of Contracts)
  - g) Article 24 (Court of Jurisdiction)

#### Article 23 (Consultation)

- 1) Any matter not provided in the Purchase Order and these Ts & Cs and any question regarding the interpretation of the provisions hereof shall be settled by separate consultation between the parties in good faith.

Article 24 (Court of Jurisdiction)

- 1) The parties agree that either the Osaka District Court or Tokyo District Court shall have the exclusive jurisdiction for any dispute arising in connection with the Purchase Order and these Ts & Cs, whichever court the plaintiff selects.

End of Standard Terms & Conditions