



GENERAL CONDITIONS FOR THE PURCHASE OF PRODUCTS

PREAMBLE

1. These general conditions for the purchase of products (hereinafter referred to as “VNP_KS”) regulate the relations in purchasing Products between the company ABB s.r.o., with registered office at Sokolovská 84-86, postcode 186 00 Praha 8, company identification No.: 49682563, incorporated in the Commercial Register maintained by the Municipal Court in Prague in section C, insert 79391 (hereinafter referred to as “Purchaser”) and the Supplier. Any and all deviations from VNP_KS must be agreed upon in writing in the respective Contract. Provisions of the Contract shall have priority over the VNP_KS. Rights and obligations of the contracting parties not regulated in the Contract or VNP_KS shall be governed by the Act No. 513/1991 Col., Commercial Code, as amended.

DEFINITIONS

2. In these VNP_KS, the mentioned terms shall have the following meanings:
 - “Contract” means a written purchase agreement concluded between the parties or Purchaser’s written offer to create a contract, under the conditions and in the scope as confirmed by the Supplier in writing, including all its written annexes and amendments.
 - “Products” means the movable things specified individually or in kind and quantity according to the specification mentioned in the Contract.

FORMATION OF THE CONTRACT AND INFORMATION ON THE SUPPLIER

3. The offer to create a Contract proposed by the Purchaser shall be confirmed by the future Supplier in a term mentioned in the offer. If the term is not determined, then within five (5) working days after the offer delivery. In case of any deviations in the confirmation from the offer, the Contract shall not be created. This confirmation shall be deemed to be a new offer by the future Supplier, which shall create a Contract only on condition that the Supplier receives Purchaser’s statement of consent within fifteen (15) days from the delivery of the new offer.
4. Prior to the formation of the Contract, the future Supplier shall present an extract from Commercial Register (not older than three (3) months) to the Purchaser. If the Supplier is a natural person, who is not incorporated in the Commercial Register, he shall present an extract from Trade License Register. If the authorisation of the person signing the Contract to act on behalf of the Supplier is mentioned in the presented extract, such a person shall provide to the Purchaser its valid Power of Attorney.

PRODUCTS INFORMATION

5. All data concerning weight, dimensions, power output parameters, prices and other information mentioned in catalogue and price lists shall be binding only to the extent that they are by reference expressly mentioned in the Contract.

DRAWINGS AND TECHNICAL DESCRIPTIONS

6. All drawings and technical documents relating to the Products submitted by one party to the other, prior or subsequent to the formation of the Contract shall remain exclusive property of the submitting party and can only be used for the assembly, putting into operation, operation and maintenance of Products.
7. Without consent of the submitting party is the other party not allowed to use such documents, procure copies thereof, reproduce and disclose them to a third party. The end user of the Products shall not be deemed as such third party, as well as the persons cooperating with the Purchaser during the performance of an order for the end user of the Products.

TESTS BEFORE SHIPMENT

8. Performance of the tests before shipment has to be explicitly agreed upon in the Contract. Tests are being performed at the place of the

manufacture during the normal working hours and in accordance with the regulations applicable, as agreed upon in the Contract.

9. The Supplier shall notify the Purchaser of the date these tests are to be performed, at least five (5) business days in advance, to enable the Purchaser to be represented at the tests.
10. The Supplier shall bear all costs for the tests before shipment carried out at the place of the manufacture, except for the travelling, accommodation and other expenses of the Purchaser’s representatives, which shall be borne by the Purchaser.

DELIVERY OF PRODUCTS AND SUPPLIER’S DELAY

11. Unless agreed otherwise, the Supplier shall deliver the Products to the registered office of the Purchaser. The Products shall be deemed delivered on the day of the signature of an authorised representative of the Purchaser on a delivery note. Parts of the supply are also documents, relating to the subject of the Contract, necessary to its taking over and operation and/or documents required in the Contract.
12. Should the Supplier not be able to deliver duly and/or in time, he shall immediately notify the Purchaser of this fact and at the same time inform him, when the delivery shall occur.
13. The Supplier’s delay with the delivery of the Products duly and/or in time entitles the Purchaser to a contractual penalty against the Supplier, as of the date agreed in the Contract for delivery of the Products.

The contractual penalty shall be payable at a rate of 0,1% of the total price of the Products for each commenced day of delay.

SHIPPING DISPOSAL, PACKAGING

14. The Supplier shall dispatch the Products in such a packaging to ensure sufficient protection from damage during the transportation and possible storage in corresponding premises of the Purchaser. The Purchaser shall notify the Supplier of shipping instructions latest ten (10) days before the date of supply.
15. The Supplier shall inform the Purchaser in time, latest in the invoice, of the kind, quantity and price of returnable packaging that is part of the supply. The Supplier undertakes to repurchase this packaging from the Purchaser for the invoiced price.

PAYMENT CONDITIONS

16. The price is determined by an agreement in the Contract as a fixed and final price. The price entails everything mentioned in the technical specification of the Products, as well as all the expenses, fees, and other costs of the Supplier, relating to the sale and delivery of the Products.
17. The Purchaser’s delay with payment of his monetary obligations entitles the Supplier to an interest on late payment against the Purchaser amounting to 0,05% of the outstanding amount for each whole day of delay.
18. The invoice is due in sixty (60) days from its delivery. The right to issue an invoice will emerge on the day of the delivery of Products that must be proved by a delivery note signed by an entitled representative of the Purchaser.

The parties have agreed, that the invoice shall always include the following information:

- the number of the Contract and/or the Purchase Order (or description of Products)
- the amount of the invoice in total
- bank connection of the contractual parties

19. The Supplier shall issue an invoice without request, even where the law on VAT determines, that the Supplier shall issue an invoice only at Purchaser's request.
20. Before expiration of the maturity date, the Purchaser is at his own discretion entitled to either require a credit note or return the invoice, missing one of the legal or above agreed terms or entailing incorrect data, without payment. The Supplier shall, according to the nature of the inaccuracy, correct or issue anew the invoice. By the return of the invoice or by the notice of a credit note requirement, the original maturity date stops running. The whole maturity date starts running again from the day of delivery of corrected or newly issued invoice.
21. The Purchaser may withhold a part of the price of the Products from the Supplier amounting to 10% as a security for due fulfilment of the Supplier's obligations from Product defect liability and warranty undertakings. If the Purchaser will use this right of his, he shall release the security after an irrevocable bank guarantee is issued by a reputable bank, which provides a similar security for the period exceeding the warranty period for two months.
22. If the Contract requires the Purchaser to pay to the Supplier price or part of the price before delivery of the essential part of the Products, the Purchaser may condition fulfilment of such payment obligation by provision of sufficient security for the fulfilment of the Contract by the Supplier. This may be effected by provision of a bank guarantee or other tool acceptable for the Purchaser. Should the Supplier not provide such a security duly and in time, the Supplier may ask for the payment for the Products only after the delivery.
23. The Purchaser may offset any monetary claims against the Supplier from the Contract against the price of the Products. The Supplier may offset monetary claims from the Contract against the Purchaser only with Purchaser's consent.

OWNERSHIP, PASSING OF RISKS OF DAMAGE

24. Ownership of the Products and risks of damage to it shall pass to the Purchaser at delivery of the Products.

QUALITY, WARRANTY AND LIABILITY FOR DEFECTS

25. The Supplier shall comply with quality and technical requirements of the Purchaser and supply the Products in accordance with them. Should the Products be subject to approval by authorities, the Supplier shall obtain this approval and ensure compliance with relevant regulations at his own costs and in time. The Products shall be provided with appropriate labelling.

Following a written request of the Purchaser, the Supplier shall in a suitable manner provide a quality assurance of the specific supplies (present quality management plans, quality control protocols, test protocols). The Supplier shall provide the quality assurance at its own costs. For this purpose, skilled representatives of the Purchaser shall have access to the premises of the Supplier.

26. The warranty period is twenty four (24) months from passing of risks of damage of the Products to the Purchaser.
27. Should a defect occur during the warranty period, the Supplier shall immediately after a written notification of defect by the Purchaser adopt sufficient measures to their remedy or to satisfaction of other claims from defects. The Supplier shall provide remedy in an adequate time. The contractual parties have agreed that a technically adequate time for removable defects is forty eight (48) hours after notification, for irremovable defects it is ten (10) days after notification. If the Supplier fails to satisfy the claims in terms mentioned above, the Purchaser is entitled to have at Supplier's expenses the defects removed by a third person, require a discount from the price or withdraw from the Contract.

INSURANCE

28. The Supplier shall to his own account establish and keep in validity or make sure they will be established and kept in validity during the performance of the Contract at least three policies further given:
 - a) production insurance, including the premises, where the Products are manufactured
 - b) insurance of cars, that perform the transport of the Products to the place of destination, incl. insurance of the load
 - c) third party liability insurance amounting to at least CZK 5,0 mil.

CONFIDENTIALITY OF INFORMATION

29. The Supplier shall treat the information he gains from the Purchaser in connection with the fulfilment of the Contract, including the Contract itself, as confidential information.
30. The Purchaser may ask for a contractual penalty amounting to CZK 100,000 for every single violation of undertaking of the Supplier under Art. 29 above.

FORCE MAJEURE

31. Both parties are entitled to suspend performance of their obligations under the Contract for the time of duration of the circumstances excluding the liability (hereinafter referred to as "Force Majeure"). The Force Majeure is deemed to be the obstacle which arose independently of the liable party's will and that prevents this party from performing its obligation, provided that it cannot be reasonably expected that the liable party could avert or overcome such an obstacle or its consequences, and further that the occurrence of such an obstacle was unpredictable at the time of formation of the Contract.

Examples of the Force Majeure include especially: strike, epidemic, fire, natural disaster, mobilisation, war, insurrection, seizure of goods, embargo, ban on foreign exchange transfer, electric power taking regulation that is not culpable, terrorist attack etc.

32. The Force Majeure makes it impossible to claim contractual penalties against the party affected by the Force Majeure.
33. The party claiming to be affected by the Force Majeure shall notify the other party of this event without delay in writing and take all possible measures to reduce the consequences of non-performance of the contractual obligations.
34. Should the Force Majeure last for more than one (1) month, both parties are entitled to withdraw from the Contract.

WITHDRAWAL FROM THE CONTRACT

35. In case of material breach of the Contract (including these VNP_KS) is the Purchaser entitled to withdraw from the Contract. Material breach especially means a violation of an obligation:
 - to deliver Products duly and/or in time; or
 - to fulfil the obligation from the liability for defects duly and/or in time; or
 - to fulfil warranty obligations duly and/or in time; or
 - according to Art. 28 VNP_KS; or
 - according to Art. 29 VNP_KS.

36. The above mentioned does not affect the right of the contractual parties to withdraw from the Contract for reasons provided in law.
37. The withdrawal from the Contract does not affect sanction and reparation claims, especially claims for contractual penalty, interests on late payment and compensation for damage.

SETTLEMENT OF DISPUTES

38. Any and all disputes under the Contract, including the disputes in connection with formation and validity thereof, shall be settled by the Arbitration Court at the Economic Chamber of the Czech Republic and the Agricultural Chamber of the Czech Republic in Prague in accordance with the Act No. 216/1994 Col., on arbitrary proceeding. The arbitration board shall consist of three (3) arbitrators. The parties shall appoint one (1) arbitrator each. The third arbitrator, the chairmen, shall be appointed upon agreement of the first two arbitrators. Should these arbitrators fail to reach an agreement, the third arbitrator shall be appointed by the chairman of the above-mentioned Arbitration Court.

COMPLIANCE

39. The Supplier hereby warrants that it will not, directly or indirectly, and it has no knowledge that other persons will, directly or indirectly, make any payment, gift or other commitment to its customers, to government officials or to agents, directors and employees of the Purchaser or any other party in a manner contrary to applicable laws (including but not limited to the U.S. Foreign Corrupt Practices Act and, where applicable, legislation enacted by member States and signatories implementing the OECD Convention Combating Bribery of Foreign Officials) and shall comply with all relevant laws, regulations, ordinances and rules regarding bribery and corruption.

40. Nothing in the Contract shall render the Purchaser liable to reimburse the Supplier for any such consideration as mentioned in Article 39 given or promised.
41. The Supplier's violation of any of the obligations contained in Article 39 above may be considered a material breach of the Contract and shall entitle the Purchaser to terminate the Contract with immediate effect and without prejudice to any further right or remedies on the part of the Purchaser under the Contract or applicable law. The Supplier shall indemnify the Purchaser for all liabilities, damages, costs or expenses incurred as a result of any such violation of the above mentioned obligations and termination of the Contract.
42. The Supplier herewith acknowledges and confirms that he has received a copy of ABB's Code of Conduct or has been provided information on how to access the Code of Conduct online (portal: www.abb.cz; after running search of: "Code of Conduct" through the search window, you will receive a reference to page where you may download the document in pdf. format). The Supplier agrees to perform its contractual obligations under the Contract with substantially similar standards of ethical behavior as those contained in the ABB's Code of Conduct.
43. The Purchaser has established the following reporting channels where the Supplier and its employees may report suspected violations of applicable laws or the Code of Conduct:
 - Telephone: number +41 43 317 33 67; or
 - Web portal: www.abb.com/ethics

FINAL REGULATIONS

44. The Purchaser is entitled to demand on the Supplier compensation for damages arising from violation of an obligation sanctioned by a contractual penalty, in the amount exceeding the contractual penalty.
45. The Supplier is not entitled to assign any of his rights or duties from the Contract to any third person without former written consent of the Purchaser.