# PROCEDURE FOR REIMBURSEMENT OF PROPERTY LOSSES IN CONNECTION WITH CUSTOMS REGULATION

1. The parties agree that if, by decision/order/ruling of an authorized state or judicial body (hereinafter referred to as the “Authorized Body”)

the Enterprise and/or the Enterprise’s officers and/or affiliates (collectively, the “Persons Suffering Losses”) will be required to take one or more of the following actions for a reason attributable to the Counterparty and/or third parties engaged by the Counterparty or otherwise associated with the Goods:

(a) to pay a fine,

(b) to indemnify,

(c) to transfer the Goods to the state in confiscation order,

(d) to suspend/terminate the use of the Goods,

(e) to pay additional customs charges, including, without limitation: fees, duties, VAT and other applicable charges and taxes (hereinafter referred to as “Customs Charges”)

and the above will be associated with

(i) illegal transfer of the Goods through the customs border of any state or the customs territory of the Eurasian Economic Union, and/or

(ii) failure to declare or unreliable declaration of the Goods, and/or

(iii) failure to comply with prohibitions and/or restrictions on import of the Goods, and/or

(iv) failure to pay and/or untimely and/or incomplete payment of the Customs Charges in relation to the Goods, and/or

(v) violation of the customs clearance procedure for the Goods, and/or

(vi) failure to comply with other statutory regulations related to the customs clearance, including failure to indicate/false indication of information in the invoice and/or packing list (hereinafter referred to as the **“Circumstances for Compensation for Losses”**),

The Counterparty shall, at the request of the Enterprise, according to Article 406.1 of the Civil Code of the Russian Federation, compensate the Enterprise in full for property losses, which shall be calculated using the following formula:

L = C + A + E + TVM, where

P – the amount of property losses reimbursed by the Counterparty to the Enterprise,

C is the amount of Customs Charges, fines and penalties that Persons Suffering Losses are required to pay by decision of the Authorized Body in connection with the Circumstances for Compensation for Losses;

A – the sum of expenses and losses of the Persons Suffering Losses incurred in connection with the execution of the decision / instruction / resolution of the Authorized Body, including, but not limited to: the cost of the Goods in respect of which the decision on their confiscation has been made, expenses for transportation and/or storage of the Goods under the decision / instruction / resolution of the Authorized Body, losses related to production downtime of the Enterprise / recipient of the Goods in connection with the confiscation of the Goods or prohibition / restriction on their use, expenses for payment of additional services of the customs broker which arose out of Circumstances for Compensation of Losses;

E is legal expenses of the Persons Suffering Losses incurred in connection with appealing/challenging the decision of the Authorized Body, including expenses for external consultants in the amount of not more than 10% of the cost of the Goods, as well as expenses for expertise;

TVM is the time value of money, which is calculated according to the following formula:

TVM = (C + A + E) \* 0.15/365\* CD, where

C, A and E have the meaning indicated above in this clause

CD is the number of calendar days elapsed from the date of actual payment by the Persons Suffering Losses of the amounts of C, A and E, to the date when the amounts of C, A and E were actually reimbursed by the Counterparty.

2. Property losses are subject to reimbursement by the Counterparty within ten (10) business days from the date the Enterprise submits a claim to the Counterparty with the calculation of property losses and a xerocopy of the decision of the Authorized Body.