

GENERAL TERMS AND CONDITIONS FOR PURCHASE OF GOODS

These General Terms and Conditions shall apply to all Purchase Orders and Contracts entered into by the Company and the Supplier.

1. Terms and definitions

In these Terms and Conditions:

"Affiliate" means a legal entity: (a) in which company controls directly or indirectly 10% or more of the voting shares; (b) which controls directly or indirectly 10% or more of the voting shares in the company; or (c) of which 10% or more of the voting shares are controlled by a common parent company.

"Actual Delivery Date" means the date on which the Supplier has delivered the Goods.

"Company" means any entity of the Novomet Group who agrees to buy the Goods from the Supplier under the Contract.

"Contract" means any contract executed by the Parties containing a reference to these Terms and Conditions.

"Deliver" means to deliver the Goods in accordance with the term of delivery (INCOTERMS 2010) specified in the respective Purchase Order with a possibility of amendment of this term subject to the Parties mutual consent in Writing.

"Delivery Address" means the address for delivery of Goods which shall be specified in a Purchase Order.

"Delivery Date" means the date specified in the Purchase Order on or before which the Supplier shall deliver the Goods.

"Examination" has the meaning given in clause 8.2.

"Goods" means any materials, equipment, tools, spare parts, products to be supplied by the Supplier in range and in quantity specified in the Purchase Order.

"Investigation" has the meaning given in clause 7.5.

"Losses" includes all actions, claims, demands, proceedings, damages, awards, payments, losses, costs, expenses, penalties, fines, compensation or other liabilities (direct, indirect, consequential or otherwise including loss of profit, business, turnover or market share), legal or professional expenses and interest thereon.

"Non-compliance Cancellation" has the meaning given in clause 6.3.

"Official" means any officer or employee of a government or any department or instrumentality thereof.

"Party" means any of the Company and the Supplier.

"Price List" has the meaning given in clause 4.1.

"Purchase Order" means a written confirmation of purchase of Goods served by the Company to the Supplier which shall contain the reference to the Terms and Conditions and shall be executed and performed in accordance with them.

"Report" has the meaning given in clause 7.5.

"Replacement" has the meaning given in clause 7.4.

"Quality Requirements" has the meaning given in clause 7.2.

"Supplier" any person, firm, company, partnership, competent authority or other business entity who agrees to sell Goods to the Company under the Contract.

"Terms and Conditions" means the Terms and Conditions set out in this document and any other any amendments to this document agreed pursuant to section 16 below.

"Warranty Period" has a meaning given in clause 7.3.

"Writing" means any form of written communication including transmission by facsimile. It shall also include electronic mail (the "Email") in case the Parties have agreed on it expressly.

2. Interpretation

In these Terms and Conditions, unless the context otherwise requires;

- (a) headings are given for the convenience only and do not affect the interpretation of these Terms and Conditions.
- (b) words importing the singular shall include the plural and vice versa and words importing gender shall include all genders.
- (c) a reference to the Party includes such Party's successors and permitted assigns.
- (d) where the word "including" or the word "includes" is used in these Terms and Conditions, shall mean "including (or includes) without any limitation".
- (e) a reference to any clause, section, Appendix shall be deemed as a reference to the clause, section, Appendix of these Terms and Conditions.

3. Acceptance

These Terms and Conditions together with the Price List, Purchase Order and the Contract, if applicable, executed by the Parties constitute a legally binding contract and supersede all communications, negotiations, arrangements and agreements, whether oral or written, between the Parties.

4. Price

4.1 The price for the purchase of Goods shall be agreed by and between the Parties in Writing in a separate document (the "**Price List**"). The Price List shall contain a reference to the Terms and Conditions. Any Price List, which is executed by the Parties, supersedes prior Price Lists without any additional notice, save for items which are omitted in the superseding Price List, despite having been included in the prior ones.

4.2 Unless otherwise specified in a corresponding Purchase Order, the price for the Goods provided by the Supplier shall be inclusive of costs, charges or taxes relating to storage, loading, carriage, unloading, delivery and insurance of any Goods or any license fees, duties, local taxes or any other additional costs of such nature.

4.3 The Company shall not accept any variation of the price or any additional charges from the Supplier unless agreed in Writing by the Company.

5. Invoicing and Payment

5.1 The order of payment shall be agreed by the Parties on a case-by-case basis and specified in a corresponding Purchase Order.

5.2 The Supplier shall invoice the Company for the Goods to be supplied at the moment of their shipment. The Parties shall agree only on one of the following orders of payment of properly invoiced amounts:

- (a) in case the Company submitted a bank guarantee to the Supplier, then the payment for the delivered Goods shall be effected within 90 (ninety) days from the Actual Delivery Date;
- (b) in case the Parties agree on a payment under a letter of credit, the payment shall be effected after submission of the required documents to the bank by the Supplier, the list of documents to be submitted by the Supplier to the bank shall be agreed by and between the Parties in Writing;
- (c) the payment for the delivered Goods shall be effected by the Company within 45 (forty five) days from the Actual Delivery Date.

No prepayment obligation of the Company shall be applied to the Goods' purchase.

6. Remedies

6.1 In the event of Supplier's failure to deliver the Goods of the proper quality on the Delivery Date or to provide the Replacement (within the term determined in accordance with the clause 7.4), then without limiting any other remedy, the Supplier shall owe the Company liquidated damages in an amount equal to one percent of the amount of the Purchase Order for each day after the specified Delivery Dates that the goods remain undelivered. Company is entitled to deduct such any liquidated damages due from amount payable to the Supplier. The maximum amount of liquidated damages for any one failure is 20% (twenty percent) of the relevant Purchase Order. It is agreed that the liquidated damages shall

be considered by the Parties as a genuine pre-estimate of the Losses the Company may incur due to delay, and not a penalty.

6.2 In addition to the payment of liquidated damages provided in clause 6.1. above, the Supplier shall provide the Company with a compensation of all profits foregone and Losses suffered by the Company due to Supplier's failure to comply with any obligations prescribed under these Terms and Conditions and the Purchase Order.

6.3. In addition to remedies specified in clauses 6.1 and 6.2. above, the Company shall be entitled to cancel the Purchase Order in the event of Supplier's failure to comply with any obligations prescribed under these Terms and Conditions and the Purchase Order ("**Non-compliance Cancellation**"). The Supplier waives any rights to make any indemnity claims for losses arising from or in connection with Non-compliance Cancellation.

6.4. The Company shall be entitled to retain the amounts to be paid by the Supplier in accordance with these Terms and Conditions, from the amount to be paid by the Company for the supplied Goods. For avoidance of any doubts, the Parties agree that the Supplier shall not be entitled to receive any interest accrued on the retained amounts.

7. Warranty

7.1. The Supplier hereby declares and warrants that

- (i) he is legally authorized to supply the Goods;
- (ii) he has all the authorizations and licenses required for the Goods' supply;
- (iii) the supplied Goods are free and clear of any and all liens and encumbrances whatsoever.

7.2. The Supplier hereby declares and warrants that the Goods supplied to the Company under the Purchase Order are in good condition, their quality conforms to the respective provisions of these Terms and Conditions, respective Purchase Order, technical specifications of the Supplier and that all documents certifying the quality of supplied Goods will be submitted to the Company (the "**Quality Requirements**").

7.3. The Supplier guarantees the Goods against any manufacturing defects and/or hidden defects for a period of eighteen (18) months as from the Actual Delivery Date or twelve (12) months as from their installation, whichever expires later (the "**Warranty Period**"). Warranty shall be valid under the stipulation that Goods are operated in compliance with technical documents to be provided to the Company by the Supplier.

7.4. During the Warranty Period, the Supplier shall be obliged to replace and/or repair in the Company's sole discretion the defective Goods that do not comply with the Quality Requirements, wherever they are located, except of the case when according to the Report the Goods failure occurred due to the reasons not attributable to the Supplier (the "**Replacement**"). The Supplier shall compensate the Company for all Losses suffered in connection with a supply of such defective Goods. The Replacement shall not bear any charge to the Company, i.e. all costs, fines, levies, transportation expenses, stamp duties, custom fees or other expenses of similar nature to be paid in connection with such Replacement shall be paid by the Supplier. The total period of the Replacement shall not exceed sixty (60) calendar days from the date of the Report's issuance. Should the Supplier does not perform the Replacement within the term specified in this clause, the Company reserves the right to have the Goods repaired or provided by third party and shall be entitled to receive the compensation of all connected Losses in accordance with Section 6 above.

7.5. In case of the Goods failure within the Warranty Period the Company shall notify the Supplier about such failure and the Supplier shall take away and replace the defected Goods as soon as practically possible. In case the Supplier disagrees that the defects are attributable to him, he shall notify the Company about such disagreement in Writing within 2 (two) days from the date of the receipt of the Goods' replacement demand from the Company. Upon receipt of such a notification from the Supplier the Company shall initiate a failure reasons investigation (the "**Investigation**"). The Company shall notify the Supplier about a date on which the Examination will be carried out. Such a notification shall be made by the Company at least 2 (two) weeks prior to the date of the Investigation. Upon the Investigation has been conducted, the Company shall draw up a Goods failure investigation report where the reasons of Goods failure shall be indicated (the "**Report**"). In case, according to the Report, the Goods failure occurs due to the reasons attributable to the Supplier or in the event of the Supplier representative's failure to participate in the Investigation, the Supplier shall take away and make a Replacement as soon as possible and the Company shall be entitled to apply any and/or all remedies specified in section 6 above.

7.6. The expenses incurred by the Supplier in connection with the participation in the Investigation shall be reimbursed by the Company in case the reasons of the Goods and/or Equipment failure are not attributable to the Supplier. Otherwise, the Company shall not compensate any expenses incurred.

7.7. The Supplier shall not be held liable in case the Goods' failure occurs due to the Goods' exploitation in violation of technical documents for the Goods provided by the Supplier in English and Spanish (in the event of the Goods' supply to Spanish-speaking countries) languages.

8. Goods Acceptance

8.1. Within thirty (30) days after the Actual Delivery Date the Company shall examine the Goods for the purpose of visible defects detection.

8.2. In the event of Goods' visible defects detection, the Company shall notify the Supplier about such defects and the Supplier shall take away and replace the defected Goods as soon as practically possible. In case the Supplier disagrees with the Company's demand to replace the defected Goods, he shall notify the Company about such disagreement in Writing within 2 (two) days from the date of the receipt of the Goods' replacement demand from the Company. Upon receipt of such a notification from the Supplier the Company shall initiate a Goods examination to be conducted together with the Supplier's representative (the "**Examination**"). The Company shall notify the Supplier about a date on which the Examination will be carried out. Such a notification shall be made by the Company at least 7 (seven) days prior to the date of the Examination. In case the visible Goods defects are revealed in the course of the Examination or in the event of the Supplier representative's failure to participate in the Examination, the Supplier shall take away and replace the defected Goods as soon as possible and the Company shall be entitled to apply any and/or all remedies specified in section 6 above.

8.3. In the event of the Supplier's failure to take away the defected Goods within 3 (three) months the title to such Goods shall pass to the Company and the Supplier shall not be entitled to receive any payment from the Company for the defected Goods.

9. Packaging

The Goods shall be duly packaged for land or water transportation, and shall be duly protected against water, dust and any object that might cause damages. Costs of this packaging shall be exclusively paid by the Supplier. Whenever the Goods need to be transported in separate bags, each bag shall include a number of the Purchase Order and of the package to which it belongs. All packages containing the Goods shall be properly conditioned and reinforced to avoid collapse during transportation.

Package shall be of proper quality, ensuring Goods' storage without usage at least during 18 (eighteen) months from the date of respective Goods shipment, provided that storage conditions include but without limitation such conditions as: offshore platform, facilities in desert conditions.

10. Notices

Any notices or other communications arisen in connection with these Terms and Conditions and the Purchase Order or with any arbitration arisen in this connection shall be in Writing and in English and shall be sufficiently given or served if delivered or sent to the registered addresses of the Supplier and the Company with the email copy to the director/manager of the Supplier and the Company; or to such other address as the relevant Party may have notified the other in accordance with this clause.

Such notices shall be considered delivered:

- (a) if delivered by hand, at the time of delivery;
- (b) if sent by telefax, on the first working day at the recipient address following the date of sending;
- (c) if sent by first class post, 48 hours after the time of posting.

11. Cancellation of Purchase Order

11.1. The Company shall be entitled to cancel the Purchase Order at any time prior to the Delivery Date.

11.2. In case of the Purchase Order's cancellation, pursuant to clause 11.1., the Company shall compensate the Supplier against provision of sufficient proof of the Losses suffered directly in connection with such cancellation provided that the amount of compensation shall not in any case exceed 20 % of the overall price of the Goods to be delivered under respective Purchase Order.

11.3. For avoidance of any doubt, the Parties agree that in case of Purchase Order's cancellation pursuant to clause 6.3 above, the Supplier shall not be entitled to receive any compensation.

12. Governing Law

These Terms and Conditions, the Purchase Orders and other documents to be entered into pursuant to them and any dispute or claim arising out of or in connection with them (including non-contractual disputes or claims), save as expressly referred to therein, shall be governed by and construed in accordance with the substantive laws of England and Wales.

13. Dispute Resolution.

13.1. Any dispute, controversy or claim arising out of or in connection with these Terms and Conditions and/or the Purchase Order, or the breach, termination or invalidity thereof, shall be finally settled by arbitration administered by Dubai International Arbitration Centre ("DIAC") under the DIAC Arbitration Rules ("the Rules"), by one arbitrator appointed in compliance with the Rules, with seat of proceedings and award – Dubai, with language of proceedings and award – English.

14. Severability

In case any provision of these Terms and Conditions in whole or in part is declared by any tribunal, judicial, administrative or other competent authority to be void, null, illegal or otherwise unenforceable, the Parties shall amend that provision in such reasonable manner as achieves their intention or they may decide to delete such provision from these Terms and Conditions but the validity of the remainder of the provision and all other remaining provisions of these Terms and Conditions shall not be affected thereby.

15. Non-Waiver

No waiver by a Party of any default, breach or non-compliance by the other Party under these Terms and Conditions shall operate as a waiver of such Party's rights under these Terms and Conditions in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature). To be effective, any such waiver must be in Writing and signed by the Party to be bound thereby. No waiver shall be inferred from or implied by any failure to act or delay in acting by either Party in respect of any such default, breach or non-observance or by anything done or omitted to be done by a Party with respect thereto.

16. Amendment

Company reserves the right to update these Terms and Conditions and such revised/updated versions shall only apply to orders placed one the same have been communicated to Supplier.

17. Assignment

17.1. The Company shall be entitled to assign any and/or all its rights and obligations under these Terms and Conditions and the Purchase Orders:

- (a) To any of its subsidiaries and Affiliates through serving the Supplier with a corresponding notice;
- (b) To any person except its subsidiaries and Affiliates subject to the prior written consent of the Supplier.

17. The Supplier shall not assign or otherwise transfer any and/or all its rights and obligations under these Terms and Conditions and the Purchase Orders without the prior written consent of the Company. Any purported assignment without such consent shall be null and void.

18. Confidentiality

All techniques, processes, inventions, equipment, drawings, designs, specifications, proposals and other information relating to the Company's business of which the Supplier shall obtain knowledge or information (except to the extent

that they are within or fall into the public domain other than by breach of this clause) shall remain both during and after the completion of the business conducted under these Terms and Conditions the absolute and exclusive property of the Company and the Supplier shall keep confidential and retain the same with the utmost secrecy and shall use its utmost endeavours to ensure that all its employees, servants and agents shall abide by the terms of this provision as though it were binding upon each of them and the Supplier shall not use same for its own purposes, nor shall it cause or permit anything which may damage or endanger the intellectual property of the Company or allow or assist others to do so.

19. Force Majeure

19.1. Neither of the Parties shall be treated as violating Terms and Conditions in case an implementation of the Parties obligations under these Terms and Conditions is affected by force majeure circumstances which are out of control of the affected Party provided that such circumstances do not result from negligence of the Party. Force majeure circumstances include rebels, wars (declared and non-declared), civil disturbances, decisions on embargo by governmental bodies made after execution of these Terms and Conditions, emergency situations, acts of God and other acts and events which could not be avoided by the Party. The Party that fails to implement its obligations as per these Terms and Conditions due to force majeure circumstances shall inform the other Party within 5 (five) calendar days from the moment of their commencement about commencement of such circumstances. The Party that fails to inform the other Party within 5 (five) days can not refer to force majeure circumstance to justify its violation of this Contract liabilities implementation.

19.2. Each Party shall undertake all efforts to continue implementation of its obligations under these Terms and Conditions during force majeure circumstances or till termination of these Terms and Conditions.

19.3. Force majeure circumstances respectively postpone deadlines for implementation of obligations under these Terms and Conditions for the period of such force majeure circumstances.

20. Ethics

20.1. The Supplier guarantees that neither Supplier nor any other person or entity acting on its behalf shall make an undue offer, payments, payment promises or payment authorization of any monies, offer or gift, promise to give, authorization to give anything valuable to any officer with the purpose of:

- 1) Influencing any act or decision made by said officer;
- 2) Cause said officer to perform or omit any action violating the officer's obligations;
- 3) Cause said officer to use his/her influence on any government entity or agency in order to help the Company or any of its Affiliates or the Supplier to retain businesses or conduct businesses for the benefit of a person or entity.

In no way is the Supplier authorized to perform, on its behalf or on the Company's behalf, any action that might result in inaccurate records or information in relation to assets, responsibilities or any other transaction or that might violate any applicable law in relation to these Terms and Conditions. Thus, during the execution of these Terms and Conditions, the Supplier shall communicate to the Company, as soon as possible, any information that the Supplier might know indicating any deviation in the line of behavior indicated in this clause

20.2. The Supplier further warrants that the Supplier and any of its Affiliates

- (i) are not government officials and are not Affiliated with any government official;
- (ii) are acquainted with the United States Foreign Corrupt Practices Act of 1977 as amended (15 U.S.C. 78dd-I, 78dd-2, 78m (1998)) ("FCPA"), including any additional amendments passed;
- (iii) they were not previously engaged in conduct that would violate the FCPA if it had been subject to it;
- (iv) they will not in the future engage in conduct that would violate the FCPA if it were subject to it.

20.3. The Supplier guarantees that manufacture, sale, performance and delivery of the Goods shall conform to all applicable laws and regulations, whether federal, state or municipal, including without limitations labour law, health, safety and insurance standards etc.