

## **SPECIAL CONDITIONS OF FORWARDING SERVICES RENDERING REGARDING APPLICATION OF TRADE MARKUP**

### **1. General terms and definitions**

**Special Conditions** are these Special Conditions that govern relations between the Forwarder and the Customer connected with sales by the Forwarder of Services with markup for the transportation routes of goods with high demand for provision of the Forwarder's containers and/or wagons.

**Markup** is a markup on the cost of a transport solution of the Forwarder determined pursuant to these Special Conditions.

**Routes** are routes of transportation on which, due to the current market conditions, lack of technical and technological capabilities, the volume of transportation services ordered by the Customer significantly exceeds the actual availability of the Equipment in the relevant locations and for which the Forwarder has established a markup.

Besides, the terms and definitions specified in the General Conditions are also used in these Special Conditions.

### **2. General Provisions**

2.1. These Special Conditions are applicable to transportation of freight with the use of containers and/or wagons belonging to the Forwarder on the basis of the right of ownership or another legal right (hereinafter - the "Equipment").

2.2. A list of the Routes is published on the website in the section "Our Services" - "Markup" (<https://trcont.com/markup>). Information about the Routes is published as a rule with specification of the period of validity. If determination of a period of validity is impossible/unreasonable, "until cancellation" is specified.

A list of the Routes and/or their periods of validity can be changed, but not later than 35 days before entry of changes into force.

### **3. Bidding Procedure**

3.1. The bidding procedure is held on a monthly basis, in the month preceding the month of commencement of provision of Services.

3.2. The Forwarder, before the 1<sup>st</sup> day of the month of the bidding procedure, notifies the Customers working on the Route about invitation for bids for selling Services on the Route by notification via email or in another way according to the terms and conditions of the Contract as well places the information on the website in the section "Our Services" - "Markup".

If required, the Forwarder explains to the Customer how to participate in the bidding procedure and provides other necessary information.

3.3. The Customer, on a monthly basis, before the 9<sup>th</sup> day of the month inclusively (not later than 11:59 p.m. Moscow time) preceding the month of commencement of provision of Services, sends its bid containing information about the Route, the amount of the markup, the cost and conditions of the transport solution, the amount of the Equipment, the ownership of the Equipment, etc.

It is allowed to send bids for the Markup for two months following the month when the bidding procedure is to be held. In this case the amount of the Markup for different months may differ.

The cost of the Forwarder's transport solution on the Route with the Markup shall be calculated as of the 1<sup>st</sup> day of the planned month of provision of Services.

The bid shall be sent by filling in the form posted on the website in the section "Our Services" - "Markup" (<https://trcont.com/markup>).

3.4. According to the results of the preliminary bidding procedure, (2 working days after the end of the period for submission of bids) information about the amount of the markup offered by the preferred bidder as well as weighted average of the Markup<sup>1</sup> is published on the website in the section "Our Services" - "Markup" (<https://trcont.com/markup>) separately for each Route. Name and other information about the Customer - the preferred bidder is not published.

3.5. After publication of the results, the Customer - the bidder may within two working days submit its bid repeatedly with a higher markup.

3.6. Upon receipt of new bids, the Forwarder within two working days analyzes the obtained results of rebidding and publishes on the website final information about the amount of the markup and the conditions of the transport solution for the Route offered by the preferred bidder separately for each Route. Name and other information about the Customer - the preferred bidder is not published.

3.7. The Forwarder notifies about the bidding results only the Customer – the preferred bidder (the Customers - the preferred bidders); other bidders may obtain information on the results of their bid consideration only at request.

3.8. Markup bids received after the established period for submission of such bids are not accepted for consideration.

3.9. If several bids are received from one Customer with respect to one and the same Route, the last bid received within the established period shall be the valid bid.

3.10. For determination of the results of bidding, the following criteria are taken into account for evaluation of the markup bids:

- amount of the markup,
- accomplishment of the plan for the previous period.

When the "accomplishment of the plan for the previous period" criterion is considered, the ratio of the volume of transportation (in TEU) which has been agreed with the Customer, that had been previously considered as the preferred bidder (hereinafter - the "plan"), and the actually transported volume of freight for the Routes (in TEU) for the respective periods is taken into account. Deviations from the plan are not taken into account, when such deviations occurred through the fault of the Forwarder and when deviations from the plan were less than 10 %. An analysis by this criterion is carried out on a monthly basis taking into account previous periods.

3.11. The evaluation criteria specified in paragraph 3.10 of these Special Conditions have a relevance coefficient that is determined by the Forwarder on the basis of the priority of some or other criterion.

The total sum of the coefficients is 1.

The amount of the markup has a relevance coefficient of 0.6.

Accomplishment of the specified plan for the previous period has a relevance coefficient of 0.4.

3.12. Points are initially assigned for each evaluation criterion.

The maximum number of points by the "amount of the markup" criterion is assigned to a bid with the largest amount of the markup; while the maximum number of points by the "accomplishment of the specified plan for the previous period" is assigned to a bid submitted by the Customer who accomplished the plan to the maximum extent.

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<sup>1</sup> Weighted average of the Markup shall be calculated as an arithmetic mean of the markups of all the preferred bidders on the Route taking into account the amount of the approved quantity of the Equipment.

If Customers have the same criterion value (for example, if they specified the same amount of the markup), equal numbers of points are assigned to such Customers.

When a bid of a Customer who has never previously participated in the markup bidding procedure is evaluated, the points for the “accomplishment of the specified plan for the previous period” are assigned on the basis of the average value.

3.13. The final result of evaluation of the markup bid shall be calculated by the following formula:

$$R = (B_1 \times K_1) + (B_2 \times K_2), \text{ where:}$$

R - the final result of evaluation of the markup bid;

$B_1$  - points for the “amount of the markup” criterion;

$B_2$  - points for the “accomplishment of the specified plan for the previous period” criterion;

$K_1$  - coefficient for the “amount of the markup” criterion;

$K_2$  - coefficient for the “accomplishment of the specified plan for the previous period” criterion.

3.14. According to the obtained value of the final result of evaluation of the markup bid, the Customer is assigned the appropriate priority (sequence number) for provision of the Equipment. The higher is the obtained final value, the higher is the priority.

3.15. The Customer who has received the highest sequence number is recognized as the preferred bidder.

If two or more Customers have the highest and equal final results of evaluation of their markup bids, all such Customers are recognized as the preferred bidders. If the amount of the Equipment on the Route is limited, such Equipment is distributed among the preferred bidders proportionally (divisible by the quantity of containers stated in the bid for Markup), if there is no enough Equipment the earlier bid shall be granted.

The Equipment which remains after provision of the specified amount of Equipment to the preferred bidder (bidders) is provided to the Customer with the next sequence number according to the bidding results who is also recognized as the preferred bidder.

Analogous distribution of the Equipment is applied in case of a complete or partial refusal of the preferred bidder to accomplish the volume of the transportation services specified in the markup bid (absence of an order placed in the prescribed manner or placement of an order for a less amount of the Equipment, or complete or partial cancellation of services under an approved order). Such distribution shall be performed by agreement with the Customer. The Customer shall be recognized as the preferred bidder, if the Customer's consent is obtained.

3.16. The Customer, who is recognized as the preferred bidder according to the bidding results:

a) within two working days from the date of notification about its recognition as the preferred bidder shall send the Forwarder a ten-day schedule of the wagons and/or release<sup>2</sup>; within 4 (four) working days the Parties shall approve the mentioned schedule;

b) on or before the 25<sup>th</sup> day of the month when bidding procedure is carried out shall:  
submit an Order (Orders) for provision of Services in the amount specified in the markup bid;

make at least 30% (thirty percent) payment of the value of the Order (Orders) for provision of Services in the amount specified in the markup bid;

c) not later than two days prior to the date of acceptance for transportation of the first dispatch under the Order make payment of the outstanding value of the Order (Orders).

The credit limit conditions are not applicable to transportation with markup.

3.17. If the Customer fails to meet the requirements stated in paragraph 3.16 of these Special Conditions, and/or refused from the Equipment provided by the Forwarder in accordance with ten-day schedule of wagons and/or containers release, the bidding results may be reviewed

<sup>2</sup> If the Customer submits a volume of Cargo sufficient for formation of a block train, it is allowed to reduce the approved in the Schedule volume of Cargo but not more than by two containers

and the approved volume of transportation services may be redistributed in the manner specified in paragraph 3.15 of these Special Conditions.

#### **4. Responsibility**

4.1. If the Customer fails to place or to pay in the prescribed manner the value of an Order (Orders) within the period prescribed for the Order, the Forwarder may charge and the Customer – preferred bidder shall pay a penalty at the rate of 1% (one percent) of the amount of the transport solution including the bid markup and specified volume of transportation services.

4.2. In case of unilateral complete or partial cancellation of an approved Order by the Customer (including failure of the Customer to receive the Equipment in terms approved in the ten-day schedule of wagons and/or containers release), the Forwarder may claim and the Customer shall pay losses caused by such cancellation and a penalty at the rate of 10% (ten percent) of the amount of the losses incurred by the other Party.

For the purposes of achievement of an agreement on the amount of losses and simplification of the procedure for recovery, the aggregate amount of the specified penalty and losses under an Order shall be 22% (twenty-two percent) of the cost of the Services which have been approved, but which have not been provided in the current ten-day period. Participation in the bidding procedure shall be deemed to be confirmation of the consent of the Customer to the (aggregate) amount of losses and penalty specified in this paragraph of the Special Conditions.

The consequences of withdrawal provided for by paragraph 6.15 of the General Conditions are not applicable.

4.3. If the Forwarder fails to provide the Customer with the Equipment in accordance with the ten-day schedule of wagons and/or containers release, the Customer may claim and the Forwarder shall pay penalty at the rate of 22% (twenty-two percent) of the amount of the cost of the Services which have been approved, but which have not been provided in the current ten-day period.

The consequences of withdrawal provided for by paragraph 6.6, 6.15 of the General Conditions are not applicable.