

Movement by Perfection



The Royal League in ventilation, control and drive technology

General Terms and Conditions of Purchase

January 2018

Please note that this is an English translation of the original Ukrainian version. Both language versions shall have the same legal effect. In case of any conflict, the original Ukrainian version shall prevail.



Content

§ 1	General – Application	3
§ 2	Orders	3
§ 3	Prices, Shipment, Packaging, International Transport, International Trade Control	3
§ 4	Export Control and Customs, Supplier Declarations, Certificates of Origin	4
§ 5	Reporting Obligations Conflict Minerals	5
§ 6	Invoicing and Payment	5
§ 7	Delivery Dates, Delay in Delivery, Force Majeure	5
§ 8	Liability for Defects and Guarantee/Warranty, Dealer Issues	6
§ 9	Quality, Product Liability	7
§ 10	Property Rights	7
§ 11	Social Responsibility and Environmental Protection, Behaviour Codex.	7
§ 12	Final Provisions	7



General Terms and Conditions of Purchase of ZIEHL-ABEGG Ukraine Ltd.

§ 1 General – Application

1. In relation to all purchases made between the Buyer - ZIEHL-ABEGG Ukraine Ltd. and sellers and suppliers (hereinafter referred to as the Supplier or the Contractor), the Parties shall apply these General Terms and Conditions of Purchases as a contract concluded between the Parties. Terms and conditions of the Supplier which are either to the contrary or diverge from our Terms and Conditions of Purchase shall not be recognised by the Buyer unless the Buyer has explicitly consented to their application in writing. The Terms and Conditions of Purchase shall likewise apply where the Supplier's delivery is accepted without reservation by the Buyer in awareness of terms and conditions of the Supplier which are either to the contrary or diverge from our own Terms and Conditions of Purchase. These General Terms and Conditions of Purchase shall not apply to the operations with following Suppliers: ZIEHL-ABEGG SE, Germany and ZIEHL-ABEGG Mechanical and Electrical Equipment (Shanghai) Co. Ltd., China.
2. The Terms and Conditions of Purchase shall also apply to all future transactions with the Supplier.
3. These General Terms and Conditions of Purchase shall apply exclusively with regard to commercial legal relations between business entities recognized as such in accordance with the provisions of Article 55 of the Economic Code of Ukraine.

§ 2 Orders

1. Orders shall only be valid where placed in writing, by telefax or by e-mail. Every order placed must be confirmed by means of an order confirmation issued by the Supplier except where there is an explicit agreement regarding waiver of the requirement for the confirmation of orders. Where the Buyer does not receive the above-mentioned confirmation of order within fourteen days from the date of ordering, the Buyer shall reserve the right to cancel the order without obligation.
2. The Buyer shall retain the property rights and copyright to all figures, drawings, calculations and other documents; same shall not be made accessible to third parties without our explicit consent. They shall be solely used for

production on the basis of our order; following execution of the order they shall be automatically returned to the Buyer. They shall be kept secret from third parties. Any right of retention to such documentation shall be excluded in all cases.

3. All quotations submitted by the Supplier as well as all associated activities shall be free of charge for the Buyer.
4. The Supplier shall be obliged to maintain secrecy as regards all business and trade secrets of the Buyer, whereby this shall also include all documents made available to the Supplier by the Buyer, in addition to other information forming the subject of communication. The obligation of secrecy shall also apply following performance of the present contract. A corresponding obligation shall be imposed in writing on any sub-suppliers and subcontractors. Should the Supplier establish that an item of confidential information has been acquired by an unauthorised third party or that a confidential document has been mislaid, he shall notify the Buyer in writing at once. The Supplier shall be lastly obliged to likewise treat as confidential conclusion of the contract itself; references may only be named with our prior written consent.
5. The Buyer shall also be at liberty to request changes to the subject of delivery following conclusion of the contract where this can be reasonably expected of the Supplier. In the event of such amendment to the contract due consideration must be given to the consequences for both parties, in particular as regards additional or reduced costs as well as the delivery dates.

§ 3 Prices, Shipment, Packaging, International Transport, International Trade Control

1. The agreed prices are fixed prices and shall exclude additional claims of whatever nature. Where prices are not specified in the purchase order, they shall be stated in the order confirmation with binding effect. In this case the contract shall not come into being until we have given our written consent to the prices.
2. Said prices shall include the costs of packaging and transport to the forwarding address specified by ourselves or the place of use as well as costs incurred for customs and clearing formalities. Delivery shall be effected Delivered Duty Paid (DDP), Incoterms®2010.

3. The order number of the Buyer shall be stated on advices of shipment, bills of lading, invoices and all correspondence with ourselves. The Buyer will only be able to process invoices where – as specified in our order – the order number shown therein is indicated in addition to any other information explicitly mentioned; the Supplier shall be accountable for all consequences ensuing from failure to comply with this obligation unless he is able to prove that he was not responsible in this regard.
4. The Buyer shall only be obliged to take delivery of the quantities or piece numbers ordered by the company specific time of delivery. Deliveries which exceed or fall short of the specified quantity shall only be permitted where previously agreed with ourselves (normally in writing).
5. Shipment shall take place at the Supplier's risk. The Parties have agreed that Article 644 part 2 of Ukrainian Civil Code are not applicable. The risk of any deterioration, including accidental perishing, shall thus remain with the Supplier until delivery to the forwarding address or forwarding office desired by ourselves. § 12 No. 2 of these General Terms and Conditions of Purchase apply with the regard to the place of fulfilment.
6. The Supplier's obligation to take back packaging shall be governed by the statutory provisions. Goods must be packaged in such a manner as to avoid any damage in transit. Packaging materials shall only be used to the extent that same are necessary to achieve this purpose. It shall only be permitted to make use of environmentally sustainable packaging and filling materials which do not impair recycling. Where we are separately charged for packaging by way of exception, the Buyer shall be entitled to return said packagings carriage paid against reimbursement forming the subject of individual negotiation with the Supplier.
7. An invoice and commodity bill of lading must be included with every shipment. The invoice must contain the following data, the total of the delivery quantity and all data indicated in the order, especially order number, item and the correct unloading point. Packaging shall contain indications enabling the identification of the goods and the order, as well as any other designations required by the current legislation of Ukraine.
8. Where goods are transported beyond international borders, and the terms of delivery are differing of the stated in § 3 No. 2, the Supplier shall be obliged to provide the customs invoice necessary for custom clearance already at delivery. All the documents shall be issued in the language according Ukrainian Law and must include all the data defined by corresponding Law.
9. Where agreements exist between the destination country to which the goods are to be delivered and the country in which the Supplier is based in respect of preferential treatment in terms of commerce or customs duties („trade agreement“), the Supplier shall be obliged to cooperate with the Buyer in examining the eligibility of goods for special programmes of benefit to the Buyer and to supply the Buyer with the necessary documentation in accordance with the relevant preferential customs treatment programme to allow the goods to enter the destination country duty-free or subject to preferential treatment. The Supplier shall be obliged to indemnify the Buyer for any costs, fines, contractual penalties or charges resulting from the Supplier's inaccurate documentation or failure on the part of the Supplier to cooperate in a timely manner. The Supplier shall be obliged to immediately notify the Buyer of any errors known to exist in the documentation.
10. Where the Import Control System customs procedure is of relevance to the Parties, this shall be observed by the Supplier, who shall thus in particular make available to the custom authorities the data pertinent to customs clearance in a timely manner in the form of the stipulated entry summary declaration.
11. International Trade Controls
All transactions within the scope of the delivery relations must always meet the requirements of the respectively valid export control laws and directives. The Supplier is obliged to meet the requirements of the respective valid export control laws and directives even after cancellation and beyond if the obligations within the scope of the business relations are fulfilled or cancelled in another way.

§ 4 Export Control and Customs, Supplier Declarations, Certificates of Origin

1. The Supplier is obliged to inform us of any approval obligations for (re-)exports of his goods in accordance with Ukrainian, German, European, US export and Customs regulations as well as the export and customs regulations of the country of origin of his goods in his business documents. In order to do this, the Supplier shall provide the corresponding information in his quotes, order confirmations and invoices for the items of goods concerned.

Upon out demand, the Supplier shall be obliged to notify us in writing of all other foreign trade data of his goods and their components and to inform us immediately in writing (before delivery of goods affected accordingly by this) about all changes to the above data.



Further, in case of the existence of any export license, Supplier shall provide a copy of that document the Buyer, showing all relevant information relating to the delivery, including any provisos, the Buyer has to comply with, e.g., but not limited to cases of re-exports. Any information or provisos which are compliance obligations of the Buyer, may be blackened in that copy.

2. Supplier Declarations, Preference

An essential part of the contracts ensuing from these Terms and Conditions of Purchase is the obligation to submit long-term delivery declarations for goods with a preferential origin property in accordance with the EC version valid at the time of delivery. The Supplier shall also provide certificates of origin as well as any further documents/data according to foreign trade specifications upon demand.

If the long-term delivery declarations turn out to be insufficiently informative or incorrect, the Supplier shall be obliged to provide us with error-free, complete and customer-confirmed information sheets about the origin of the goods upon demand.

3. If the Buyer or its customers are charged by a customs authority due to own faulty declarations of origin or if we or our customers suffer any other financial disadvantages as a result and the error is due to an incorrect specification of origin of the Supplier, the Supplier will be fully liable.
4. The Supplier shall be responsible for obtaining in time, at his own cost, all necessary governmental export licenses, authorizations, approvals and clearances, required for the delivery to make sure that all goods to be delivered can be used by the Buyer in accordance with the purchase order and that all deliverables can be made in due time.

§ 5 Reporting Obligations Conflict Minerals

The Supplier undertakes to comply with the respective regulations passed by the Securities and Exchange Commission (SEC) regarding conflict minerals. The Supplier shall find out about the conformity regulations that are defined in the Conflict Minerals Final Rule on the SEC Website under <http://www.sec.gov/rules/final.shtml> or <http://www.sec.gov/news/press/2012/2012-163.htm>.

The Supplier shall implement resulting reporting obligations and measures vis à vis us in a timely manner.

In case of failure to do so or in case of incorrect information, the Supplier shall indemnify the Buyer from claims by third parties.

§ 6 Invoicing and Payment

1. Please send invoices in paperless form with the appropriate documents in pdf format after delivery to the following e-mail address: invoice@ziehl-abegg.com.ua. Alternatively, the invoices should be sent to us in single copy on white paper in DIN A4 format. All invoices must be made out without exception to the invoice address: 46 Budennogo str, 08700 Obuhiv, Kyiv region, Ukraine. Invoiced sent by fax will not be processed!
2. Payment shall be made by the normal commercial route up to 30 days net, calculated according to delivery/service and receipt of invoice.
3. Insofar as certificates of material tests or other documents are agreed for the scope of supply, these are an essential part of the delivery and must be sent to us together with the invoice at the latest.
4. The Buyer shall hold a right of set-off and retention to the extent as provided by the statutory provisions.

§ 7 Delivery Dates, Delay in Delivery, Force Majeure

1. The delivery date specified in the order shall be binding.
2. The Supplier is obliged to inform us immediately in writing, should circumstances arise or become known to him which results in not being able to keep the agreed delivery date; at the same time he must state the probable duration of the delay.
3. In the event of any delay in delivery the Buyer hold the statutory claims according Ukrainian Law in this regard. In particular the Buyer shall be entitled to demand compensation instead of performance following fruitless expiry of a period of time of reasonable length. The Buyer shall additionally be entitled in the case of default to withdraw from the contract at its discretion, whereby the risk of default on the part of the Supplier's sub-suppliers shall be borne by the Supplier. Any additional costs incurred for express shipment required to comply with delivery dates shall be for the Supplier's account.
4. In the event of delayed delivery the Buyer shall be entitled to apply a contractual penalty amounting to 0.2% of the net total value of the order per working day of delay up to a maximum of 8% of the net total value of the order. The Buyer may also apply the contractual penalty without making reservation until issue of the final invoice. Any claim to compensation due to non-performance shall be offset against the contractual penalty.



5. The Supplier shall only be entitled to claim against absence of provisions to be made by the Buyer or other co-operation obligations if he has reminded us in writing and the Buyer has failed to meet these obligations within a reasonable period of grace.
6. Force majeure and industrial disputes shall release us from our obligation of performance for the duration of the disturbance and to the extent of its involvement. The Buyer is wholly or partly released from the obligation to accept the ordered delivery/performance and accordingly entitled to withdraw from the contract if the delivery/performance is no longer usable under consideration of economic aspects due to the delay caused by force majeure or the industrial dispute.
7. The Buyer shall only accept partial delivery following explicit written agreement to this effect. In case of agreed partial shipments, the remaining quantity must be listed and the delivery date for the remaining delivery specified.

§ 8 Liability for Defects and Guarantee/Warranty, Dealer Issues

1. The Supplier guarantees that all deliveries/performances conform with the actual Ukrainian Law, the state-of-the-art, the pertinent statutory provisions and rules and regulations of authorities and, if applicable, the rules of business turnover. If deviations from these regulations are necessary in individual cases, the Supplier must obtain written consent from the Buyer. The responsibility of the Supplier for these deliveries/performances shall neither be excluded nor limited by this consent nor by any other approvals or other declarations on our part. Where the Supplier has reservations about the type of execution required by the Buyer, he shall immediately notify the Buyer in writing.
2. The Supplier undertakes to make use within his financial and technical means of environmentally friendly products and procedures for his deliveries/services as well as for supplies or additional services rendered by third parties. The Supplier shall be liable for the environmental compatibility of the delivered products and packaging materials and for all consequential damage resulting from culpable failure to comply with his statutory obligations of disposal. The Supplier shall issue a certificate of inspection for the delivered goods at our request.
3. The Buyer is not obliged to inspect the delivered goods for its quantity, quality and assortment when delivered.
4. The statutory defect claims shall accrue to the Buyer to their full extent (including consequential damage from

defect); at all events the Buyer shall be entitled at its discretion to request the elimination of defects by the Supplier or the delivery of a new item including to or at the place at which the product is used; this shall also apply in the case of contract work. It shall explicitly reserve the right to claim compensation, in particular to compensation in lieu of performance.

5. Where the Supplier fails to satisfy his obligation of subsequent fulfilment within a reasonable period of time set by the Buyer, the Buyer shall be entitled to itself perform the necessary measures at the expense and risk of the Supplier – without prejudice to further liability for defects in existence – or arrange for their performance by third parties. The Buyer shall additionally be entitled to itself eliminate defects at the Supplier's expense in case of imminent danger or special urgency. The limitation period for claims in respect of material defects shall be 36 months, calculated from the transfer of risk. In the case of spare parts the limitation period for claims in respect of material defects shall be 36 months from installation or commissioning, but shall come to an end at the latest 4 years from the transfer of risk.
6. For improved parts or for replacement delivery the limitation period for claims in respect of material defects shall begin after subsequent fulfilment; if acceptance has been agreed, the limitation period shall begin again from successful acceptance.
7. The Supplier shall assume the costs and risk involved in the return of defective items, as well as those costs incurred by the Buyer due to their defectiveness (in particular costs of processing, transport, infrastructure, labour, staffing and materials).
8. No worsening of the Buyer's position in comparison with procurement from the manufacturer (dealer issue)

If the Supplier is to be qualified as a dealer and not as a manufacturer, the Supplier will inform the Buyer of this immediately. The following shall also apply:

The Supplier guarantees that the Buyer will be put in a position with respect to the warranty and other rights based on a defectiveness (material and legal defects) of the object of contract as if the Buyer had ordered directly from the manufacturer and the legal rights at least are pertinent. The Supplier shall surrender his claims against the manufacturer(s) based on a defectiveness (material and legal defects) of the object of contract to the Buyer to help. The Supplier assures that these claims are not fulfilled or excluded.



§ 9 Quality, Product Liability

1. The Supplier shall implement state-of-the-art quality assurance appropriate in type and scope (suitable quality management system e.g. DIN EN ISO 9001) and provide the Buyer with proof of this on demand. The Supplier shall additionally conclude a quality assurance agreement with the Buyer as required. The Buyer shall reserve the right to perform on-site testing to check the efficacy of said quality management system.
2. Where the Supplier is responsible for a product defect, he shall be obliged upon first demand to indemnify the Buyer in respect of third-party claims for compensation where the cause can be attributed to his own sphere of management or organisation and where the Supplier bears or would bear liability vis-à-vis third parties. Within the scope of his liability for damages in the aforementioned sense, the Supplier is also obliged to reimburse any expenses incurred by us from or in connection with a recall campaign. The Buyer shall inform the Supplier of the content and extent of such recall measures as far as this is possible and can be reasonably expected of same – and shall offer him the opportunity to comment in this regard. All other statutory claims shall remain unaffected thereby.
3. The provisions of § 8 of these terms are additionally applied to the provisions specified in this section.

§ 10 Property Rights

1. The Supplier guarantees that all deliveries are free of third-party property rights and in particular that delivery and use of the subject of delivery does not infringe patents, licences or other property rights of third parties.
2. The Supplier shall indemnify the Buyer and our customers in respect of third-party claims resulting from any infringement of property rights on first demand and shall also assume all associated costs incurred thereby.
3. The Buyer shall be entitled at the Supplier's expense to obtain permission for use of the respective delivery items and services from their rightful owners.
4. The limitation period for claims in respect of defects as to title shall be 5 years from the transfer of risk.

§ 11 Social Responsibility and Environmental Protection, Behaviour Codex.

1. The Supplier is obliged to strictly adhere to the current legislation of Ukraine, as well as the legislation and the

rights of the countries, which can be applied to the legal relations between the Parties.

The Supplier is committed in the framework of his corporate responsibility to the protection of human rights, compliance with work standards and rejection of discrimination and slave / child labour during the manufacture of products and the rendering of services and to the avoidance of any adverse effects for man and his environment during performance of his activities.

The Supplier confirms that he will not tolerate any form of corruption and bribery or to engage in same in any manner whatsoever.

The Supplier is asked to avoid making gifts to staff employed by the Buyer. Conventional presents or invitations of minor value shall constitute an exception to this rule.

This shall not only apply to transactions between the Supplier and the Buyer, but also to other business partners (own supply chain, intermediaries, staff, competitors and the public authorities).

§ 12 Final Provisions

1. The Supplier shall not be entitled without our prior written consent to assign the contract either partially or in its entirety to third parties; this shall also apply to any awards to subcontractors or subsuppliers intended by the Supplier.
2. Unless agreed otherwise, the place of fulfilment for the delivery obligation the forwarding address or forwarding office desired by ourselves; for all other obligations of both parties the place of fulfilment is 46 Budennogo str, 08700 Obuhiv, Kyiv region, Ukraine.
3. Where the Supplier ceases payments, a temporary trustee in bankruptcy is appointed or insolvency proceedings are instituted against his assets, the Buyer shall be entitled to withdraw from the contract (extraordinarily) either partially or in its entirety.
4. The language of the contract shall be Ukrainian. If the contract Parties use another language in addition the Ukrainian wording shall have priority.
5. The place for the consideration of disputes is a court of jurisdiction, established by the legislation of Ukraine.
6. Material law of Ukraine applies to contractual and other relations between the Parties to the agreement; The UN Convention on Contracts for the International Sale of Goods of April 11, 1980 (CISG) does not apply.

The Royal League

