

General Conditions of Purchase

I. General section

1. General area of application

1.1 Zimmer GmbH ("Zimmer Biomet") shall place orders on the basis of these General Conditions of Purchase ("GCP") exclusively. The GCP apply to all purchasing, work and service contracts, including future ones, entered into by Zimmer Biomet, and their execution by the supplier, even if not explicitly stated in the order. The term "supplier" denotes in this context a contracting party to which an order has been assigned, particularly one for a delivery, work or services. By accepting an order or assignment, the supplier shall be held to have agreed to the validity of the GCP in their currently given edition.

1.2 All arrangements made in individual cases (including subsidiary agreements, supplements and amendments), between Zimmer Biomet and the supplier, concerning the performance of the contract, shall take precedence over these GCP. In addition, where no other arrangements are made, these conditions of purchase apply exclusively as representing the content of the contract. In cases where specific conditions differing from the present conditions are agreed upon for a given order, the GCP shall then be subordinate and supplementary to such specific conditions.

1.3 The GCP shall also apply in particular to instances where Zimmer Biomet, though aware that the supplier's conditions conflict with or differ from these conditions of purchase, accepts unconditionally a delivery from the supplier and/or makes payments without objection. Thus differing terms and conditions are not accepted by Zimmer Biomet, even if Zimmer Biomet has not expressly objected to such terms and conditions. Even if Zimmer Biomet makes reference to the supplier's tender documents, this shall not constitute agreement with the supplier's terms and conditions.

1.4 Should any of these GCP be or become invalid or void, the remaining provisions of the GCP and/or the contract shall remain unaffected by it. The parties undertake to replace the invalid provision by one that approximates their commercial aims. The same applies should the contract be found to contain loopholes.

2. Tenders and conclusion of contracts

2.1 All supplier tenders and estimates shall be provided free of charge without any obligation, and shall not commit Zimmer Biomet to any reimbursement of expenses, even if they are provided on Zimmer Biomet's request and/or do not lead, either immediately afterwards or subsequently, to an order from Zimmer Biomet. Offers are binding for the supplier for a period of least 12 weeks from their receipt by Zimmer Biomet.

2.2 Mere price inquiries by Zimmer Biomet shall be non-binding for the latter and shall be deemed to be solely a request to the supplier, for its part, to submit an offer. The supplier's tenders shall correspond to the wording of the inquiry. Alternative proposals must be submitted separately, expressly mentioning any changes.

2.3 Likewise, a confirmation differing from an order shall be considered as a new order and shall require Zimmer Biomet's express acceptance. Where there is no such written acceptance and the delivery or service is carried out notwithstanding, Zimmer Biomet shall accept it subject only to the conditions of the order originally issued.

2.4 Offers from the supplier not fully including the present conditions of purchase or referring to the supplier's General Terms and Conditions (GTC) shall not be accepted by Zimmer Biomet. Any questions from Zimmer Biomet about such offers from the supplier shall in no way be deemed to be an acceptance of such offers.

2.5 The supplier undertakes to confirm Zimmer Biomet's order without delay or to carry it out by forwarding the goods unconditionally ("acceptance"). Where the supplier's acceptance is not given within a period of two weeks from the date of the order, Zimmer Biomet shall have the right

to cancel the order and to withdraw from the contract with immediate effect.

2.6 Acceptance of offers shall be binding only where the acceptance is stated in writing. Orders placed by telephone or verbally, and all supplementary agreements or subsequent changes, shall require written confirmation from Zimmer Biomet to be valid.

2.7 Where such changes do not lead to a change in the sum of the order, in terms of price or wages and salaries, of more than 10%. The supplier shall be required to accept objectively justifiable and reasonable changes to a performance requirement or order by Zimmer Biomet.

2.8 The transfer of an order to a third party is allowed only with Zimmer Biomet's written approval. In cases where the transfer of an order has been approved, the supplier shall be responsible for its subcontractors as for its own conduct.

3. Prices and Payment

3.1 The prices specified in the order shall be considered as being fixed prices. Unless otherwise agreed upon, the price shall include packaging conforming with trade standards and will be understood as FCA (Free Carrier), carrier's site, Incoterms 2010, except to the extent that specific terms of the Purchase Order contradict the relevant INCOTERMS 2010, then the Purchase Order controls. Supplier shall utilize the by Zimmer Biomet specified carrier. Zimmer Biomet shall notify supplier of the contact details for the relevant carrier and Supplier shall coordinate delivery of the Goods with such carrier. The return of packaging shall require a separate agreement. Prices exclude VAT, but include all other taxes and costs incurred by the supplier.

3.2 Unless otherwise agreed upon, the following payment conditions apply:

3.2.1 Zimmer Biomet shall be entitled to deduct a 3% discount where payments are made within a period of 15 days.

3.2.2 The payment period shall otherwise be 75 days as from the date of issue of the invoice, without deduction, unless otherwise required by local law. The supplier's payment terms shall apply where they represent economies for the supplier.

3.2.3 Payment and cash discount periods begin upon receipt of the invoice, but not prior to receipt of the given goods or acceptance of the given service.

3.2.4 Whether or not a payment is made on time shall be judged by the date on which Zimmer Biomet has taken the necessary steps to transfer the payment concerned.

3.2.5 Payments shall be made by bank transfer.

3.2.6 Other companies in the Zimmer Biomet group shall also have the right to settle invoices.

3.2.7 The supplier is not authorized to assign payments from Zimmer Biomet to older debts, expenses and interest.

3.2.8 The supplier is also not authorized to transfer claims that it has against Zimmer Biomet, or to have them collected by third parties.

3.2.9 Zimmer Biomet has the right to offset monetary claims it has against the supplier against the Zimmer Biomet's payment obligations towards the supplier.

4. Delivery and delivery period

4.1 The agreed delivery or performance period shall be binding.

4.2 The time or date of receipt of goods, at the point of receipt as stated by Zimmer Biomet, shall be decisive in determining whether or not a delivery has occurred on time. What has been agreed upon shall apply to the provision of other services.

4.3 Part deliveries are only permissible where expressly agreed upon.

4.4 Delivery shall be at the expense of the supplier, to the place specified in the order. Where a specific place of delivery has not been agreed upon, the delivery shall be made to Zimmer Biomet's registered office.

4.5 The supplier shall be required to inform Zimmer Biomet of any impending delay in delivery, stating the reasons and the expected duration of the delay.

4.6 Where contractual deadlines and dates have been agreed upon (order expiry date), the supplier shall automatically be held responsible for the delay where it does not meet these requirements. Otherwise, the supplier shall be considered to be in default where it fails, on receipt of a first reminder, to meet a subsequent deadline set by Zimmer Biomet.

4.7 Where a consignment is subject to delay, Zimmer Biomet can demand the immediate fulfilment of the contract, or it can withdraw from the contract without affecting Zimmer Biomet's statutory rights. In any case, the supplier shall be liable for the financial damages resulting from the missed deadline. The unconditional acceptance of a consignment delay does not constitute a waiver by Zimmer Biomet of the claims it may have as a consequence of the late delivery.

5. Change of ownership, insolvency

In the case of imminent bankruptcy or change of ownership of the supplier, the latter is obliged to inform Zimmer Biomet immediately of the fact. Where insolvency proceedings are initiated, concerning the supplier's assets, or such proceedings are rejected because of lack of assets, or in the case of a change of ownership of the supplier, Zimmer Biomet shall be entitled to avail itself of the consignments stored by the supplier or its suppliers, or to withdraw fully or partly from the contract without affecting the outcome of any relevant legal proceedings.

6. Packaging

6.1 Packaging conforming with trade standards, as referred to in clause 3.1, denotes in this instance that the item under consignment, or subject of the given service to be provided, must be safely and suitably packed for the given mode of transportation.

6.2 Packaging and wrapping, etc., shall become the property of Zimmer Biomet only at the latter's request. At Zimmer Biomet's specific request, the supplier shall be required to recover packaging materials and dispose of them in an environmentally sound manner, free of charge.

6.3 Packaging must be executed carefully, taking all transportation hazards into account. Each consignment must be accompanied by a detailed consignment note, showing the order and item number, quantity, origin of goods and the tariff reference. This with a view to enabling proper identification of the goods supplied and the possibility of swift, uncomplicated and faultless determination of the quantities of items concerned. Preliminary, intermediate and final consignments must be explicitly designated as such.

7. Warranty rights, Inspection and Objection

7.1 The statutory provisions shall apply to the rights of Zimmer Biomet in the event of material and legal defects in the products (including wrong and short delivery), and for other breaches of duty by the supplier, unless otherwise provided for in the following provisions.

7.2 In accordance with the relevant legal provisions, the supplier is responsible for ensuring that the products it supplies are in the agreed condition when the risk relating to them is transferred to Zimmer Biomet. As to the state and/or quality of the goods supplied, the given product specifications, which are part of any given contract, in particular through being named or referred to in Zimmer Biomet's order, shall in any case apply.

7.3 The relevant statutory provisions shall apply to commercial examination and the obligation to notify the customer of defects, subject to the following provision: Zimmer Biomet's obligation to examine goods shall be limited to defects (e.g. damage in transit, incorrect or short deliveries) that openly come to light at the time of Zimmer Biomet's inspection of incoming goods, with external evaluation, and of shipping documents, and through Zimmer Biomet's quality control. There shall be no obligation to inspect goods where these have already been accepted.

7.4 Where there are defects, Zimmer Biomet shall set the supplier a reasonable period to remedy these. The supplier undertakes to remedy the defects within the stipulated time, at his own expense. Where a defect can be made good only by re-manufacturing, the right to repair shall include the right to re-manufacturing. Where only services are concerned, Zimmer Biomet shall not be required to grant the supplier the right to make subsequent improvements. The setting of a deadline for correcting shortcomings shall not release the supplier from any possible compensation obligations with regard to Zimmer Biomet.

7.5 Where the supplier does not meet its obligation to correct shortcomings in products or services, Zimmer Biomet may elect to:

7.5.1 Reduce the payment accordingly (price reduction).

7.5.2 Withdraw from the contract and demand compensation for any damages resulting from the failure.

7.5.3 Remedy the shortcoming itself or have it remedied by a third party and demand reimbursement, from the supplier, of the necessary expenses, or an appropriate advance.

7.6 Where the supplier has failed to make subsequent improvements or these do not suit Zimmer Biomet (esp. due to particular urgency, risk to operational safety or impending, disproportionate damage) no deadline shall need to be set, and Zimmer Biomet shall be able to turn directly to an alternative supplier, at the supplier's risk and expense. The supplier shall be immediately informed of such a situation, in advance wherever possible.

7.7 Claims resulting from a defect in the goods shall expire 3 years from delivery, unless otherwise agreed upon expressly. A period of ten years applies for defects that have been fraudulently concealed. In both cases, this time-period shall begin with the handing-over of the delivery item to Zimmer Biomet, or to the third party, at the point of delivery or place of use, as designated by Zimmer Biomet. For contractual items, the contractual acceptance of which has been agreed upon, the warranty period shall start on the date of acceptance as stated by Zimmer Biomet in the written purchase acceptance. If acceptance is delayed beyond the acceptance period contractually agreed upon, through no fault of the supplier, the warranty period shall be one year after the expiry of the acceptance period. For delivered parts that remain inoperable during the investigation of the defect and/or of the rectification of defects, the given, current warranty period shall be extended by the duration of the interruption to commercial operation. Zimmer Biomet has the right to object to evident or hidden defects found at any time during the whole period of limitation. The warranty claim must be submitted within six months of the notification of defects, but shall not lapse before the end of the warranty period.

7.8 In the case of the delivery of spare parts, service and maintenance work, as well as for the repair work carried out under warranty, the warranty period shall begin anew.

7.9 When delivering technical equipment, the supplier shall be required to supply Zimmer Biomet with spare parts, on standard trade terms, for the standard period of use.

8. Information and liability

8.1 The supplier and Zimmer Biomet shall inform each other immediately of batch recalls and complaints in connection with the products and/or their source and/or their packaging materials, as far as these involve the responsibility of the given other party.

8.2 The supplier shall be responsible for technical verification and the internal tracking of complaints about products. The supplier and Zimmer Biomet undertake to support each other mutually to the best possible extent in clarifying the reason for a complaint.

8.3 The supplier shall be liable to Zimmer Biomet for all damages incurred as a direct or indirect consequence of its own poor performance of the contract, or that of the third parties it calls upon in order to fulfil the contract. Regardless of its level of fault, the supplier shall also be obliged to compensate Zimmer Biomet for consequential damages, processing and other costs that Zimmer Biomet has to bear with regard to its customers,

particularly as a consequence of non-delivery to customers, caused by the supplier's delay or faulty delivery/service.

8.4 To the extent that the cause of third-party claims lie within the supplier's sphere of control and organization and the supplier is itself liable in the external commercial relationship, the supplier shall release Zimmer Biomet from claims made against the latter by third parties, where the supplier is responsible for damage to products.

8.5 As part of its obligation to indemnify the supplier, the latter is required to reimburse Zimmer Biomet for its expenses arising out of, or in connection with, any third-party claims, including those arising from recalls carried out by Zimmer Biomet. Other legal claims shall not be affected by this.

8.6 The supplier shall inform Zimmer Biomet of any subsequent, relevant defects in the contractual items, in order to avoid any perceivable possibility of damages in accordance with the currently given product-liability law, valid for the destination of the goods concerned, also after the given products have been placed in circulation.

8.7 The supplier is liable for the conduct of its auxiliary or temporary staff (e.g. employees, suppliers, subcontractors, agents) and other third parties brought in by it, for the fulfilment of the contract, as for its own conduct.

9. Material Safety Data Sheets

If required by law, an applicable Material Safety Data Sheet ("MSDS") and labeling will precede or accompany each shipment of Supplier. Supplier shall further provide Zimmer Biomet with updated MSDS's and labeling as required by law.

10. Export classification

Supplier agrees to notify Zimmer Biomet of the export classification (Harmonized Tariff Schedule (HTS), the Country of Origin (COO)).

11. Ensuring integrity

11.1 The parties undertake to take all necessary steps to avoid corruptive practices, such that no specific benefits or other advantages are either offered or accepted.

11.2 Where this undertaking is not complied with, the supplier shall be obliged to pay Zimmer Biomet a penalty. This shall be 50% of the total remuneration per infringement, and at least CHF 25,000.

11.3 The supplier recognizes that a breach of this requirement shall normally lead to premature termination of the contract, by Zimmer Biomet, for a major reason.

12. Final provisions

12.1 Swiss law shall apply to this contract. CISG provisions shall not apply.

12.2 Zurich shall be the sole place of jurisdiction for any disputes arising from the business relationship with the supplier, including such as arise from the GCP. Nevertheless, Zimmer Biomet has also the right to bring lawsuits in the supplier's general jurisdiction or in the place of performance. Mandatory, statutory provisions on exclusive jurisdiction shall remain unaffected by this provision.

12.3 Should individual provisions of the GCP be wholly or partly ineffective or become so, then the validity of the remaining provisions shall not be affected by this. The wholly or partly ineffective provision shall be replaced by a provision that approximates meeting the commercial aim of the invalid one.

13. Human Trafficking / Slavery

Supplier represents and warrants that the Goods and Services sold to Zimmer Biomet comply with the laws regarding slavery and human trafficking of the country or countries in which Supplier is doing business.

14. Code of Supplier Conduct

Supplier represents and warrants that Supplier has read and will abide by Zimmer Biomet's Code of Supplier Conduct located at to

www.zimmerbiomet.com/sourcing as amended from time to time by Zimmer Biomet for as long as Supplier provides Goods or Services to Zimmer Biomet.

II. Special provisions

1. The following provisions apply in particular to contracts for the purchase and/or the supply of raw materials, other materials or other products ("products"), which we need for our activities in producing and distributing medical products, particularly implants and the associated instruments. These provisions apply to the manufacture and supply of products in accordance with our specifications, as well as for the production of plant facilities.

2. Intellectual property rights

2.1 Insofar as it does not prove that it cannot be held responsible for any breach of such rights, the supplier shall be responsible for ensuring that the supply of its products does not infringe any patent rights, copyrights or other rights of third parties.

2.2 The supplier undertakes to inform Zimmer Biomet without delay of any identified or known risks of infringements by its products, or those of which it has become aware, including also alleged cases of such infringements of third-party intellectual property rights.

2.3 Where the use or exploitation of the products is affected by third-party intellectual property rights, the supplier shall be required either to acquire the appropriate licence, within a reasonable time-period, or change the affected products or parts of products such that the application made and use of the products is no longer contrary to third-party rights, and such that the products correspond at the same time to the contractual agreements, particularly the quality requirements imposed on them. This does not apply if the supplier proves that it is not responsible for the infringement.

2.4 The supplier shall defend and/or prevent third-party claims for infringement of intellectual property rights at its own expense and risk. Where Zimmer Biomet is held liable for a violation of such property rights, the supplier shall release Zimmer Biomet from these claims and reimburse Zimmer Biomet for all the expenses thereby incurred. The claim to release from responsibility and liability shall arise at the same time as the claim made by the third party, the discharge from the claim being due as of the time the latter is made.

2.5 The patent rights to items produced specifically, and also all processes and methods established for Zimmer Biomet shall be transmitted to Zimmer Biomet upon assignment.

2.6 The intellectual property rights to the results of work not carried out especially for Zimmer Biomet shall remain with the contractual partner. Zimmer Biomet acquires a transferable, irrevocable, non-exclusive, temporally and geographically unlimited right to the use and commercial exploitation of the results of such work.

3. Secrecy

3.1 Documents, know-how, samples, models, drawings and other aids, that Zimmer Biomet makes available to the supplier in the performance of the contract, remain the material and intellectual property of Zimmer Biomet and may be used only in strict connection with the project. These resources must not be made available or given to third parties, without Zimmer Biomet's consent.

3.2 The supplier is required not to disclose any of Zimmer Biomet's business and trade secrets, of which the supplier in fulfilling the contract has become knowledgeable. The secrecy obligation begins as of the time of initiating negotiations concerning this contract and continues indefinitely, even after termination of the contract. Statutory disclosure obligations remain unaffected by this. Where the divulging of information to third

parties, in order to fulfil the contract, is imperative and inevitable, the supplier shall assume liability for the adherence of the given third parties to professional confidentiality.

3.3 The recipients of confidential information shall ensure its safety and protect it from dishonest access, damage or loss.

3.4 Confidential information may not be copied and stored by its receiver or remain with it, in any other way, following the termination of the contractual relationship. After execution of the contractual obligation, it shall either be returned free of charge to Zimmer Biomet or destroyed.

3.5 Breach of confidentiality shall be held to justify a penalty to be determined by Zimmer Biomet at its reasonable discretion, and being at least CHF 25,000. This also applies to infringements by third parties. By paying the penalty, the supplier shall not be exempt from the confidentiality obligation nor from Zimmer Biomet's claims for damages. The sum of the penalty paid shall not offset the compensation claim.

3.6 Statements relating to the existence, content and progress of contractual agreements require Zimmer Biomet's written approval. In particular, any contact with the press, radio, television or other media shall be permitted only with Zimmer Biomet's written approval and in liaison with the latter. Statements made to the media shall be considered equivalent to those made to third-parties and accessible to the public. Independently of this, Zimmer Biomet shall be entitled to disclose the existence of the contract to third parties.

3.7 The inclusion of Zimmer Biomet in the supplier's reference list (in particular on its website or in various promotional materials) shall require Zimmer Biomet's written approval. The supplier is not entitled to use the protected Zimmer Biomet's protected brands or other distinguishing markings.

3.8 The use of Zimmer Biomet's name or logo, by the supplier, requires Zimmer Biomet's written approval.

3.9 Unless otherwise specified expressly, the application of these GCP cannot be construed as the supplier's entitlement to any intellectual property rights that Zimmer Biomet holds or for which Zimmer Biomet holds a license.

3.10 Other statutory confidentiality and secrecy obligations remain fully applicable. For this purpose, the supplier agrees to the signing of a separate confidentiality agreement.

4. Property Rights

4.1 Zimmer Biomet reserves rights to ownership and copyright concerning illustrations, diagrams, drawings, calculations, implementation instructions, product descriptions and other documents. This also applies to substances, materials and tools, templates, samples and other items that Zimmer Biomet makes available to the supplier for manufacturing. These items are, insofar as they are processed, to be stored separately, at the expense of the supplier, and insured reasonably against destruction and loss.

4.2 Any further processing by reworking and combining or joining of provided goods by the supplier shall be carried out for Zimmer Biomet. Zimmer Biomet acquires the right of title to the product subject to statutory provisions.

4.3 The supplier's retention of title to goods supplied shall apply only insofar as it relates to the payment obligation for the respective products upon which the supplier reserves the right of title. In particular, extended or prolonged retention of title is not allowed.

5. Guarantee

5.1 The supplier guarantees that all contractual items or supplies/services exhibit the assured properties and do not possess any defects, including, in particular, an assurance that the contractual products correspond in their design to the state of the art and to the accompanying technical documentation and order specifications.

5.2 The supplier guarantees that the contractual products comply with the relevant legal provisions, including in particular the legislation governing medical products, and the regulations and guidelines of the

competent authorities, professional associations, trade associations and any quality-assurance agreements and the relevant industrial standards of the place of fulfilment of the contract. Where, in individual cases, deviations from these requirements may be deemed necessary, the supplier must obtain from Zimmer Biomet prior written approval for such deviations. The guarantee commitment of the supplier is not limited by this approval.

6. Terms and Conditions contained in incorporated documents located on-line or on websites

Terms and conditions contained in documents located on-line or on websites which are referred to or incorporated in Purchase Order may be changed and amended from time to time by Zimmer Biomet. Applicable shall be those terms and conditions being valid as of the date of Purchase Order.

Visit following websites: www.supplier.zimmer.com or <http://www.biomet.co.uk/company/vendors>