

## GENERAL TERMS AND CONDITIONS FOR SALES CONTRACTS (METALS)

### 1. Scope

- a) These Terms and Conditions are valid for all sales contracts for raw materials, metal scrap, metals, waste (hereinafter Material or Materials) of Metalekspo SIA (hereinafter Metalekspo) as the seller with the Buyer (hereinafter the Contract Partner). These Terms and Conditions of Metalekspo apply exclusively to the sales contracts entered between Metalekspo and the Contract Partner. Metalekspo does not accept alternative conditions of the Contract Partner, even if the conditions have not been expressly contradicted or a delivery has been accepted, unless Metalekspo has expressly acknowledged the validity of such alternative conditions in writing. These conditions also apply to all future contracts/deliveries performed with the Contract Partner, even if the validity of the conditions has not been expressly agreed with the Contract Partner for each separate supply.
- b) The contract consists of these Terms and conditions and purchase order. The Contract contains the entire understanding between Metalekspo and the Contract Partner and supersedes any arrangements, understandings, promises or agreements made or existing between the parties prior to the Contract regarding the Contract's subject matter. The contract may be amended only in writing signed by the parties.
- c) In case of deviation between these Terms and Conditions and the mutually in writing agreed purchase order, the provisions of the purchase order shall prevail.
- d) Each sale of Material transaction is confirmed by each specific purchase order outlining Material or Materials, pricing, delivery, quantity, quality and other special terms.

### 2. Confirmation of Contract

The contract of Metalekspo, including these Terms and Conditions, is binding, when the Contract Partner accepts the purchase order and confirms the purchase order in writing.

### 3. Customs Clearance

In case of export of Materials the Contract Partner shall assure at its own costs to carry out export customs clearance by using the appropriate customs tariff number according to applicable national laws and regulations unless agreed otherwise in writing in purchase order or foreseen by Inco Terms.

### 4. Notification / Documentation

- a) The contract and purchase order reference numbers shall always be noted on corresponding documents. A detailed packing list is mandatory.
- b) Not later than at the moment of delivery, the Contract Partner must hand over to Metalekspo all documents that are required because of the applicable legislation or the terms of the contract.
- c) Metalekspo reserves the right to reject deliveries for which the documents are insufficient and/or incorrect or notification details do not match the driver's name and/or license plates. Such refusal shall not be considered as breach of obligations of Metalekspo and will not give rights to raise a claim against Metalekspo for non-completion of the contract or claim losses.
- d) Advanced shipping notice:
  - a. Truck deliveries to receiving plant: The Contract Partner is obliged to request a time slot for a delivery of Material at the receiving plant. Metalekspo will provide a delivery date upon which the Materials are to be delivered. Metalekspo reserves the right to reject deliveries without a confirmed time slot. Such reservation of rights shall not be considered as breach of obligations of the contract and the Contract Partner refuses to raise any claims against Metalekspo and/or claim losses.

- b. Sea deliveries: The Contract Partner shall inform Metalekspo about the vessel's departure and the estimated date of arrival at the corresponding port immediately, at the latest on the next working day after departure of the vessel.
- e) The Contract Partner must advise necessary export documentation instructions to Metalekspo without delay, not later than 2 days after loading.
- f) If Contract Partner changes any document details after loading and Material Departure, the Contract Partner shall cover any expenses incurred for changing of said documentation.

## **5. Transport, Packaging, Load Securing and Unloading**

- a) The Material must be packed as agreed in the contract. Unless otherwise agreed or unless requested due to reasonable security or legal reasons, the Material shall be loaded as bulk (loose). Metalekspo does not accept plastic packages of any kind, such as plastic pallets, drums or boxes if not agreed differently in selected cases.
- b) The Material shall be stowed inside the truck or container in a traffic safe way in accordance with the legal stipulations and, in the absence thereof, in a usual manner, in order to safeguard workers' protection. All deliveries of Material that are done in open containers, tippers, trailers or waggons must be covered by a tarpaulin.
- c) The Contract Partner warrants that any vessel used for shipment of the cargo under this contract shall comply with the requirements of the ISPS Code relating to the vessel.
- d) Contract Partner shall assure the issue of an Electronic Bill of Lading (Sea Waybill / Express Bill of Lading) whenever the business allows the usage of a corresponding electronic document. In case of telex release the Contract Partner shall send a telex release confirmation to Metalekspo latest until arrival at the port of destination.
- e) The Contract Partner shall apply with the current terms of delivery of the Metalekspo.

## **6. Place and Period of Delivery / Delayed Delivery**

- a) If not otherwise agreed, the delivery shall be made to the delivery address specified in the purchase order at the delivery times provided.  
Time for collection of Materials from Metalekspo, Latvia:  
8 a.m.–3 p.m., Monday to Friday (except public holidays)
- b) Contractually agreed delivery periods must be strictly adhered to. The performance as per the date specified or within the period specified is of essential importance to Metalekspo. Delays – including partial deliveries – must be agreed with Metalekspo immediately stating the reasons and anticipated length of the delay.
- c) Metalekspo is entitled to postpone delivery of the Materials until receipt of the payments due to be made prior transportation of the Materials from the Contract Partner in Metalekspo's account. Such postponement and extension of the delivery term shall not be considered as default and the Contract Partner undertakes not to raise any claims, including but not limited for late delivery, damage compensation.
- d) Complaints regarding delivery and/or quality of the Materials and/or any other complaints shall not entitle the Contract Partner to withhold payments for the Materials and/or delay terms for payments foreseen by the contract. The Contract Partner's actions on withholding amounts due and/or delay of payments of amounts due shall be considered default.

## **7. Taxes and Duties / Price**

- a) Taxes, duties and other charges that are levied for the Materials as well as for the related documents shall be borne by the Contract Partner.
- b) Prices and additional costs specified by Metalekspo exclude value added tax (VAT). In case of a tolling contract, the fees and charges due to Metalekspo shall be exclusive of VAT which shall be charged if so required by law.
- c) Contracts and deals made within Latvia and between Latvia-based and registered Contract Partner fall under VAT Payment (LV) law Section 143, Point 1.

- d) If there are any significant changes of the reference prices (e.g. LME, LBMA or LPPM), referring contract structures and/or their application, or significant changes regarding the conversion of currencies, Metalekspo will determine a new reference which comes as close as possible in an economic and legal sense to the original intention of the parties.
- e) Price fixings cannot be accepted on national, regional and exchange holidays.

## **8. Insurance**

If contractually agreed, and in the case of CIF deliveries, the Contract Partner shall, at its own expense and to the benefit of Metalekspo, insure all risks of transport until arrival at the agreed point of destination, including the risks of war, strikes, riots and civil commotion, in the amount of 110 % for the provisional Material value and subject to subsequent adjustment of the final Material value, with insurers with excellent ratings. The insurance services shall be provided without any deductions and in the same currency as the contractual price. The corresponding insurance certificate shall be sent to Metalekspo before arrival of the vessel.

## **9. Transfer of Risk and Ownership**

- a) The transfer of risk is covered by the respective Inco Terms (2010). If not agreed otherwise, the risk is transferred to the Contract Partner upon acceptance of the ordered Materials at the receiving plant. This also applies in cases in which Metalekspo bears the transport costs or takes out transport insurance.
- b) The Contract Partner is aware that the Material is mixed with and bound to other materials.
- c) Notwithstanding delivery and passing of the risk, title to the Materials shall remain with Metalekspo until the Metalekspo has received payment of the purchase price of the Materials.
- d) The Contract Partner has no rights to alienate, pledge, destroy, damage the delivered, but not yet paid Materials in any way until complete payment of the purchase price to Metalekspo.

## **10. Volumes / Quality / Termination**

- a) If not otherwise agreed, excess, reduced or partial deliveries are not permitted.
- b) All Materials are abiding by standards and practices under ISRI (Institute of Scrap Recycling Industries) specifications, where applicable.
- c) Metalekspo shall only be liable for shortage and/or defects if the Contract Partner can prove that the Material is defective and/or has not been delivered to the Contract Partner.
- d) If shortage and/or defects are proved by the Contract Partner and recognized by Metalekspo, Metalekspo shall either deliver the undelivered and/or defected Material or reduce the due price payable by the Contract Partner for the non-delivered amount of the Material. The Contract Partner undertakes not to raise any claims, including but not limited for late delivery, damage compensation. In case the Contract Partner by itself purchases an alternative material to the undelivered and/or defected Material (substitutes the undelivered and/or defected Material by itself) prior Metalekspo has substituted the Material, such expenses for substitution of the undelivered and/or defected Material purchased from a third party by the Contract Partner shall be the Contract Partner's expenses (not subject to compensation by Metalekspo).
- e) In the event that either Party has materially breached the contract, the other Party may serve a written notice of termination of this contract. The notice shall specify the breach. Termination shall become effective thirty (30) days after receipt of such notice by the breaching Party unless during that period of thirty (30) days the breaching Party has cured the breach.
- f) In the event that a process for debtor rehabilitation, insolvency, bankruptcy, restructuring, dissolution, liquidation is initiated against the Contract Partner or an application to initiate such process has been made and the application is not withdrawn or rejected after ten (10) business days from the date of application, Metalekspo may terminate the contract by giving notice in writing to the Contract Partner.

- g) In the event of the Contract Partner not adhering to payment/fixation/advance payment terms, contract can be terminated at the discretion of Metalekspo by serving a written notice to the Contract Partner.
- h) If any advance or prepayment amount is due from the Contract Partner to Metalekspo, and no amount is received in 30 days from the date of issue of advance payment or prepayment invoice, contract can be terminated by Metalekspo by giving notice in writing to the Contract Partner and any cost due to market fluctuations are to be compensated to Metalekspo by the Contract Partner.
- i) If the Contract Partner omits to receive or to collect the Materials, Metalekspo can terminate the Agreement unilaterally by providing written notification to the Contract Partner and retain the payments received from the Contract Partner as penalty and not return to the Contract Partner.
- j) If the Contract Partner does not fulfil its contract obligations of providing necessary information, and/or not abiding by the agreed Payment Terms outlined in the contract (without any fault or influence of Metalekspo), this is ground for contract termination by Metalekspo by giving notice in writing to the Contract Partner and any advance and/or prepayment paid is retained by Metalekspo as penalty and not returned to the Contract Partner.
- k) Metalekspo may terminate the contract by serving a written notice of termination of this contract to the Contract Partner 30 days prior termination.
- l) If Metalekspo is unable to supply the Materials, including but not limited for reasons beyond Metalekspo's control, lack or shortage of materials in the market, limitations of import/export, excessive increase of price, Metalekspo may terminate the contract by giving notice in writing to the Contract Partner. Metalekspo shall not be liable for any losses and expenses incurred by the Contract Partner.

## **11. Indemnity and Liability**

- a) Metalekspo is entitled to unconditional indemnity claims against the Contract Partner as set forth by law. A restriction or exclusion of indemnity claims is only permissible in the form of an individual written agreement.
- b) As a rule, Metalekspo shall be liable for losses insofar as the other prerequisites for a claim are given if Metalekspo is culpable of intent or gross negligence. In the case of simple negligence, Metalekspo SIA shall be liable in the case of violation of an obligation whose fulfillment makes proper performance of the contract at all possible and compliance with which the respective other contracting party may rely on (also known as cardinal obligation). In all other respects, liability for compensation for losses of any kind whatsoever, regardless of the basis for claim – including violation of mutual confidence in the preparation of contract – shall be excluded. Metalekspo's liability shall be limited to direct damage. Liability for lost profit shall be excluded. The total maximum liability of Metalekspo towards the Contract Partner arising from the uncomplete fulfillment of obligations foreseen by the contract and losses caused to the Contract Partner in any case shall not exceed ten percent of the purchase price of the contract (for liability each delivery of Material purchase price is determined separately).

## **12. Offset Rights, Rights of Retention and Assignment**

- a) The Contract Partner is only entitled to offset rights and rights of retention when the counterclaims of the Contract Partner are uncontested or when the legal force of the counterclaim has already been ascertained and only based on written mutual agreement with Metalekspo.
- b) Offsetting based on written mutual agreement is also permissible with and against claims made by affiliated companies.
- c) The Contract Partner may only assign claims with prior written consent of Metalekspo.

## 13. Confidentiality

All information and documents that have good cause to be kept secret (Confidential Information) must be kept confidential by the Contract Partner, its subcontractors and other auxiliary persons. Such Confidential Information is not to be made accessible to third parties and cannot be used for third parties or for any other purpose apart from fulfilling the contract without Metalekspo's prior written consent.

## 14. Force Majeure

In the event of force majeure such as fire, flood, breakdown, accident, war, insurrection, riot, governmental action, labor dispute, shortage of fuel, electricity, raw materials or supplies, lack of freight facilities, caused by any act of God or any other cause beyond the reasonable control of the Contract Partner or Metalekspo, the arrangements and obligations of the contract are suspended completely or partially, depending on the extent of the hindrance, for the duration of the force majeure from the moment in which the affected party informs the other about the existence of force majeure in writing, including the reason for it.

A suspension of performance shall not have the effect of cancelling the contract which shall again come into full force and effect immediately upon termination of the force majeure event. The contract shall, each time, be extended for a period equal to the period of suspension.

If a case of force majeure lasts longer than three months from the time it is announced, each party has the right to rescind the contract with respect to the volumes that were not delivered and/or accepted due to the force majeure.

Notwithstanding the foregoing provisions, should the price of the metals, which delivery was suspended due to an event of force majeure, have already been fixed, then such price is applied to the Material to be first delivered after the delivery thereof is resumed. Metalekspo has rights to unilaterally rescind the contract, if the sale of the Material for the fixed price causes damages to Metalekspo.

## 15. Entrance Control, Visiting the Plant

- a) All employees or persons commissioned by the Contract Partner who enter the plant for collection of the Materials are obligated to observe the regulations applicable to the plant. Employees and commissioned persons are especially obligated to subject themselves to the customary entrance/exit controls, including a body search and registration of identity details if reasonable grounds exist. The Contract Partner is obligated to instruct its employees and commissioned persons accordingly and to obtain their consent to these regulations.
- b) Visits to the plant premises may involve a risk to personal safety and occur at the sole risk of the Contract Partner or the companies it commissions. Any visitor may only enter a site of Metalekspo after approval. The Contract Partner has the sole responsibility to provide protective measures for the benefit of its own workers and objects, as well as for the benefit of third parties, against the risk of accident or endangerment, including fire. It is obligatory to wear personal protective equipment in the plant (helmets, safety shoes, full-length trousers, fluorescent jacket, long trousers, long sleeves, special clothing under certain conditions). Instructions given by employees, especially security personnel, must be heeded without exception. The Contract Partner is obligated to maintain cleanliness and order, and to arrange for the removal of waste and residual materials after the execution of any work processes. The Contract Partner is liable for all damages caused by its employees and/or commissioned third parties.

## 16. Compliance and Sustainability

- a) The Contract Partner undertakes, especially but not limited to, to observe all applicable laws, provisions and directives, or any other regulations combating bribery and corruption, hereafter summarized as "regulations", and not to enter into any function, activity or conduct (e.g. the requesting, offering, promising, approving, giving or receiving of any unlawful payments or other benefits) which constitutes criminal action

according to the regulations stated. The Contract Partner undertakes to inform Metalekspo promptly of any circumstances which could constitute the violation of the regulations stated.

- b) Metalekspo expects that the Contract Partner complies with the principles of the United Nations Global Compact and the core labor standards of the International Labor Organization (ILO) including but not limited to the following:
- Compliance with the applicable national statutory provisions in respect of fundamental labor rights, remuneration and working hours, standards of occupational health and safety, environmental legislation, regulations and standards
  - Avoidance and banning of any kind of child labor
  - Prohibition of all forms of discrimination
  - Prohibition of all forms of slave labor
  - Prohibition of bribery and corruption
- c) Metalekspo expects that the Contract Partner communicates these fundamental principles and requirements to its business partners and encourages them to observe these standards. The Contract Partner shall consider these factors in its choice for business partners.
- d) Notwithstanding Metalekspo's rights in clause 10, failure to observe this clause 16 is a significant violation of this contract and entitles Metalekspo to terminate the contract by providing written notice.
- e) Metalekspo is not liable for claims, losses or damages that arise in connection with non-compliance with this clause on behalf of the Contract Partner. The Contract Partner shall release Metalekspo from and hold Metalekspo harmless against such claims, losses or damages.

## **17. Conversion Factors**

1 metric ton (mt) = 1,000 kilograms (kg)

1 kilogram = 2.20462 pounds (lbs.)

1 troy ounce = 0.0311035 kg

## **18. Place of Jurisdiction, Applicable Law**

If not otherwise agreed, the place of jurisdiction is Latvia, Riga and legislative acts of the Republic of Latvia shall apply to the contract and settlement of disputes.

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