

BONATRANS GROUP a.s. Terms & Conditions for the Sale of Products

1 Introductory Provisions

1.1. These Terms & Conditions are an integral part of Purchase Contracts, concluded by BONATRANS GROUP a.s. [joint stock company] with its registered seat in Bohumín, Revoluční 1234, Postal Code 735 94, Czech Republic, ID: 27438678, registered in the Commercial Register of the Regional Court in Ostrava, section B, inset 3173, as the Seller, of the one part, with individual Buyers, of the other part, the subject matter of which are the products sold by the Seller. Unless provided otherwise in the Purchase Contract, it shall be governed by the Act No. 89/2012 Coll., the Civil Code, as amended (hereinafter referred to as the “**Civil Code**”).

2 Price of Products

- 2.1. The Buyer undertakes to pay for the products the sale of which is the subject matter of the Purchase Contract the purchase price specified in the Purchase Contract.
- 2.2. If, unless the contracting Parties agree otherwise, during the period from the conclusion of the Purchase Contract to the time of manufacture and delivery of products, the costs in connection with prices of input materials, energy (and other items possibly agreed in any Purchase Contract) change by more than 5% compared to the state that was the base at the time of the contract conclusion, the Seller shall be entitled to adjust the purchase price accordingly. The Seller is obliged to inform the Buyer about the purchase price adjustment at least 30 days before the delivery of products.

3 Obligations of the Buyer related to VAT

- 3.1. Delivery to another member state of the European Union
- 3.1.1. If the Seller does not provide for transport of the products, the Buyer is obliged to notify the Seller, prior to the respective delivery, whether the products are intended for immediate transport from the Czech Republic to another member state of the European Union (hereinafter also referred to as “**EU**”).
- 3.1.2. The Buyer is also obliged to inform the Seller, prior to the first delivery, whether the Buyer has been registered for the value added tax (hereinafter referred to as “**VAT**”) in the EU member state, in which it is essential in respect of the terms of delivery.
- 3.1.3. The Buyer is obliged to notify the Seller in writing, prior to the first delivery, of the Buyer’s full tax registration number, under which the Buyer has been

registered for VAT in such EU member state. The Buyer is obliged to promptly inform the Seller in writing, if this tax identification number has been changed.

3.1.4. The Buyer that is registered for VAT in another EU member state is further obliged to notify the Seller in writing, prior to the first delivery, whether the delivered products are for the Buyer in another EU member state subjected to VAT because of the acquisition of products in another EU member state. The Buyer is also obliged to promptly inform the Seller in writing if there is any change in the content of this notification in the case of further deliveries.

3.1.5. If the transport is not provided for by the Seller, the Buyer is obliged to provide evidence that the transport is provided for by the Buyer or an entity authorized by the Buyer and that the products were really transferred from the territory of the Czech Republic to another EU member state. To document these facts, the Buyer is obliged to submit any of the following documents if these facts follow from them, not later than 10 days from the date of the Seller's handing over of the products for transport, namely the transport document (e.g. bill of lading) or any of the documents listed below, on which the contracting Parties agree:

- Written declaration of the Buyer that the products were transported from the Czech Republic to another EU member state in the Buyer's name and on the Buyer's account, which will also include an unambiguous identification of the products, carrier(s), transport contract(s) and places of the start and the end of the products transport, respectively;
- Written declaration(s) of the carrier(s) that the products were transported from the Czech Republic to another EU member state in the Buyer's name and on the Buyer's account, which will also include an unambiguous identification of the products, carrier(s), transport contract(s) and places of the start and the end of the products transport, respectively;
- Transport contract(s) between the Buyer and the carrier(s);
- Invoice(s) for the transport service issued by the carrier(s);
- Other document(s) agreed by the Seller.

3.2. Export of products outside EU

3.2.1. If the transport is not provided for by the Seller, the Buyer is obliged, prior to the respective delivery, to provide the Seller with a written statement that the Buyer does not have the domicile or the registered office by course of applicable VAT regulations or place of business in the Czech Republic, to provide evidence that the transport is provided for by the Buyer and that the products are delivered outside the EU territory. To document these facts, the

Buyer is obliged to submit any of the following documents if these facts follow from them, not later than 10 days from the date of the Seller's handing over of the products for transport, namely the transport document (e.g. bill of lading) or any of the documents listed below, upon mutual agreement of the contracting Parties:

- Written declaration of the Buyer that the products were transported from the Czech Republic outside the EU territory in the Buyer's name and on the Buyer's account, which will also include an unambiguous identification of the products, carrier(s), transport contract(s) and places of the start and the end of the products transport, respectively;
- Written declaration(s) of the carrier(s) that the products were transported from the Czech Republic outside the EU territory in the Buyer's name and on the Buyer's account, which will also include an unambiguous identification of the products, carrier(s), transport contract(s) and places of the start and the end of the products transport, respectively;
- Transport contract(s) between the Buyer and the carrier(s);
- Invoice(s) for the transport service issued by the carrier(s);
- Other document(s) agreed by the Seller.

3.3. Common provisions

3.3.1. If the conditions for exemption of the respective delivery from VAT in accordance with the applicable legal regulation in force in the Czech Republic are not met, the respective VAT rate shall be added to the purchase price and the Buyer shall pay this VAT together with the purchase price.

3.3.2. If the Buyer fails to deliver to the Seller the documents agreed above, the respective VAT rate in the amount according to the legal regulation in force in the Czech Republic shall be added to the purchase price and the Buyer shall pay this VAT together with the purchase price.

3.3.3. The Buyer shall also reimburse the Seller for all related penalties that the Buyer will be obliged to additionally pay due to the fact that the Buyer provided the Seller with incorrect information pursuant to this article, or if the Buyer otherwise violates its obligations specified in this article. The Buyer is obliged to pay the aforementioned penalties within 15 days since the receipt of the Seller's call for their payment.

4 Payment Terms

4.1. The Buyer is obliged to pay the purchase price, based on the tax document (invoice) issued by the Seller after delivery of the product that is the subject matter of the

Purchase Contract, within a period of 30 days from the date of issuance of the invoice, to the Seller's bank account specified in the Contract. The account can be changed only in the form of an addendum to the Contract.

- 4.2. The day on which the funds corresponding to the purchase price have been credited to the Seller's account is always considered as the date of fulfilment of the Buyer's obligation to pay the Seller the purchase price.

5 Delivery and transfer of ownership to products

- 5.1. The Seller is obliged to deliver the products that are the subject matter of the contract within the time specified in the Purchase Contract.
- 5.2. The Seller is obliged to deliver the products in the usual packaging so that the products are not damaged during the transport. The Buyer is obliged to inform the Seller about damage to the products during transport immediately after the products have been delivered and transferred to the sphere of the Buyer's disposal.
- 5.3. The Seller fulfils its duty to deliver the products that are the subject matter of the Purchase Contract upon their handover for transport to the carrier designated by the Buyer at the place specified by the Purchase Contract (place of delivery). In the event that the Purchase Contract does not specify the place of delivery, it is assumed that the Seller's domicile is the place of delivery. The Buyer is obliged to provide, on its own expense, for loading of the products and their transport from the place of delivery and to notify the Seller in time of the carrier's name.
- 5.4. If the Purchase Contract sets out the duty of the Seller to transport the products to a concrete place in the country of import (place of import), the Seller fulfils its obligation to deliver the products that are the subject matter of the Purchase Contract upon their handover to the Buyer's disposal at the agreed place of import. In such case, the Buyer is obliged to take over the products at the agreed place of import and provide for their unloading.
- 5.5. Until the moment of handover of the products, all costs, except the expenditures according to the article 5.1 of these Terms and Conditions, shall be borne by the Seller.
- 5.6. The Seller is not obliged to deliver the products if the Buyer has overdue financial obligations to the Seller. The delivery period shall then be extended by the time of the Buyer's delay in payment.
- 5.7. The contracting Parties are obliged to mutually confirm the delivery and takeover of the products in writing.
- 5.8. Ownership of the delivered products passes to the Buyer only at the moment when the purchase price is paid in full. Until full payment of the purchase price, the Buyer

is not entitled to transfer the ownership of the products to a third party or to establish a right that would make it difficult for the Seller to exercise its ownership right.

5.9. Risk of damage to the products passes to the Buyer at the moment of handover of the products for transport in accordance with article 5.3 of these Terms and Conditions or at the moment of delivery of the products to the place of import in accordance with article 5.4 of these Terms and Conditions.

6 Rights and obligations of the Buyer

6.1. The Buyer is obliged to obtain, at its own risk and expense, the import licence or other official permits, to complete all customs formalities required for the product import, and to pay the customs duties, taxes, fees and other expenses related to the customs import formalities.

6.2. The Buyer is not entitled to assign any of its claims or any part thereof from the Purchase Contract to a third party without the prior written approval of the Seller.

7 Quantity, quality and design of products

7.1. The products shall be delivered in the quantity, quality and design agreed in the Purchase Contract.

7.2. The product inspection certificate is a proof of product quality. The inspection certificate will be always supplied as one document for the complete shipping batch.

8 Liability for defects, warranty

8.1. Discrepancy between the delivered product and the quality or design in accordance with article 7.1 is considered a defect.

8.2. Unless specified otherwise in the Purchase Contract, the Seller shall warrant quality of the products that are the subject matter of the Purchase Contract for a period of 60 months, commencing on the date of delivery of the product, and in the case that the date of manufacture is marked on the product, then on the first day of the month following the month marked on the product. If the products are intended to be used as the components of new vehicles, the above warranty period commences at the moment of delivery of these new vehicles to the final customer, but the warranty period will expire not later than 66 months from the date of the product delivery. The warranty applies exclusively to those defects that were caused during the product manufacture and that could not be identified during the test performed in the manufacturing plant if such test was performed.

8.3. Warranty on the quality of the product surface treatment is provided for the period of 24 months and commences under the same terms as the warranty specified in article 8.2.

8.4. The Seller's liability for defects shall not arise if these defects were caused, after the risk of damage on the products had passed to the Buyer, by events not caused by the Seller or entities with the help of which the Seller fulfilled its obligations (namely by transport and handling), as well as in the case of defects caused by normal wear and tear of the product, by its improper storage, operating, insufficient maintenance or operation in violation of the technical documentation, operating manual, instructions of the Seller's experts, failure to comply with safety regulations or relevant generally applicable legal regulations, performing interventions, changes or repairs of the products without the Seller's consent, failure to comply with the Rules for handling of BONATRANS GROUP a.s. products, or use of non-original spare parts (i.e. parts not approved by the Seller). The Seller is not liable for defects in the surface treatment caused by damage during handling, storage or operation. The warranty on the quality of the primer coating can only be applied if the top coating has been applied not later than 3 months from the delivery of the products.

The Buyer is not liable for defects to surface treatment if the Buyer failed to meet its obligation under article 13.6 and also in the case that the Buyer or a third party has assembled parts (gearbox, wheels, etc.) onto the axle by the axle cooling (cryogenic shrink fitting) or by heating of these parts (shrink fitting), if such assembly has not been agreed in the Purchase Contract.

The Seller's liability for defects also expires in the case of a product that has been subjected by the Buyer or a third party to: welding, overlaying, laser treatment, heating by a gas burner, plasma, high-frequency currents or by other means; metallizing; electrolytic or chemical coating during repairs and maintenance.

The Seller's liability for defects also expires if the Buyer or a third party has used electromagnetic equipment or equipment with permanent magnets during handling of the product, namely during loading, unloading or reloading of the product.

8.5. The Buyer is obliged to notify the Seller of the exercise of its right from liability for defects not later than 30 days from the day when the Buyer has found the defect or should have found with due professional care.

8.6. If the Buyer finds defects in the delivered product, the Buyer shall write the defect report that will contain at least the following information:

- Buyer's identification data (business name, address, ID, telephone No., e-mail address and surname, first name and position of the contact person);
- Specification of products;
- Purchase Contract number and the date of its conclusion;
- Place where the product is located;
- Date of delivery;
- Date of the defect finding;
- Concrete documented description of the defect;

- Other facts essential for assessment of the complaint.
- 8.7. The defect report must be sent to the Seller in writing, either personally or through a holder of a postal licence, courier or electronically to the address stated in the Purchase Contract.
- 8.8. In the case that the Seller is liable for the claimed defect, the Seller is obliged, not later than 14 days from delivery of the defect report, to inform the Buyer also of the proposed solution of the complaint, i.e. the method of the defect rectification. The Seller is entitled to inspect the product on the site where the product is located within the mentioned period in order to check the defect. If the defect cannot be checked during this period, namely due to the fact that an expert opinion is necessary or the product is located outside the territory of the Czech Republic or the Slovak Republic, the Seller is obliged to inform the Buyer of these facts and indicate the expected time necessary for assessment of the complaint.
- 8.9. In the event of a defect due to which the product cannot be used for the agreed or usual purpose, or due to which the useful life of such product has been reduced, the Seller is obliged to replace the defective product with the faultless product. Prior to such replacement, the Seller is entitled to ask for check of the quality of the product in question with the participation of the Buyer. If the check of the product proves that the product is defective and the defects really originated during its manufacture, the Seller is definitely obliged to replace the faulty product with the faultless product. In the event that the Seller and the Buyer do not agree on the results of the check, the dispute of the contracting Parties shall be settled by an expert specified in the Purchase Contract or by an agreement of the contracting Parties. In the event that this expert opinion determines that the Seller is liable for the product defects, the Seller is obliged to replace this faulty product with the faultless product and bears the costs of the expert opinion. Otherwise, the costs of the expert opinion shall be borne by the Buyer.
- 8.10. All defects in the product coating are considered as defects belonging to the category of minor failures within the meaning of EN 50126, and therefore do not prevent the rolling stock from being operated in a standard mode. The Seller is therefore obliged to rectify the coating defects only when the vehicle is put out of service due to other reason than the product coating defect, and only when the weather conditions are suitable for the coating rectification.

9 Liability

- 9.1. The Parties have agreed that the Seller shall not be liable to the Buyer for any consequential and/or indirect damages (harm). As consequential and indirect damages shall be deemed especially loss of profit, loss of income, losses due to the interruption or stoppage of production and downtime, loss of business opportunities,

damages and contractual penalties paid to the Buyer's customers, damage to reputation, the costs of extending or securing new financing or other similar losses.

9.2. The Seller's overall liability for damages shall be limited to a maximum of 5% of the purchase price of the Products the sale of which is the subject matter of the Purchase Contract per one damage event, and in total to a maximum of 10% of the stated purchase price. Any contractual penalties or sanctions that may be applied for the same violation shall be set off against the compensation for damages. The limitation of liability set forth in this provision shall always take precedence over any other provision contained in the Purchase Contract or any other document that is in conflict with the provisions of this article 9.2 of these Terms & Conditions.

10 Withdrawal from the Contract

10.1. The Seller is entitled to withdraw from the contract if the:

- Buyer is in default on payment of the purchase price for the delivered product for more than 30 calendar days;
- Buyer fails to fulfil its obligations under articles 5.3 or 5.4 of these Terms and Conditions without due reason;
- Buyer violates the agreed retention of title by transferring the product to a third party before full payment of its purchase price;
- Buyer becomes bankrupt, insolvent, or such condition is imminent;
- Buyer repeatedly violates other provisions of these Terms & Conditions or the Purchase Contract. Repeated violation means a situation, when the violation of the Terms & Conditions or the Purchase Contract has already occurred and the Buyer has been notified of the detrimental situation, or if the detrimental situation has not been remedied even after being notified by the other contracting Party and after specification of a reasonable period.

10.2. The Buyer is entitled to withdraw from the Contract in the event the:

- Seller is more than sixty 60 days late in the delivery of the products;
- Seller repeatedly violates other provisions of these Terms & Conditions or the Purchase Contract. Repeated violation means a situation, when the violation of the Terms & Conditions or the Purchase Contract has already occurred and the Seller has been notified of the detrimental situation, or if the detrimental situation has not been remedied even after being notified by the other contracting Party and after specification of a reasonable period.

11 Intellectual property protection

11.1. All information provided by the Seller to the Buyer shall be considered confidential, the trade secret and the Seller's intellectual property.

11.2. The Seller owns or exercises all intellectual property rights, existing or arising in connection with any data, documents, drawing documentation, calculations, reports,

technical specifications, operating manuals or information provided or to be provided by the Seller to the Buyer (hereafter referred to as the “**Documentation**”) in connection with this Contract, and the Buyer shall not acquire or be entitled to exercise any rights to such intellectual property, whether already existing at the time of the Contract conclusion or to be created in the future. For the purposes of this article, the intellectual property rights shall include copyright and similar rights including the rights to software, rights to patents, trademarks, rights to industrial or utility designs (registered as well as unregistered), rights to trade names and other titles, rights to know-how and to any other information, rights to domain names, goodwill and reputation, and all other rights and forms of protection of any nature whatsoever relating to the foregoing or having a similar meaning anywhere in the world, and any rights arising from licences or from consents to exercise the aforementioned intellectual property rights.

11.3. In particular, the Buyer is not entitled to copy, reproduce, supplement or modify the Documentation or any part thereof, to disclose it to third parties or to use it for any purpose other than that specified in the Contract. This also means that the Buyer is not entitled to have any product manufactured by another manufacturer for the Buyer or for any other entity on the basis of the Documentation or any part thereof. The Buyer is also not entitled to use the Documentation (except the name or designation of the Documentation) in tenders, for inquiries or for ordering the product from a third party. The Documentation (in particular, but not limited to, drawing documentation) must be returned to the Seller upon termination of the rights and obligations under this Contract.

11.4. In the event that the Buyer provides the Seller with any third party information or drawing documentation (or other intellectual property rights which the third party is entitled to exercise), the Buyer assures the Seller that such third party has transferred to the Buyer ownership of the intellectual property rights or a licence to the intellectual property rights sufficient for the Seller to perform the Contract. The Buyer declares and warrants to the Seller that the receipt, possessing or use of any information, document or drawing documentation does not and shall not violate any rights of third parties. The Buyer undertakes to indemnify the Seller for any harm suffered by the Seller in connection to a claim made against the Seller by a third party due to a violation of that party’s intellectual property rights.

12 Contractual Penalty

12.1. In the event that the Buyer is in default on its obligation to pay the purchase price, the Buyer is obliged to pay the Seller the contractual penalty of 0.05% of the due amount per day, up to 15% of the purchase price specified in the Purchase Contract.

- 12.2. In the event that the Buyer breaches its obligation under articles 5.3 or 5.4 of these Terms and Conditions, the Buyer is obliged to pay the Seller the contractual penalty of 20% of the purchase price of the products not taken over.
- 12.3. In the event that the Buyer breaches its obligation under article 5.8 of these Terms and Conditions, the Buyer is obliged to pay the Seller the contractual penalty of 20% of the purchase price of the given product.
- 12.4. In the event that the Seller is in default on its obligation to deliver the product in accordance with the Purchase Contract, the Seller is obliged to pay the Buyer the contractual penalty of 0.05% of the purchase price of the products whose delivery is in default for each day of its delay, up to the maximum of 5% of the purchase price of the products whose delivery is in default.
- 12.5. In the event that Buyer breaches its obligation set out in article 11 of these Terms and Conditions, the Buyer is obliged to pay the Seller the contractual penalty of EUR 100,000 per each individual case.
- 12.6. If either party breaches another obligation set out by the Purchase Contract or by these Terms & Conditions, such contracting Party is obliged to pay the contractual penalty of EUR 350 per each individual case.
- 12.7. The payment of the contractual penalty by the Buyer does not affect the right to compensation for damages in its full amount.

13 Deliveries of components and material provided by the Buyer

- 13.1. If it is agreed that the Buyer shall deliver to the Seller certain components and/or materials for the manufacture of the products, the sale of which is the subject matter of the Purchase Contract, the Buyer is obliged to deliver the agreed components and material for assembly into the products to the Seller at the Seller's address in the agreed design and quantity, not later than in the below specified advance periods before the dispatch date of the products, the sale of which is the subject matter of the Purchase Contract, to the Buyer, or before the agreed date of the acceptance of the Products at the Seller's site.

Component/material	Delivery period (days)
Brake disc, wheel damping ring (wheelset finished product)	72
Drive including parts thereof (gearbox, electric motor, clutch, spider, gearwheel)	62
Bearing systems including parts thereof, lubricants	55
Brake disc for assembly on the axle (wheelset finished product)	55
Brake disc, wheel damping ring (wheel final product)	50
Stands, crates and other packaging material	45

- 13.2. The Buyer is obliged to deliver the agreed components and materials to the Seller in the specified quality and in accordance with the standards, and if there are no such standards, then in the quality necessary to achieve the agreed quality of the products that are the subject matter of the Purchase Contract. Furthermore, the Seller is obliged to pack the components and materials and to secure them for transport in the agreed manner or in a manner sufficient for their protection for the given transport mode. The packaging and the pallet on which the components and materials are placed must allow for safe handling.
- 13.3. Prior to delivery of the components/materials to the Seller, the Seller is obliged to send the delivery note and the inspection certificate (3.1 or 3.2 according to EN 10204) for these products to the e-mail addresses delivery.notes@ghh-bonatrans.com and quality.certificate@ghh-bonatrans.com, respectively, or arrange for both documents to be handed over together with the components/material in another manner. The delivery note must contain the Seller's internal contract number.
- 13.4. In the event of late delivery of the components or materials, as well as in the event that their quality does not meet the requirements of article 13.2 of these Terms and Conditions (including a missing inspection certificate), or in the event that the components or materials are not delivered in the agreed design and quantity, the Seller is entitled to postpone the contract execution date (i.e. the manufacture and delivery of the Products that are the subject matter of the Purchase Contract) to another available date according to the production possibilities and plans of the Seller. In this case, the Seller is not liable for the related delay in the delivery of the Products to the Buyer. This shall not affect the Seller's right to compensation for any damages incurred.
- 13.5. If the quality of the delivered components/material does not meet the requirements of article 13.2 of these Terms and Conditions (including a missing inspection certificate), their design is inconsistent with the agreed design, or they are not usable, for some other reason, for assembly into products that are the subject matter of the Purchase Contract, the Seller is entitled to complain about these deficiencies to the Seller. The Seller is obliged, without delay and on its own expense, to provide for a remedy. The provisions of this article also apply to packaging. If the components/materials are supplied in a damaged packaging, packed or secured for transport in conflict with article 13.2 and/or not placed on a pallet (unless other method of placing has been agreed in advance), the Seller is entitled to accept such delivery in whole, in part or reject it completely. The Seller is not liable for any delay caused by the aforementioned deficiencies.
- 13.6. If the components and/or materials supplied by the Buyer are preserved for the transport and/or storage, the Buyer is obliged, not later than prior to agreement on such delivery, to inform the Seller about the exact type, trade name and manufacturer

of the used preservative agent, and also to hand over to the Buyer the safety sheet and the technical sheet for this agent. The same applies to the surface treatment (namely the coating) of the components and/or materials and their packaging (except for wooden pallets and wood with a legible international marking about its thermal treatment).

14 Governing law; dispute resolution

- 14.1. The Purchase Contract and the rights and obligations arising from it shall be governed by the laws of the Czech Republic, namely by the Civil Code. The conflict-of-law rules and the rules of private international law shall not apply.
- 14.2. The parties are obliged to resolve any disputes arising from the Purchase Contract preferably by mutual agreement. If such resolution of the dispute is not possible, all disputes arising from the Purchase Contract or related to its breach, termination or nullity shall be finally settled under the Rules of Arbitration (Vienna Rules) of the International Arbitral Centre of the Austrian Federal Economic Chamber by three arbitrators appointed in accordance with the said Rules. All hearings, including documentation referred to during these hearings, shall be conducted in English.

15 Final Provisions

- 15.1. The Purchase Contract and these Terms & Conditions may only be amended and supplemented in writing. Electronic communication (email, fax) is not considered as the written form.
- 15.2. If, for any reason, any provision of the Purchase Contract is held by a court to be invalid, ineffective or unenforceable, such provision shall not affect validity and effectiveness of the remaining provisions of the Contract; in such event, the contracting Parties agree to enter into negotiations promptly to amend such provision to make it valid, lawful and enforceable while preserving, to the maximum extent possible, the original intent of the Parties with respect to the provisions governing the given issue.
- 15.3. In the event of any discrepancies, the provisions contained in the Purchase Contract shall prevail over these Terms & Conditions.