



## **RENOMAG spol. s r.o. - General Terms of Sales and Service Valid as of January 1, 2017**

### **I. General validity of General Terms of Sales and Service**

1. In conformity with Section 1751 ff. of Act No. 89/2012 Coll. of the Civil Code, as amended, these terms are part of contracts concluded between RENOMAG spol. s r.o., as the Seller or Contractor, and the Buyer or Ordering Party, who was made familiar with these business terms ("Terms"), understands them and accepts them.
2. Unless agreed otherwise in individual situations, all purchase contracts and contracts of work related to our deliveries and work (installations, repairs and other services) are carried out solely on the basis of the Terms. Our Terms take precedence over the Buyer's terms, however insignificantly they may differ. Our Terms apply even if we have made an unqualified shipment to the Buyer with the knowledge that the Buyer's terms are different or that they deviate from our Terms. For the purposes of these Terms, if a contract for work is concluded, the "Seller" shall mean "Contractor" as well. For the purposes of these Terms, if a contract for work is concluded between the Contractor and the customer as the Ordering Party, the "Buyer" shall mean "Ordering Party" as well. Should the Buyer insist on the Buyer's own terms, we reserve the right to refuse the Buyer's order.
3. Our Terms shall apply to all future contractual relations between the parties, without the need for a new notice.
4. In the event the Seller and Buyer agree in a written contract on different arrangements than those specified in these standard "RENOMAG spol. s r.o. General Terms of Sales and Service", the provisions of such contract shall have precedence over these Terms and this fact must be explicitly stated.

### **II. Tenders and tender documents**

1. Our tenders are non-binding and serve only as a basis for the Buyer's order.
2. We reserve the right equivalent price adjustments if there will be change in the exchange rates between CZK, EUR and US.
3. Unless specifically agreed otherwise in writing, any images, dimensions, material used and weights on our website, in our catalogues, advertising and other relevant documents may show variations and are not binding.
4. The data in our tenders and or order confirmations which are apparently based on an error, in particular printing or accounting errors, are not binding on us. On the contrary, these demand explanation.
5. Industrial property, other intellectual property and copyright to all images, descriptions, drawings, samples, calculations and other documents are our property. Without our express written consent, these cannot be passed on, published, reproduced or otherwise made available to any third party for any purpose other than the fulfilling the contract with RENOMAG spol. s r.o.; this applies particularly to documents marked "Confidential".

In the event the Contract has not been concluded or ceases to be valid, the Buyer must return all documents upon our request without retaining any copies.



6. In the case of contracts for work, the price of repairs is determined based on the Buyer's description of the fault, visual inspection and possibly a test drive/test run; a price determined in this way is based on a budget under reserve that it is not guaranteed to be complete.

### III. Contractual relations

1. Implementation of business transactions between the contractual parties shall be based on individual orders and the issue of confirmation regarding the acceptance of the order, the purchase contracts or the contract for work. All binding orders or contracts must be signed by a person authorized to act on behalf of the Buyer or by the person who has the right to represent the Buyer (Power of Attorney, Confidential Clerk. Non-reaction to an order on our part does not constitute acceptance of the order.

### IV. Delivery of goods and delivery terms

1. Proof about the delivery of goods or a service is in the delivery note or service report containing specifications about the type of goods or services and the quantity.
2. The Buyer is required to provide and take part in, at no cost to us, any cooperation necessary to fulfil our obligation to deliver goods and/or carry out an action; notably, such cooperation constitutes the provision of the required number of qualified personnel, safe conditions at the site of loading/unloading and, for example, reinforced ground, proper lifting device and access to electrical connection, if needed.
3. When the Buyer accepts the goods and services outside of the Buyer's business facility, it shall be assumed that the goods or services have been delivered no later than when the goods were handed over to the contractual carrier, or to the authorized person who has confirmed the receipt of goods or services by a signature and if possible by the Buyer's rubber stamp.
4. By the signature on the delivery note or service report, the Buyer or the Buyer's authorized employee shall fully recognize the debt towards the Seller and shall confirm the receipt of the goods and services and their compliance with the purchase agreement as far as the quantity and quality is concerned.
5. The acceptance of goods and/or work by the Buyer shall mean that all of the Seller's business terms have been accepted.

### V. Shipping and assumption of risks; cost of packaging

1. Our shipments are made in accordance with the INCOTERMS 2010 international standards, which are specifically listed in the selection of specific goods or services and which are binding in the order confirmation. Most of the time it involves the following modes of transport: EXW = from the production facility (location, without the cost of shipping and packaging), FCA = cash paid to the carrier on delivery (location) and CPT = delivery by the Seller to the agreed place of destination.
2. Unless the order confirmation stipulates otherwise, the delivery shall be made under the "EXW from the Seller's production facility in Rosice". When the goods are handed over to



the carrier, however no later than when the goods leave the production facility or storage, the risk of damage to the goods shall be transferred to the Buyer. In the event the Buyer is delayed with the acceptance of the goods, then the risk of damage shall be transferred to the Buyer from the onset of the delay by the Buyer.

3. Unless the Buyer requests in writing and receives our written promise, we shall have no obligation to provide the Buyer with shipment insurance which covers theft, damage and other damages caused by fire and water, as well as other insurable risks.
4. Depending on the nature of the order, shipping and all other packaging materials as well parts replaced during repairs do not have to be returned. The Buyer is committed to eliminate packaging materials at his own expense and in an environmentally friendly manner.
5. The Seller shall have the right to make partial deliveries within reasonable extent.

#### **VI. Purchase price and payment terms**

1. The purchase price is the contractual price and it is specified in the Seller's pricelist at the time the Purchase Contract or contractual relation has been established on the basis of the Seller's tender and the Buyer's order. Agreement on the purchase price shall be also established when the Buyer shall pay the price in the amount required by the Seller immediately before or after the acceptance of the goods.
2. In the case of repairs, maintenance or modification, the price of work is determined based on the budget under the provision that the budget is not guaranteed to be complete. If the final price has increased by up to 10 %, the Buyer is required to accept and cover the increased price. During the course of the works, if the need arises to carry out other works that are not included in the budget and such need could not have been foreseen upon the conclusion of the contract, RENOMAG spol. s r.o. shall be required to notify the Buyer of such situation and the Buyer shall, without undue delay, issue a statement by writing or via e-mail regarding the estimated price of such works. Should the Buyer not agree to the proposed price change, the Seller shall be entitled to withdraw from the contract in question and to claim compensation for all resources spent in good faith.
3. Should the price not have been expressly agreed upon, then such price applies for which the goods in question is commonly sold or in the case of contract for work created, under similar terms and conditions.
4. If after the conclusion of this Contract the level of costs has decreased or increased, particularly on the grounds of changes in the exchange rates between CZK and EUR, USD and if the material costs have increased, we reserve the right to change our prices accordingly. Upon the Buyer's request we shall document these changes.
5. The statutory Value Added Tax is not included in our prices. It shall be invoiced in the relevant amount on the day the tax document is issued.
6. The Buyer is obliged to pay the purchase price including the Value Added Tax no later than the on the day indicated on the invoice. The Seller shall have the right to issue the tax document on the day when the goods or services have been delivered. The Buyer undertakes to maintain the value added tax registration for the whole duration of the contractual relationship.



7. In the event the Buyer is not capable of making payments, then all the Seller's claims against the Buyer shall become due and payable on the day when the Seller has learned about that fact. In such case the Seller shall have the right to demand that the goods which have not been paid for are immediately returned.
8. If the Buyer fails to pay the purchase price, the price for work or a due payable on time according to this agreement or other agreements concluded between the parties, then the Seller shall have to the right to withhold his obligations until he is assured that the Buyer shall comply with his obligations.

## VII. Delivery deadlines and delivery terms / delays

1. Delivery deadlines stated in the Seller's tenders are approximate and non-binding. Alternatively the negotiated fixed delivery deadline starts by sending the order confirmation, however not before all terms in the Contract have been completely clarified. In the case of a contract for work, the delivery term shall be suspended for the time needed to negotiate a new price for work, if the conditions set out in Art. VI. sec. 2 of the Terms apply.
2. The moment of shipment from the Seller's production facility is the decisive factor for the compliance with the delivery deadlines and terms.
3. Compliance with our commitment to the delivery deadline assumes a timely and proper cooperation by the Buyer. If the Buyer falls behind with meeting his contractual obligations towards us, then subject to prior notice we shall have the right to reasonably extend our shipping times to the Buyer according to the requirements of our production process, this provision has no impact on our rights arising from the delays caused by the Buyer. Should any kind of payment towards RENOMAG spol. s r.o. be delayed repeatedly, the Seller shall be entitled to retain or withhold the Buyer's movables, until the Buyer has settled or secured their due as well as undue claims.
4. The Seller shall not be liable for any damage, losses or additional costs incurred because the order was delayed or was not carried out completely or partially by force majeure, which include in particular the conduct of the state, strike, labour unrest and delays, embargo, demonstrations, unfavourable weather conditions, fires, accidents, war, terrorist attacks, delays in shipments, shortage of labour and unpredictable shortage of materials. Every shipment delayed or not carried out due to force majeure shall not constitute a breach of the Contract. The delivery time shall be extended by the time needed to rectify the obstacle in question. If the Seller's obligation has ceased because of the inability of performing for the above reasons which exclude liability, then the Seller is relieved of his obligation without the Buyer having the right to be reimbursed for damages. The Seller shall have the right to be paid for all the work he has performed until that time. The Seller undertakes to inform the Buyer as soon as possible about the onset and, if possible, about the probable end of the situation causing the delay in delivery.

## VIII. Warranty and warranty period

1. The Seller agrees to deliver the goods or services in accordance with the extent and manner of execution specified in the Contract or in the order confirmation.



2. The Buyer has an obligation to immediately inspect the goods as soon as the liability for damage has been transferred. Any complaints concerning the missing goods or visible defects during the delivery of the goods must be claimed by the Buyer no later than within one week after the delivery of the shipment.
3. Complaints can be filed only for the goods or services for which the Buyer has already paid or for which he has not fallen behind the payment due date.
4. The Buyer must file any fault claims with the Seller in writing. In order to be effective, any complaints communicated orally must be confirmed in writing, otherwise these shall not be considered. The Seller shall immediately send the Buyer a complaint form to provide the most important information which is needed to assess the problems and to start the complaint procedure. The Buyer shall send the completed form by mail, by fax or by e-mail to the Seller's address.
5. The Buyer must enable Seller to verify the justifiability of the complaint and in particular the Buyer must deliver the goods in question to the Seller's address, if possible. The goods in question must not be used until the complaint has been settled, must be properly stored in the original state and separately from other goods and must be protected against corrosion and other damage.
6. Claims of liability for faults can be settled only after the claim has been found legitimate based on a clear assessment which must be done by means of an accurate investigation in Seller's production facility or on the site.
7. If the Seller delivers any goods, products or services that are defective and provided that the Buyer informs the Seller about these defects immediately, then, subject to positive assessment of the complaint, the Seller can choose to repair and rectify the defects or to deliver an appropriate replacement. Should the Buyer's complaint be found not legitimate, then the Buyer shall bear all the costs of the testing procedures and other necessary expenses.
8. The Buyer is not allowed to eliminate the defects on his own or to have them eliminated by others without the Seller's prior written consent. Should such defects have been eliminated unprofessionally, then all warranties provided by the Seller shall expire.
9. If it were to become evident that the defects cannot be eliminated and the delivery of substitute goods is not possible, or if the reasonable time required for the repair is delayed because of the Seller's fault, then the Buyer shall have the right to terminate the Contract at his discretion, or shall have the right to demand appropriate reduction of the purchase price.
10. Defects in the purchased items or work that are the result of normal wear, abrasive wear, overloading, the use in different working conditions than those for which the specific product was designed, arbitrary replacement or modification of the supplied parts shall not be subject to our obligation to replace these parts and shall not be subject to our warranty. In addition, we shall not be responsible for any damage caused by incorrect or improper installation carried out by the Buyer, or by the persons authorized by the Buyer, we shall not be responsible for the damages caused by improper operation and by the use of improper lubricants, as well as for the damages caused by neglected maintenance, impacts or other accidents. Our liability is also excluded when our parts are assembled or connected with the sets that are worn out or that are not original. If the purchased items lack the consensus with the foreign laws, it shall not be considered a problem.



11. Warranty on new products and parts shall be one year or 1000 operational hours, whichever comes first. The warranty for rubber track used by skid loaders is shortened to 6 months or 500 operational hours, whichever comes first.

Warranty on the repairs and service work is six months or 500 operational hours, whichever comes first, and it shall be applicable only to newly used and installed parts and components.

12. The seller provides the extended warranty on:

RENOMAG buckets and shovels produced according to own designs and fitted with RENOMAG logo and label for 24 months or 2000 hours of operation, whichever occurs first, assuming the product is used in the designated conditions. The extended warranty covers material and production defects. It does not apply to natural wear and tear, damage caused by improper use or failure to perform maintenance.

RENOMAG XR hydraulic hammers for 3 years or 4000 hours of operation, whichever occurs first, assuming the product is used in the normal conditions and that the regular service intervals given in the user manual are followed and using genuine spare parts. The warranty covers material and production defects. It does not apply to parts indicated in the user manual as consumable material, defects resulting from improper use, installation of non-original parts, the use of unsuitable lubricants or increased wear and tear caused by long-term work in highly dusty environments (tunnels, blast furnaces, ...) or under water.

RENOMAG XR rubber tracks, marked with the RENOMAG logo if used for excavators, for 24 months or 2000 hours of operation, if used for skid steer loaders 12 months or 1000 hours of operation, in both cases whichever occurs first and assuming the product is used in the designated conditions. The warranty covers material and production defects.

It does not apply to wear and tear particularly natural wear, defects caused by incorrect installation, in connection with worn undercarriage parts or improper use, driving and turning on a rocky surface or in a demolition environment. If the product does not last for the lifetime specified above, although no longer than for the warranty period, the warranty covers the supply of a new product or a discount on the purchase price, the amount of which depends on the state of the product and the time for which it was used when damaged, as follows:

Rubber tracks for excavators - used for 0-8 months 100% of purchase price or new product, 8-10 months 50%, 11-12 months 45%, 13-14 months 40%, 15-16 months 35%, 17-18 months 30%, 19-20 months 25%, 21-22 months 20%, 23-24 months 10% of purchase price.

Rubber tracks for skid steer loader - used for 0-4 months 100% of purchase price or new product, 5 months 50%, 6 months 45%, 7 months 40%, 8 months 35%, 9 months 30%, 10 months 25%, 11 months 20%, 12 months 10% of purchase price.

However, in no case is the customer automatically entitled to receive a completely entirely new product.

ITM - Intertractor undercarriage parts (tracked undercarriages and their parts marked with the ITM and I-TRAC logo) for 2000 hours of operation, 12 months from delivery or up to 100 % of wear and tear tabulated value, whichever occurs first, up to 36 months, 4000 hours of operation or up to 100 % of wear and tear, whichever occurs first, on oil-lubricated chains when following service guidelines (turning bushings regularly) prescribed by the manufacturer and precisely in accordance with the conditions and regulations of the manufacturer.



ITR - USCO undercarriage parts (tracked undercarriages and their parts marked with the ITR logo) for 2000 hours of operation, 24 months from delivery or up to 100 % of wear and tear tabulated value, whichever occurs first, up to 30 months, 4000 hours of operation or up to 100 % of wear and tear, whichever occurs first, on oil-lubricated chains when following service guidelines (turning bushings regularly) prescribed by the manufacturer and precisely in accordance with the conditions and regulations of the manufacturer.

This extended warranty does not cover standard parts of undercarriages made by other brands.

13. The warranty period shall be effective by the date of delivery.

### **IX. Liability for damage and compensation for damages**

1. Unless our Terms stipulate otherwise, the liability for damage shall be governed by the relevant provisions of the Civil Code.
2. The Seller shall be liable for the damages caused to the Buyer in the event he breaches his obligations under the contractual relationship based on these Terms and the concluded contract.
3. The contractual parties agree that the amount of damages shall be limited only to the replacement of the foreseeable damages and not for the actual damages, lost profits or any indirect or consequential damages however caused to the contractual parties or third parties. The Seller has reached an agreement with the Buyer within the meaning of the provisions in the Section 386, Paragraph 1 of the Commercial Code, that the amount of the foreseeable damages that may arise by the breach of the Seller's obligations, shall represent the amount not exceeding the purchase price paid for the delivered goods or work in the case of services due to which the damages have occurred.

### **X. Contractual fines and claims**

1. Should the Seller be delayed with his work under this Contract due to his fault, then provided he can prove that the delay has caused him damages, the Buyer may demand a contractual fine for each day of the Seller's delay equivalent to 0.05% of the price of the relevant parts of shipments which were not delivered, up to a total limit of 5% of the purchase price.
2. Should the Buyer be delayed with the payment of the purchase price charged for the work under this Contract, then the Buyer shall have an obligation to pay the Seller a contractual fine in the amount equivalent to 0.5% of the amount owed for each new day of the delay.

### **XI. Ownership title reservation**

1. The contractual parties have come to an agreement regarding the ownership title reservation within the meaning of the Section 2132 of the Civil Code, by agreeing that the Buyer shall gain the ownership title to the goods or services only when the entire purchase price has been paid in full. The Buyer expressly agrees that if he doesn't pay for the purchase



price properly and on time, then the Seller shall have the right to demand that the Buyer returns the goods and requests that the Buyer does that immediately, however no later than within five calendar days after the receipt of the notice demanding the return and to do so at his own risk and expense. The Buyer hereby undertakes not to use the goods which have not been paid for and to return them immediately upon the Seller's request and to allow that the goods could be collected from his premises.

2.

## **XII. The place of discharge, the relevant court and the governing law**

1. If the goods are delivered at the production facility or storage, then the place of discharge is the Rosice production facility. If the goods are shipped, then the place of discharge is at the delivery address.
3. In case of any dispute between the contractual parties, the jurisdiction *ratione materiae* and *ratione loci* shall be the relevant court for the Seller's place of residence. However, the Buyer can be also sued in the court of his general jurisdiction.
4. All legal relations between the Buyer and Seller shall be governed by the laws of the Czech Republic and that also applies in the case of shipments sent abroad. If our Terms do not contain any other provisions, then the terms of delivery shall be interpreted according to Incoterms 2010.
5. Copies of fax messages confirmed by the sender have the validity of an original. In the case of tenders, orders and their confirmation under the Article III of these Terms, a simple electronic message (e-mail) shall be considered to be a written message.

**With his purchase order and signature on the delivery slips and service reports, the Buyer warrants and represents that he has read these General Terms of Sales and Service, he understands their contents and he considers them to be an integral part of contractual arrangements made with the Seller.**

These General Terms of Sales and Service shall be effective as of January 1, 2017 and shall replace any General Sales and Delivery Terms issued earlier.

Petr Antoř - Executive Director

renomag  
RENOMAG spol. s r.o. | IČ: 49444557 | DIČ: CZ49444557  
Cukrovarská 1266, Rosice | 664 84 Zastávka u Brna | Česká republika