

GENERAL TERMS AND CONDITIONS

1. APPLICATION

These General Terms and Conditions shall govern all the Contracts entered into by any of the PBM Group of companies (further PBM) and any Buyer, including the mechanism of entering into such Contracts as well as all the rights and obligations arising out of or in connection with such Contracts.

No terms and conditions communicated by the Buyer to PBM as part of a Purchase Order or otherwise shall apply in any of the Contracts unless explicitly accepted and confirmed by PBM in writing.

A Contract entered between PBM and a Buyer may depart from these General Terms and Conditions to the extent expressly agreed between the parties in writing.

2. DEFINITIONS

The following terms shall, when used in these GTC, have the following meanings:

- "*Buyer*" is a party entering into a Contract with PBM, and shall include all its successors and assigns;
- "*Buyers Site*" is a physical location, being a facility or vessel, on which PBM provides its Services and/or Spares to the Buyer;
- "*Collateral Services*" are the services of ancillary character accompanying the Services, and shall include (without limitation) travel and accommodation, handling, shipping, customs clearances, obtaining of entry visas and/or shipyard entrance approvals, and other services of the like nature required during the course of providing the Services and/or Spares, and which generate collateral costs.
- "*Contract*" is a contract for the provisioning of Services or the supply of Spares, entered into between PBM and a Buyer;
- "*Exchange Basis Service*" is a model of Services in which PBM delivers to the Buyer a reconditioned, "*good-as-new*" governor/valve and in return takes the old governor/valve from the Buyer. Exchange Basis Service is charged as per PBM's official price list plus the price of spare parts required to recondition the old governor/valve and bring it to the operational, "*good-as-new*", condition as defined by the manufacturer.
- "*Governor Inspection Report Preliminary*" is a communication from PBM to a Buyer providing a list of spare parts found defected upon disassembly and visual inspection of the governor at the beginning of the governor overhaul Service, with corresponding prices per spare part.
- "*Governor Inspection Report Final*" is a communication from PBM to a Buyer providing a list of all spare parts, that need to be replaced during the governor overhaul Service, and corresponding prices per spare part.

- *“Offer”* is a communication from PBM to a Buyer providing the offered price for the Services requested by the Buyer in the Request for Offer and the proposed period for the completion of the services.
- *“Parties”* means PBM and a Buyer collectively.
- *“PBM”* means any of PBM Group’s companies in Croatia, Bulgaria, Romania, Slovakia, Turkey, Lithuania and China, and shall include all their successors and assigns.
- *“Pre-Invoice Specification”* is a communication from PBM to a Buyer providing a full list of Services, Spares and Collateral Services provided to the Buyer, as well as the costs thereof.
- *“Purchase Order”* is a communication from a Buyer to PBM accepting the Offer;
- *“Purchase Order Confirmation”* is a communication from a PBM to a Buyer confirming that the Purchase Order has been confirmed by PBM;
- *“Request for Offer”* is a communication from a Buyer to PBM describing the nature of the Services required from PBM, and inviting PBM to submit an Offer;
- *“Onboard Service Report”* is a communication from PBM to a Buyer after the provision of Services onboard the vessel, providing brief description of Services performed, results and remarks, and total working time spent onboard by PBM’s service engineers, signed off by the Buyer’s responsible person.
- *“Services”* means all activities undertaken by PBM for the overhauling, repair, maintenance, and retrofitting of engines and engine control systems, including onsite and remote support, training and education, and (except as expressly provided otherwise) includes documentation, spare parts, materials, tools and other items used by PBM in the performance of a Contract.
- *“Spares”* means spare parts supplied by PBM in case a Contract envisages only the supply of such spare parts and/or materials, without provision of Services.
- *“Time to Return”* is a period in the context of Exchange Basis Services, within which the Buyer has to send the old governor/valve to PBM. The Time to Return starts counting from the date when a reconditioned governor/valve is delivered to the Buyer’s site and stops counting when that item has been shipped from the Buyer’s site to PBM’s address, as instructed by PBM.

3. CONTRACTING MECHANISM

3.1. The making of any Contract shall consist of the following steps:

- (a) the Buyer submits a Request for Offer;
- (b) PBM submits an Offer;
- (c) the Buyer submits a Purchase Order;
- (d) PBM confirms the Purchase Order.

Accordingly, the making of a Contract does not involve signing by the Parties of a separate contractual document setting out the Parties' rights and obligations.

3.2. A **Request for Offer** shall contain the specification of Services and/or Spares requested by the Buyer. Such specification shall be as detailed as possible. Before sending the Request for Offer, a Buyer is welcome to seek expert assistance from PBM in formulating the Request for Offer and PBM shall whenever its operational schedule allows provide such expert assistance at no cost for the Buyer.

3.3. An **Offer** shall contain the price for the Services and/or Spares specified in the Request for Offer. In case of Services, the Offer shall also contain a tentative period for the provision of the Services. In case of Spares, the Offer shall also contain a tentative period for the supply of the Spares and the proposed delivery terms of such supply.

PBM shall formulate the Offer solely on the basis of the specification of Services and/or Spares contained in the Request for Offer. PBM cannot guarantee that such Services and/or Spares will be adequate to deal with a technical problem that the Buyer wishes to solve. If during the performance of the Contract it appears that the technical problem requires additional Services and/or Spares, PBM shall not be under a duty to provide such Services and/or supply such Spares until the Parties agree in writing on the terms (including, without limitation, the price and time) of provision of such Services and/or the supply of such Spares (as the case may be).

3.4. In a **Purchase Order**, the Buyer shall expressly refer to the number and date of the Offer and shall contain express acceptance by the Buyer of all the terms contained in the Offer.

In the event that the terms (if any) contained in the Purchase Order depart from the terms contained in the Offer, such Purchase Order shall, unless confirmed from PBM in the form of a Purchase Order Confirmation, be considered as a request for an amended Offer, and shall be subject to the same procedure as described in Clause 3.1.

3.5. Upon receipt of the Purchase Order, PBM shall send the Buyer a **Purchase Order Confirmation** if at the time of receipt of the Purchase Order PBM reasonably considers it possible to provide the Services and/or supply the Spares referred to in the Purchase Order within the timeframe contemplated in the Offer and/or the Purchase Order. A **Contract** shall be deemed concluded between the Buyer and PBM upon receipt by the Buyer of the Purchase Order Confirmation.

3.6. After the Contract has been concluded in the sense of Clause 3.5. above, the Buyer shall not be entitled to withdraw or cancel his Purchase Order except with prior written consent of PBM and then only upon such terms as PBM may deem appropriate.

3.7. All drawings, measures and other descriptive items contained in PBM's Offers or Purchase Order confirmations are as accurate as PBM can make them, using its knowledge and professional expertise and the information supplied by the Buyer.

3.8. All descriptions, drawings, illustrations, or other information contained in PBM's brochures, catalogues, price lists, presentations and other publications are intended to provide only a general description of Services and Spares offered by PBM and shall under no circumstances constitute binding representations or make part of any Contract.

3.9. The Buyer shall be personally liable for all obligations under the Contract irrespective of whether the Buyer is the end customer or not. This however shall be without prejudice to the legal remedies (if any) available to PBM directly against the end customer.

If the Buyer discloses the identity of the end customer, PBM, the Buyer and the end customer may agree in writing that the end customer shall take the position of the Buyer under the Contract.

4. PROVISION OF SERVICES AND/OR DELIVERY OF SPARES

The provision of the Services shall consist of the following main steps:

- (a) PBM shall start providing the Services after a Contract has been concluded in the sense of Clause 3.5. above.;
- (b1) in case of governor overhaul Service:
 - (b1.1) PBM shall carry out a preliminary inspection of the governor, following which PBM shall send a Governor Inspection Report Preliminary to the Buyer for approval;
 - (b1.2) the Buyer approves or rejects Governor Inspection Report Preliminary;
 - (b1.3) in case the Buyer has approved Governor Inspection Report Preliminary, PBM shall continue with the overhaul. In case the Buyer has not approved the Governor Inspection Report Preliminary, the second paragraph of Clause 3.3. shall apply;
 - (b1.4) after finishing the overhaul, PBM sends a Governor Inspection Report Final and the Pre-Invoice Specification to the Buyer for approval before issuing the Invoice;
- (b2) In case of an engine or remote-control system overhaul Service onboard the vessel, PBM performs the work, and after work completion, PBM provides Onboard Service Report and Pre-Invoice Specification to the Buyer for approval before issuing the Invoice;
- (c) the Buyer approves Pre-Invoice Specification; if no response is received from the Buyer within 2 working days of receipt of the Pre-Invoice Specification, it is automatically considered approved by the Buyer;
- (d) upon the Buyer's approval of the Pre-Invoice Specification, PBM issues the invoice.

4.1. The provision of Services and/or delivery of Spares shall be at PBM's facility at Rijeka, Croatia, unless otherwise specified in the Offer. Notwithstanding the foregoing, the following Services shall be performed on the Buyer's site: Governor installation, Remote-Control System installation and Engine overhaul. Spares shall be considered as delivered to the Buyer from the moment of their handover to the shipper at the PBM's facility.

4.2. Governor overhaul Service includes dismantling of the governor to single parts, cleaning, inspection, Defect Report to the Buyer, replacement of defective and/or worn-out parts, assembly, testing on a test stand and final adjustments, all in accordance with the original manufacturer's

protocol. The governor is considered fully operational when it has passed all tests on a test stand in accordance with the manufacturer's test specification, in witness whereof PBM shall deliver to the Buyer a test report. Governor installation at the Buyer's site is not part of the governor overhaul Service but is considered a separate Service.

4.3. Provisioning of governor installation Service comprises of physical installation of the governor onboard and connecting it with the engine mechanical and electrical subsystems. In case of any issue with engine operations after governor installation, root cause must be searched in engine subsystems, since the governor is considered fully operational after passing test on test stand. PBM can, without any responsibility and obligation, provide assistance to the Buyer to identify the root cause and adjust engine subsystems in order to resolve the issue, but this is to be considered a separate Service.

4.4. Unless specified otherwise in the Offer, PBM may at its sole discretion choose the source of materials and equipment used in the provision of the Services and/or supply of the Spares, and/or subcontract in part or in whole the provision of the Services and/or supply of the Spares to any third parties, provided however that PBM shall remain liable for the quality of such Services and/or Spares as if they have been provided / delivered by PBM.

4.5. The dates indicated in the Offer for the completion of Services and/or delivery of Spares are tentative only. While PBM shall make every effort to meet those dates, PBM shall not be liable for any delays whatsoever in the completion of Services and/or delivery of Spares, notwithstanding the cause for delay, except where it is proved that the delay is a consequence of a willful misconduct or gross negligence on the part of PBM. In addition, if the completion of Services and/or delivery of Spares is delayed due to lack of instructions from the Buyer or breach by the Buyer of its principal obligations under the Contract or if the delivery date is postponed at the Buyer's request, the Spares concerned shall be appropriately stored at the Buyer's risk and expense.

4.6. For Services provided as the Exchange Basis Service, the Time to Return shall be 30 days, or, in case the item provided on Exchange Basis is a Woodward UG25+ governor, the Time to Return shall be 7 days. The Buyer expressly acknowledges that items exchanged under the Exchange Basis Service are PBM's revenue-generating assets and failing to send an old item to PBM within the Time to Return causes financial losses to PBM. As the consequence, in case the Buyer has not sent the old item to PBM within the Time to Return as specified above, PBM shall have the right to charge the Buyer liquidated damages in an amount equal to 10% of the value of such item for every day of delay, provided that the total accumulated amount of such liquidated damages shall not exceed 100% of the value of such item as per the manufacturer's price list.

4.7. For Services provided as the Exchange Basis Service, Client's old item returned to PBM should be in working condition. PBM shall inspect the item for worn-out, defect, and/or missing parts and charge them to the Client in order to bring the item to the operational, „good-as-new“ condition, as defined by the manufacturer. For returned items which are damaged beyond repair, new item shall be charged to the Client in accordance with the manufacturer's price list.

4.8. It is understood and acknowledged by the Buyer that provision of the Services and/or supply of the Spares to the Buyer may and regularly does require certain Collateral Services. PBM shall not have any responsibility for the due and punctual performance of the Collateral Services by the providers thereof, even where the provision of Collateral Services has been arranged through PBM.

5. PRICES AND PAYMENT TERMS

5.1. The prices specified in the Offer are fixed for the period of the validity of the Offer and are subject only to any change in governmental taxes or duties. The Buyer acknowledges that the prices specified in any PBM's price list on other documents are subject to change without prior notice, are of introductory character only and are not binding for PBM, except where the Offer makes specific reference to PBM's price list, indicating the version and/or date of the price list referred to in the Offer.

It is expressly acknowledged that an Offer may contain items that are not specified in PBM's price list.

5.2. Unless otherwise specified in the Offer, each invoice issued by PBM shall be paid within 15 (fifteen) calendar days of the date of the invoice. If different payment terms have agreed with the Buyer, this shall be specified in the invoice. If the Buyer fails to pay the invoice within the period set out above, PBM shall be entitled to charge default interest at a rate defined by the applicable law.

If the Buyer fails to settle the invoice when due, PBM shall send the Buyer a written reminder. In case the Buyer fails to settle the invoice within 8 days of such written reminder, PBM shall have the right to take legal action without further notice. All costs, judicial and extra-judicial, incurred by PBM with respect to the collection of a debt due by the Buyer shall be fully borne by the Buyer.

5.3. The costs of the Collateral Services need not be included in the Offer but shall be clearly itemized in PBM's Pre-invoice Specifications and invoices, supported by relevant documentation and charged to the Buyer.

6. TRANSFER OF TITLE

Notwithstanding the provision of the Services and/or delivery of the Spares to the Buyer, the title to the Services and Spares shall remain in PBM and shall not pass to the Buyer until PBM has received full payment of all amounts due from the Buyer under the Contract in relation to those Services and Spares.

During the time where PBM still has the title in the delivered Services and Spares, the Buyer shall take all necessary measures to secure and protect the Services and Spares in question. The Buyer shall insure those Services and Spares against any customary insurance risk such as theft, fire and water influx. At first demand by PBM, the Buyer shall present to PBM the evidence of fulfilling this obligation. PBM shall be entitled to indemnification for any damage incurred till the transfer of title to the Buyer.

During the time where PBM retains title to the Services and Spares, the Buyer in possession of the Services and Spares shall not have the power to sell and/or deliver concerned Services and Spares to third parties.

PBM is entitled to repossess all or any of the Services and Spares upon the occurrence of any event described in Clause 9. For the purpose of repossessing of the Services and Spares PBM may

enter/access the land/building/facility where the Services and Spares concerned are placed or reasonably believed by PBM to be placed. The Buyer shall pay all expenses incurred by PBM during

repossessing of the Services and Spares. This Clause shall be without prejudice to other rights and remedies in relation to the Buyer or third parties available to PBM under the law.

7. WARRANTY

7.1. SPARES WARRANTY

PBM does not provide warranties in relation to the Spares other than those provided by the manufacturers of the Spares. This relates to all the elements of the warranty, including (without limitation) the scope, duration and applicable conditions.

7.2. SERVICES WARRANTY

PBM warrants for the quality of the materials and equipment as well as for good workmanship used in the performance of the Services. The duration of this warranty shall be as follows:

- (a) 1 year for governor overhaul service;
- (b) ½ year for remote control system overhaul service;
- (c) ½ year for engine overhaul service; and
- (d) ½ year for other Services provided by PBM.

All other warranties are excluded.

The warranty periods indicated above (hereinafter: "Initial Warranty Periods") shall start counting from the date of completion of the respective Services. In case repair works have been performed under this warranty, such repair works shall be warranted for the same period as the respective Initial Warranty Period, provided however that the overall duration of the warranty shall under no circumstances exceed 1,5 times the duration of the respective Initial Warranty Period.

If within the warranty period the Buyer or the end customer identifies defects in the Services, the Buyer shall notify PBM in writing within 3 days of the discovery of such defects, describing in as much details as reasonable possible the nature of the defect.

If the defect has occurred within the warranty period and has been notified to PBM in accordance with the preceding paragraph, and if the defect is the consequence of poor quality of materials and equipment or poor workmanship invested in the performance of the Services, PBM shall perform its warranty obligations set out under Clause 7.3.

7.3. PBM's warranty obligation consists of a duty to repair or replace any defective Spare part or any other item supplied by PBM or, in case of inadequate or defective Service, to remove the defect or provide the Service again. All those activities shall be at PBM's own cost. Such repair, replacement or re-provisioning shall be done on a location offered by the Buyer and selected by PBM, including PBM's facilities. In case when spare part or other device is being replaced, PBM may do the replacement with modified or improved spare part or other device with the same or better functionalities.

The above shall be the exclusive remedy available to the Buyer and/or the end customer under this Clause 7. Except as expressly stipulated hereinabove, PBM shall under no circumstances have any other warranty obligations or bear any other costs or liability in relation to this Clause 7, such as (without limitation): (i) costs in relation to redirecting the vessel to the place of repair; and/or (ii) any damages (material or physical) caused by a defective component or a defective Service to other items or persons; and/or (iii) economic or consequential losses, that may have been incurred as the consequence of the defects in the Services.

PBM's liability under this Clause 7 is also excluded in cases where the defects complained of are the consequence of:

- improper handling, misappropriation, negligence on the part of the Buyer or end-customer or accident;
- the relevant Spares or other components being dismantled, disassembled, attempted to be repaired, altered in any way, or substituted with other spares or equipment without written authorization from PBM;
- the Relevant Spares or other components being otherwise interfered with without written authorization from PBM;
- ordinary wear and tear.

8. BUYER'S DEFAULT

PBM may unilaterally terminate the agreement with the Buyer at any time and/or suspend further delivery of Services and Spares, notwithstanding the PBM's right to full indemnification, if any of the events mentioned below occur:

- (a) The Buyer defaults on its financial liabilities, breaches the Contract or any other obligation the Buyer may have toward PBM under any other Contract;
- (b) The Buyer makes, offers or proposes a settlement, arrangement or composition with his creditors or a resolution or petition to wind up the Buyer's business is passed or presented, or a petition for an administrative order in respect of the Buyer is presented, or if a petition for a bankruptcy order is made against the Buyer, or a receiver, liquidator, curator or manager of the Buyer's undertaking, property, assets or any part thereof is appointed;
- (c) in PBM's reasonable judgement the Buyer may be unable to provide full payment or perform any of his obligations under the Contract and the Buyer is unable to provide security instrument to cover his obligations.

In any such event, all accrued and outstanding amounts due or likely to become due to PBM under the Contract shall become immediately due and payable.

9. OWNERSHIP OF DATA AND CONFIDENTIALITY OF INFORMATION

The Buyer agrees that PBM retains all rights to all information regarding Services and Spares. PBM grants no right to the Buyer to use such information for the purpose of purchasing services or products from other service providers/manufacturers.

All data obtained, produced, and shared during the consummation of any Contract between the Parties, including (without limitation) the data relating to prices, costs, quotations, invoices, technical solutions, work practices, employees' personal data, shall be treated as Confidential Information.

The term "Confidential Information" in the sense of the preceding paragraph shall include such data in any form, including (without limitation) documents and their contents and enclosures, verbal or written communications, as well as any visual, audio, electronic or other records containing information regarding activities performed under any Contract between the Buyer and PBM, as well as personal data in accordance with regulations on protection of personal data.

A Party receiving Confidential Information from the other Party undertakes not to communicate, disclose, deliver or transfer such Confidential Information, directly or indirectly, at any time, to any third party (entity or physical person), without the prior written consent of the disclosing Party.

The confidentiality obligations set out above shall remain in effect throughout the term of the Contract and shall continue for another 5 (five) years after the termination of the Contract.

10. FORCE MAJEURE

PBM shall not be responsible for any delay, damage, loss or injury incurred or suffered by the Buyer of the end customer if PBM is prevented, hindered or delayed in the performance of any obligations under the Contract as the consequence of any events not attributable to PBM or out of PBM's reasonable control, which prevents delivery of the Services and provision of Spares ("Force Majeure").

Force Majeure events shall include (without limitation): strike, industrial/trade dispute (in case PBM's or third party's employees are involved), unavailability, interruption, failure or delay in delivery from PBM's usual suppliers, destruction or damage to manufacturing plants, transport routes or means, machinery or equipment breakage, power failure, default by PBM's subcontractors, acts of national/local governments or other authorities, exceptionally bad weather, fire, flood, earthquake, explosion, pandemic, theft, civil disturbance and insurrection, acts of terrorism (including cyber terrorism) or war.

11. APPLICABLE LAW AND JURISDICTION

These General Terms and Conditions and any Contract related herewith shall be governed exclusively by the laws of the country where concerned PBM Group's company is registered. Application of the UN Convention for International Sales of Goods is expressly excluded. Jurisdiction over any procedure related to any issue which may occur in relation to such a Contract, or these General Terms and Conditions shall be held by the courts of the country where concerned PBM Group's company is registered.