

Movement by Perfection



The Royal League in ventilation, control and drive technology

General Terms and Conditions of Business

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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.



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

I. Application of the General Terms and Conditions

1. All deliveries, services, and offers provided by the Vendor Ziehl-Abegg Ukraine Limited Liability Company are made exclusively on the basis of the present General Terms and Conditions. Consequently, These General Sales Terms and Conditions are also applied to all future business relations even if not expressly agreed upon again in the future.
2. With the receipt of the goods and services, these General Sales Terms and Conditions are deemed accepted by the Customer. Counter-confirmations by the Customer with or without a reference to the Customer's General Sales Terms and Conditions or General Purchase Conditions are hereby rejected. Contrary conditions of the Customer are not binding on the Vendor even if the order is based upon them or if the Customer refers to them on forms or in other documents. Conflicting terms and conditions of the Customer are hereby expressly excluded and are not applied to the relations between the Customer and the Vendor.
3. Rights to which the Vendor are entitled according to the statutory provisions in addition to what is provided for in these General Terms and Conditions remain unaffected.
4. These General Terms and Conditions 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.
4. Unless referring to data contained in catalogues when placing the order, the Customer is under obligation to provide the Vendor with general information as to the purpose of use, type of installation, operating conditions, and other conditions to be taken into account. In case of failure to provide such conditions, the Vendor shall not be liable for any non-compliance of the Goods with the Customer's requirements.
5. Protective devices are included in deliveries to the extent expressly agreed upon.
6. The Vendor shall unrestrictedly retain and the Customer shall not be transferred to all exploitation rights under property and copyright law in all cost estimates, drawings, and other documents; such documents may not be passed on to third parties without the Vendor's consent. Drawings and other documents that are part of the Vendor's offers must be returned to the vendor without undue delay if the order is not placed with the Vendor.
7. The existence of subsidiary agreements, appendices, agreements, if they have been concluded in addition to these „General Sales Terms and Conditions“, the Customer's Orders and written documents of the parties have to be proved by the Party which relies on them.

II. Offers, Scope of Performance

1. For the scope of deliveries and services, written confirmation of the order by the Vendor is decisive.
2. Illustrations, drawings, information as to weights, measures, performance, and consumption, and other descriptions of the goods in the documentation that is part of the Vendor's offer are approximations only, to the extent not expressly referred to as binding. They constitute no agreement on, or guarantee of, a corresponding quality or characteristic of the goods.
3. For technical reasons, the Vendor reserve the right to supply up to 5% of the delivery volume more or less when delivering consumables or small parts. There will be no refund if a lesser quantity is delivered.

III. Particularities in Case of Correspondence by Electronic Communication and Fax

1. If a message (offer, order, declaration of intent) is sent electronically (electronic communication), such message is deemed received by the recipient when it has been delivered to the recipient's communication device.
2. A message is deemed received by the recipient by means of message retrieval when it has been made available for retrieval in the relevant part of the sender's communication device and has been retrieved from such part by the recipient.
3. The contracting parties recognize the legal validity of messages transmitted according to nos. 1 and 2 above.
4. If correspondence between the contracting parties is exchanged by fax, the transmission report shall be deemed sufficient evidence of the receipt of declarations by the recipient.

IV. Price

1. In the absence of a separate agreement, the Vendor's prices are EX-works (Incoterms 2010) and include loading and packaging. To these prices, VAT at the statutory rate applicable at the time will be added.
2. If the delivery or service is to be made or provided more than four months after the conclusion of the contract, the Vendor shall reserve the right to unilaterally raise its prices if there has been a significant increase in the factors prevailing at the time the contract was entered into, that are decisive for the determination of prices, in particular, in the cost of materials, wages, and state taxes and fees, the change in the exchange rate between UAH and USD or EUR by more than 5%.

V. Retention of Title

1. Until all claims against the Customer including any and all balance receivables and current account to which the Vendor is entitled now or in the future on whatever legal grounds have been fulfilled, the Vendor is granted the following security, which the Vendor will release upon request at the Vendor's choice to the extent that the value of such security exceeds the claims on a permanent basis by more than 20%. For the valuation of the security furnished, receivables are to be assessed at their nominal value, goods in which title is retained are to be assessed at their net purchase price, not including VAT.
2. All goods supplied remain the Vendor's property until all Vendor's claims under the business relationship, including claims that have not as yet become due, are settled in full. This also applies to cases where the debt is not related to the payment of the goods, the title to which is retained. The Customer is obligated to handle the goods in which title is retained with due care and storage for the duration of the retention of title. In particular, the Customer is under obligation to adequately insure the goods at their replacement value, at the Customer's own expense, against damage by fire, water, and theft. The Customer assigns to the Vendor already now all claims for compensation arising from such insurance. If an assignment is not permissible, the Customer hereby irrevocably instructs its insurer to make payments, if any, exclusively to the Vendor. Further-reaching claims on the Vendor's part remain unaffected. At the Vendor's request, the Customer shall furnish the Vendor with evidence of the conclusion of the insurance contract.
3. The Customer is entitled, in the ordinary course of business, to process as intended the supplied goods, in which the Vendor's title is retained, or, with the consent of the Vendor, to resell them.
4. To the extent that the Customer processes goods in which title is retained, the contracting parties agree that such processing shall occur on the Vendor's behalf so that the Vendor becomes the owners of the new items. The title to new items is transferred to the Customer from the moment of repayment of the corresponding debts by the Customer. If the processing costs considerably exceed the value of the goods, in which the Vendor's title is retained, the contracting parties agree that they are co-owners of the new item. Thus, the Vendor acquires co-ownership of the new item in that part, which is equal to the value of the Customer's indebtedness. If the Customer combines goods in which the Vendor's title is retained with another item such that the Vendor's goods become an essential part of the new item the Vendor co-owns the new item in that part, which is equal to the value of the Customer's indebtedness. The Customer shall keep such new item in custody for the Vendor free of charge. In the event of a resale, the foregoing provisions apply correspondingly.
5. If, upon conclusion of the contract, the Vendor becomes aware of facts that give rise to justified doubts about the Customer's creditworthiness, or if the Customer defaults in the settlement of a liability in relation to the Vendor, the Vendor is entitled to rescind the contract without setting an additional period for performance and to demand by way of security that the goods of which the Vendor is the owner or co-owner be surrendered to the Vendor until all the Vendor's claims have been settled in full.
6. In the event that third parties seize or impound goods of which the Vendor is the owner or co-owner or receivables to which the Vendor is entitled, the Customer must furnish the third party or the executory officer without undue delay with evidence of the Vendor's ownership of, or title to, the item; moreover, the Customer must notify the Vendor without undue delay of the measures taken to protect the ownership rights. If the Vendor impounds the goods for reasons other than those listed in this section, such impoundment shall not to be deemed a waiver of the Vendor's retention of title or a rescission of the contract.
7. The goods of which the Vendor is the owner or co-owner may not be assigned to third parties by way of security, pledged, or encumbered in any other manner.
8. If goods are delivered to countries with a different legal system where the provisions on a retention of title pursuant to nos. 1 to 6 above provide less protection than in the country where the Vendor's company has its registered office, the Customer hereby grants the Vendor a security interest that is customary in such country and that is, in economic terms, equivalent to the retention of title in the country in which the Vendor's company has its registered office. If further declarations or acts are necessary for this purpose, the Customer shall do all within its power to grant the Vendor this security interest immediately.



VI. Terms of Payment

1. To the extent not otherwise agreed, the Vendor's invoices are payable without deduction three days after they are issued. Payment in cash or by bill of exchange is not. Despite provisions of the Customer to the contrary, the Vendor is entitled to count payments first towards older debts of the Customer, in which case the Vendor will inform the Customer of the type of settlement made. If costs and interest have already been incurred, the Vendor is entitled to count the payment first towards the costs, then towards the interest, and finally towards the principal performance.
2. Payments will be deemed made by the Customer only when the amount is credited to the Vendor's current account and the Vendor can dispose of the amount.
3. If the Customer fails to fulfill its obligations for timely payment for the goods supplied, unless otherwise stipulated by a separate agreement, the Vendor has the right to impose fines, namely, a penalty fee for a delay in payment in the amount of the NBU double discount rate from the amount of the overdue payment for each day of delay in payment. Charging of penalties, payment of penalties and principal debt by the Customer does not deprive the Vendor of the right to assert further claims for damages (losses).
4. If the Vendor becomes aware of circumstances that give rise to doubts about the Customer's creditworthiness, in particular, if payments are suspended, or if the Vendor becomes aware of other circumstances that give rise to doubts about the Customer's creditworthiness, the Vendor is entitled to demand the payment of the entire remainder of the debt. In this case, the Vendor is further entitled to demand advance payments or the provision of security.
5. Counter-claims on the part of the Customer entitle the Customer to a setoff only if these claims have been established by a final declaratory judgment. The Customer may assert a right to retention only if the Customer's counter-claim is based on the same contractual relationship.

VII. Delivery and Service Periods

1. Delivery dates or periods, which are binding, must be agreed upon in writing by the parties.
2. The Vendor is not liable for delays in delivery or performance that occur due to force majeure or because of events that considerably complicate delivery or make delivery impossible – these events particularly include boycotts, strikes or lockouts, explosions, fires, other

accidents and destruction of industrial equipment, natural disasters (hurricanes, earthquakes, floods, etc.), acts of civil disobedience, war, changes in legislation, etc., even if the same occur at the Vendor's suppliers or their sub-suppliers – even if periods and dates have been bindingly agreed upon. Such events entitle the Vendor to delay the delivery or service for the duration of the impediment plus a reasonable start-up period. If such events considerably change the economic importance or the content of the delivery or service or if they have a significant impact on the Vendor's business operation, the Vendor may additionally demand that the contract be rescinded in whole or in part within the unfulfilled part of the contract having notified the Customer of such intent as soon as the relevant decision is taken. If, because of such events, the delivery period is extended or the Vendor is released from its obligation to perform, this does not give rise to claims for damages on the part of the Customer. However, the Vendor has the right to refer to such circumstances only if it has promptly informed the Customer of their occurrence and effect.

3. If the Vendor is liable for non-compliance with bindingly agreed periods and dates for performance or if the Vendor is in delay, the Customer's claim is limited to compensation in an amount equal to 0.5% for each entire week of delay, in total, however, to a maximum of up to 5% of the invoice value of the deliveries and services concerned by the delay. Additional claims are excluded.
4. The Vendor is entitled to make part deliveries except for cases where the Customer expressly declares that it is impossible to accept such deliveries.
5. Compliance with the Vendor's obligations to deliver and perform requires the timely and proper fulfillment of the Customer's obligations.
6. The delivery period is deemed to have been met if the goods have left the works, or if the Vendor have given notice of the goods being ready for dispatch, by the time the delivery period expires.
7. In the event of a delay in delivery, the Customer is entitled to rescind the contract if, upon occurrence of the delay in delivery, the Customer sets an additional period for performance with the warning that performance will not be accepted after the expiration of this additional period.
8. If the Customer defaults in acceptance, the Vendor are entitled to claim compensation for the damage incurred by the Vendor with the occurrence of the default in acceptance, the risks of accidental deterioration and accidental loss or destruction pass to the Customer.

VIII. Supply of Software

1. If software is supplied, the Customer is granted a nonexclusive and non-transferable right to use the software and the related documentation for the operation of the goods for which the software is supplied. The Customer is not permitted to make copies, except for one back-up copy. References to authors, series numbers, and other features serving the identification of the software may not be removed or altered.
2. The Customer is obligated to prevent unauthorized access to the software and the documentation by third parties by taking appropriate precautions. The Customer must store the original data storage media supplied and the back-up copy at a place that is secured against unauthorized access by third parties. The Customer must insistently point out to its staff the duty to comply with the present terms of supply and with the provisions of copyright law.
3. The Vendor's liability for the loss or alteration of data is limited to the typical cost of restoration that would be incurred if back-up copies were made at regular intervals and according to risk.

IX. Passing of Risk and Receipt

1. The risks of accidental damage or destruction of the goods, as well as any other risks associated with the integrity and security of the goods pass to the Customer no later than with the dispatch of the goods to be delivered, even if part deliveries are made or if the Vendor has assumed further obligations, e.g., the shipping costs or delivery and installation. If shipment becomes impossible without fault on the Vendor's part, all risks pass to the Customer with the Customer's notification of the goods being ready for dispatch.
2. If there is a delay in shipment due to circumstances for which the Customer is responsible, all risks pass to the Customer from the day the goods are ready for dispatch.
3. The Customer must take delivery of the delivered items even if they have minor defects.

X. Claims based on Defects

1. The Customer may not refuse to accept deliveries because of insignificant defects that do not significantly affect the operation of the goods and allow the full functioning of the goods. Upon the acceptance of the goods, the Customer is obliged to inspect them in terms of quantity, assortment, and quality, and if there are any remarks, immediately inform them to the Vendor. This applies subject to the

condition that obvious defects and defects that are identifiable on a due inspection are to be notified in writing no later than 8 days after handover of the goods to the Customer. Other (hidden) defects shall be notified to the Vendor in writing no later than 8 days after they are discovered. Notifications of defects shall be sent in writing to the Vendor's head office; notifications of defects to field staff, carriers or other third parties are not regarded as submitted in due form and time.

2. The Vendor assumes liability for a specific application or specific suitability only if this was agreed explicitly in writing. Otherwise, the Customer bears the risk of suitability and utilization. If the Vendor has informed the Customer of technical framework conditions or other specifications in regard of utilization, the Customer shall be responsible for compliance. It shall inform its buyers of these specifications and oblige them to comply. The vendor's liability is excluded for defects that result from use of the goods in a way that does not conform to the specifications. Claims based on defects are excluded in particular if and insofar as damage to the delivered item or to other assets of the Customer is caused as follows:
 - a. incorrect assembly, treatment or storage;
 - b. incorrect installation of the delivery item by the Customer or a third party, except where the incorrect installation is based on the Vendor's instructions, whereby the vendor's field staff are not authorized to issue instructions;
 - c. noncompliance with instructions on commissioning, possible applications and operation of the delivery item contained in the documentation of the delivery item, operating instructions or instructions that the Vendor issued;
 - d. normal wear and tear that cannot be ascribed to violations of the goods production process by the Vendor or material defects;
 - e. inappropriate handling or repairs of the goods by the Customer or third parties that were carried out inappropriately, in particular on interference by nonqualified persons or use of non-original spare parts or resources.

The vendor does not assume any liability either for defects for which the Customer is responsible or that are due to a technical cause other than the original defect.

3. If a defect exists and the goods must be returned to the Vendor, the return shipment may be made only with the vendor's prior consent. Return shipments made without the Vendor's prior consent need not be accepted. In any



such case, the Customer must bear the cost of the return shipment.

4. If, due to a justified notification of defects, goods are repaired or a replacement delivery is made, the provisions in Section VII concerning delivery periods apply correspondingly.
5. The existence of a defect that has been established as such and that has been notified to the Vendor in due form and time gives rise to the following rights of the Customer:
 - a. If a defect exists, the Customer may first demand that the Vendor to remove the defect or make a replacement delivery ("subsequent performance"). The Vendor will choose in its discretion whether to newly deliver the item or whether to remove the defect, unless clause X. 5 c) applies. If the defect is removed, in so far as the notification of defects proves justified, the Vendor are obligated to bear the following direct expenses, borne by the Vendor, necessary for the removal of the defect, in particular, transportation and travel expenses and the cost of the Vendor's labor and materials, to the extent that such costs and expenses are not increased due to the fact that the goods have been brought to a place other than the delivery address. This is limited to those costs that arise or would arise in regard to the delivery address for the goods. If the goods are shipped to an address other than the delivery address, the Customer must bear the extra costs that this causes, if the shipment was not part of the delivery contract between the Customer and the Vendor.
 - b. The Vendor shall be entitled at its own option to employ third parties to carry out repair works or a replacement delivery. This does not establish a contractual relationship between the Customer and the third party. In this case, the Vendor's liability does not go further than if the Vendor had carried out the works or the delivery itself. Additionally, if an attempt at subsequent performance fails, subject to clause X. 5 c) the Vendor has the right to make a new attempt, again reserving the right to choose between a repair and the new delivery of the item. Only when the repeated subsequent performance fails, too, does the Customer have the right to rescind the contract or to reduce the purchase price.
 - c. Regulations in relation to a subsequent performance, for example pursuant to clause X. 5 a) or X. 5 b), do not apply insofar as these regulations would cause an unacceptable burden to the Customer, for example in the case of an

unjustified refusal or unacceptable delay of the subsequent performance.

- d. If a notification of defect by the Customer proves to be unjustified, the Customer must reimburse the Vendor for all costs and expenditure that this caused.
6. The limitation period for the Customer's claims that are based on defects is one year. The one-year limitation period equally applies to tort claims that are based on a defect of the goods. The time limit for filing claims begins at a time determined by law. The limitation periods determined by the legislation of the Ukraine apply to losses resulting from a breach of obligations or from bodily injury, damage to health or death, as a result of abuse of authority or gross negligence or claims for breach of statutory provisions concerning product liability. If the Vendor makes a statement in respect of a claim based on defects that has been asserted by the Customer, such statement is not to be deemed a commencement of negotiations concerning the claim, or the circumstances giving rise to the claim, if the Vendor fully reject the relevant claim. The Customer must in all cases prove that the defect existed already at the time of delivery.

XI. Liability

1. The Vendor is liable for losses resulting from a breach of its obligations or from the bodily injury, damage to health or death. This applies as well if the Vendor or its senior executives or vicarious agents are liable for excess of their authority, fraudulent misrepresentation or gross negligence.
2. The Vendor is liable for damage due to the negligence only in those cases where the essential terms of the contract have been violated, the violation of which makes it impossible to execute the contract. In case of a breach of a material contractual obligation, insolvency and/or impossibility to execute the contract by the Vendor, the Customer's claim is limited to the reimbursement of damages arising from the terms of this contract and related to its execution.
3. The above provisions do not affect mandatory statutory liability for product defects.
4. Claims by the Customer for reimbursement of expenses are excluded, unless a reasonable third party would also have incurred these expenses. In addition, claims for damages or reimbursement of expenses – for any legal reason whatsoever – that go beyond the provisions of Article XI (1) to (3) are excluded.

5. The Vendor shall not be responsible for third-party goods that are part of the Vendor's goods; in this case, the Customer's requirements should be addressed directly to the provider of such goods, except for cases when impossibility of such address is expressly provided by law.
6. In the event that the Customer or its buyers sell the Vendor's goods without any change to the end user (individual), indicating the Vendor as the manufacturer, the Vendor is liable as a manufacturer of the goods in accordance with the legislation of Ukraine on the protection of consumers' rights.
7. No repair of defects, replacement delivery or payment of damages may be regarded as the Vendor's conclusive action for the recognition of any liabilities or claims of the Customer unless in a specific case the Vendor has agreed otherwise in writing.
5. In particular, the Customer shall ensure that goods are not used, either directly or indirectly, for a purpose that is connected in any way to chemical, biological or nuclear weapons and their carrying systems. Furthermore, the Customer shall ensure that the items are not put, either directly or indirectly, to a military end-use in a country subject to sanctions (a weapons embargo). The Customer shall not either directly or indirectly sell, export, re-export, supply, forward the goods or otherwise make them available to persons, companies, facilities, organizations or in countries, if doing so would violate legislation of Ukraine, EU, EU countries or any other regulatory acts concerning export control, including, if applicable, US law.
6. The Customer shall, on request, provide end use certificates in order to prove the final destination and end-use of the products required for the application of any permits.

XII. Other Duties by the Customer, Export Control

1. The Customer may not alter the goods in any respect that is relevant for safety; in particular, the Customer may not alter or remove existing warnings of dangers in case of improper use of the contractual goods. If this duty is violated, the Customer must internally indemnify and hold the Vendor harmless from and against product liability claims of third parties to the extent that the Customer is responsible for the defect giving rise to liability.
2. If the Vendor must issue a product recall or a product warning because of a product defect concerning the goods, the Customer will assist the Vendor and take all reasonable measures ordered by the Vendor. In this case, the Customer is obligated to bear the cost of the product recall or product regarding the goods that have been bought from the Vendor. Further-reaching claims on the Vendor's part remain unaffected.
3. The Customer shall notify the Vendor without undue delay of any risks in the use of the contractual goods and of possible product defects of which the Customer becomes aware.
4. The supply of goods (products, software, technology) in the performance of this contract may be subject to export restrictions or prohibitions. The Customer shall comply with all applicable export control regulations and corresponding restrictions. This particularly applies to export legislation of Ukraine, EU countries, USA, depending on the country of import of goods. In the case of a re-sale / forwarding of the supplied goods, the Customer shall draw the recipient's attention to the provisions of export control law.
7. The Customer shall be fully liable for any loss suffered by the Vendor that has been caused by its failure to comply with the provisions of the applicable export control legislation.
8. The parties have agreed that the performance of the contract and corresponding obligations are subject to the condition that the required export or transfer authorizations, approvals or any other authorizations stipulated by foreign trade law or clearances by the competent authorities are issued and that there are no other legal restrictions owing to provisions of export control law that must be complied with.
9. The Customer is obligated to pay all taxes, fees and other obligatory payments that arise in the course of its transactions with the goods outside Ukraine on its own, and compensate the Vendor if applicable.

XIII. Confidentiality

The contracting parties are under obligation to maintain, for an unlimited period of time, the confidentiality of any and all information that becomes available to them and is referred to as confidential or can be recognized as a trade or business secret according to other circumstances, and they may neither record nor pass on or exploit such information. The contracting parties shall ensure through adequate contractual arrangements with their employees and agents that the latter, too, refrain for an unlimited period of time from the exploitation, circulation, or unauthorized recording of such trade or business secrets on their own behalf.



XIV. Miscellaneous

1. The transfer of rights and obligations of the Customer to third parties is subject to the Vendor's written consent.
2. The legal relations between the contracting parties shall be governed by the laws of Ukraine, and if the Vendor's registered office is located outside Ukraine, the UN Convention on Contracts for the International Sale of Goods as of 11 April 1980 (CISG) is also subject to application.
3. The place of settlement of disputes arising in connection with the conduct of business relations between the parties to the contract is determined according to the jurisdiction of disputes established by the current legislation of Ukraine at the time of filing the corresponding claim statement.
4. The place of performance for all performances owed by the contracting parties shall be the place where the Vendor's company has its registered office.
5. If a provision in this agreement is or becomes invalid or impracticable in whole or in part or if there is a gap in this agreement, this shall not affect the validity of the remaining provisions hereof. Instead of an invalid provision, the provisions of the current legislation of Ukraine shall apply. If the application of the provisions of the legislation of Ukraine instead of an invalid or absent provision of the contract will lead to a conflict with other provisions of the agreement or will be disadvantageous for the parties in specific circumstances, the parties will be guided by the arrangements previously made on this issue in any form.

The Royal League

