



Memorandum of Understanding

This Memorandum of Understanding (hereinafter referred to as the "Memorandum") is concluded
between

"ASSOCIATION OF EUROPEAN BUSINESSES" Non-Profit Making Partnership,
hereinafter referred to as the "AEB",

and

the Association "RUSSIAN AUTOMOBILE DEALERS"
hereinafter referred to as the "ROAD",

together as "Parties", and individually as a "Party".

Moscow, April 11, 2018



WHEREAS:

- the AEB contains the Automobile Manufacturers Committee, which unites 26 automotive companies in the Russian Federation (hereinafter referred to as "Members of the Automobile Manufacturers Committee") as of the date of signing of the Memorandum;
- the ROAD on the date of signing of the Memorandum unites 173 full members who represent 1079 official dealerships (this notion in the Memorandum also includes official service dealerships) engaged in the sale of new cars and their service in the Russian Federation (hereinafter referred to as "ROAD Members");
- the Parties are in favour of an open dialogue, transparency of relations, the creation of fair, open and bona fide rules of competition, as well as for the extrajudicial settlement of disputes between participants of the Russian new cars sale market;
- current Russian legislation does not directly regulate certain aspects of the relations between car manufacturers/distributors and official dealerships;
- on 6 December 2013, the AEB Automobile Manufacturers Committee received an approval from the Federal Antimonopoly Service of the Russian Federation and published the Code of Conduct, to which, as of the date of signing the Memorandum, 21 Members of the Automobile Manufacturers Committee have joined (hereinafter referred to as the "Code of Conduct");
- on 21 December 2015, the AEB Automobile Manufacturers Committee received an approval from the Federal Antimonopoly Service of the Russian Federation and published Recommendations for possible implementation of conditions of the Code of Conduct (hereinafter referred to as the "Recommendations");
- the AEB considers that the Code of Conduct and the Recommendations can be combined into a single document that establishes the good practices of car manufacturers/distributors (Appendix No. 1);
- the ROAD also developed good practices of official dealerships (Appendix No. 2);
- the Parties agreed to combine these good practices of car manufacturers / distributors and official dealerships in a single document in order to create uniform transparent rules of cooperation for participants of the Russian new cars sale market (hereinafter referred to as the "Good Practices"),

the Parties agreed as follows:



1. Goal of the Good Practices

- 1.1. The Parties agreed that the Good Practices set out in Appendices No. 1 and No. 2 should be to set the minimum standards that respective participants of the Russian new cars sale market should comply with.
- 1.2. The Parties acknowledge that the Good Practices do not exclude or replace legislative regulation, but only supplement it in those parts that are not regulated in detail. The Parties also recognise that they do not see the need for additional (special) legislative regulation of the relations between car manufacturers/distributors and official dealerships.
- 1.3. The Parties are interested in the maximum number of the Members of the Automobile Manufacturers Committee and the Members of the ROAD joining the Good Practices.
- 1.4. The Parties are interested in the fact that the Good Practices set out in the Memorandum are followed not only by the Members of the Automobile Manufacturers Committee and the Members of the ROAD who have joined the Good Practices, but also by any other person working in the Russian new cars sale market.

2. Joining the Good Practices

- 2.1. The signing of the Memorandum by the AEB and the ROAD does not mean that the Members of the Automobile Manufacturers Committee and the Members of the ROAD automatically join the Good Practices.
- 2.2. The Members of the Automobile Manufacturers Committee and the Members of the ROAD join the Good Practices by sending to the AEB or the ROAD (depending on whether a Member of the Automobile Manufacturers Committee or a Member of the ROAD is joining) an application form to join as provided in Appendixes No. 3 and No. 4.
- 2.3. The condition of joining the Good Practices by the Members of the Automobile Manufacturers Committee and the Members of the ROAD shall be to take over an obligation to adhere to the good business principles stated in these Good Practices.
- 2.4. Each of the Parties undertakes to maintain registers of the Members of the Automobile Manufacturers Committee and the Members of the ROAD who have joined the Good Practices.
- 2.5. Other persons can join the Good Practices after the Memorandum enters into force (p. 4.1 of the Memorandum) by simultaneously sending the AEB and ROAD a notification of accession to the relevant Good Practices.
- 2.6. Accession to the Good Practices by other persons does not entail their automatic membership in the AEB/Automobile Manufacturers Committee or the ROAD, nor does it entail any rights or obligations related to the Memorandum, other than the obligation to comply with the Good Practices they have joined.

3. Publication

- 3.1. The Parties agreed, immediately after signing the Memorandum, to provide the Members of the Automobile Manufacturers Committee and the Members of the ROAD, respectively, with



information about it and its signing.

- 3.2. In order to ensure public disclosure and transparency of the initiatives enshrined in the Memorandum, the Parties agreed:

3.2.1. after signing the Memorandum, to publish the Good Practices on their official websites - www.aeprus.ru and www.asroad.ru;

3.2.2. after signing of the Memorandum, to publish and regularly update the web-site information about Members of the Automobile Manufacturers Committee and Members of the ROAD who have joined the Good Practices (p.2.4 of the Memorandum);

3.2.3. after the entry into force of the Memorandum (p. 4.1 of the Memorandum), to publish relevant information on the Parties' official websites;

4. Entry into force

- 4.1. The Memorandum shall enter into force on the next day after the following conditions are met in aggregate:

4.1.1. 14 (fourteen) Members of the Automobile Manufacturers Committee joined the Good Practices of car manufacturers/distributors;

4.1.2. 88 Members of the ROAD joined the Good Practices of official dealerships.

- 4.2. The provisions of clauses 3.1., 3.2.1.-3.2.2. enter into force from the moment the Memorandum is signed by both Parties.

5. Exchange of information

- 5.1. The AEB Automobile Manufacturers Committee and the ROAD agreed to hold regular meetings to exchange experience and information on the practice of implementing and applying the provisions of the Memorandum and the Good Practices.

- 5.2. The Parties agreed to notify each other of any known cases of systematic breach of the Good Practices by the Members of the Automobile Manufacturers Committee and the Members of the ROAD, and also conduct consultations in order to find mutually acceptable solutions.

- 5.3. The Parties agreed after the entry into force of the Memorandum to discuss the necessity and possibility of establishing a conciliation commission (or other similar body) to consider possible disputes related to implementation / non-implementation of the Good Practices between Members of the Automobile manufacturers Committee and members of ROAD who had joined them.

6. Duration of the Memorandum. Termination

- 6.1. The Memorandum is concluded for an indefinite period.

- 6.2. Any of the Parties has the right to immediately terminate the Memorandum by sending a respective notification to the other Party should the number of the Members of the



Automobile Manufacturers Committee and/or the Members of the ROAD who have joined the Good Practices become lower than it is set by clauses 4.1.1 and 4.1.2.

- 6.3. The termination of the Memorandum does not entail the termination of the Good Practices for those who have joined them.
- 6.4. The Members of the Automobile Manufacturers Committee and the Members of the ROAD who have joined the Good Practices have the right at any time to by notifying the AEB or ROAD (depending on whether a Member of the Automobile Manufacturers Committee or a Member of the ROAD withdraws).

7. Language


- 7.1. The Memorandum is made in two copies, each of which is in two languages - Russian and English - one copy in Russian and one copy in English for each Party. In case of discrepancies between the Russian and the English versions of the Memorandum, its Russian versions shall prevail.

8. Appendix

Appendix No.1	The Good Practices of car manufacturers/distributors;
Appendix No.2	The Good Practices of official dealerships;
Appendix No.3	Application form for car manufacturers/distributors to join the Good Practices;
Appendix No.4	Application form for official dealerships to join the Good Practices.

9. Signatures of the Parties

Non-Profit Making Partnership "ASSOCIATION OF EUROPEAN BUSINESSES"



Frank Schauff
CEO



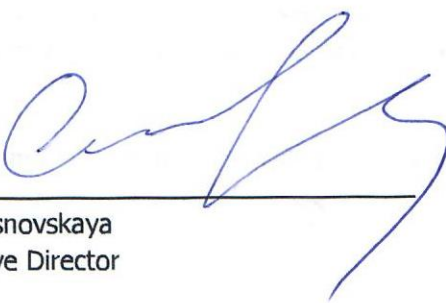
Joerg Schreiber
Chairman, Automobile Manufacturers Committee

L.S.

Association "RUSSIAN AUTOMOBILE DEALERS"



Oleg Moseev
President



Lola Sosnovskaya
Executive Director

L.S.



The Good Practices of car manufacturers/distributors

1. Authorisation of sales and full-size dealerships

The decision whether, where and when to appoint a sales or a full-size (sales and service) dealer should lie with the car manufacturers / distributors (each for itself). The car manufacturers / distributors should establish transparent, grounded and collegiate processes for the selection of candidates to sales (if any) and/or full-size dealerships. Apart from other criteria, such candidates should meet respective compliance and reputational requirements of the respective car manufacturer / distributor.

Although Letters of intent and Memorandums of understanding signed with candidates to dealerships are not binding (not preliminary) agreements under Russian law, the car manufacturers / distributors should stick to their terms and conditions and should not groundlessly terminate them or refuse signing dealer agreements in case the candidate duly and timely fulfils all agreed terms and conditions as well as meets respective requirements (including compliance and reputational ones applied by the respective car manufacturers / distributors) by the time of the dealer agreement signing.

The above provisions can be implemented by one or more (not limited) of the below means:

- Development of internal policy (another similar document) for authorisation of dealers and/or full-sized dealers, including, in particular, the criteria, terms of consideration, determination of responsible persons, decision-making procedures
- Authorisation of sales dealers and/or full-size dealers under this internal policy
- A mandatory provision of the basic principles and decision-making timeframes of the internal policy to the candidates at a request of the latter, although posting internal policy on a website is not mandatory
- Non-inclusion in the letter of intent (similar documents) the terms of unilateral refusal of their fulfilment by the car manufacturer / distributor with no breach on the part of the candidate/dealer.

2. Authorisation of service dealers

The car manufacturers / distributors should envisage a possibility to authorize official service dealers (without sales). This is required in those regions where there is a need for service but no sufficient demand for a (additional) sales point. Those car manufacturers / distributors, which do not have qualitative selection systems for official service dealers, should publish plans of their official service dealers network expansion based on a realistic evaluation (whether made by the car manufacturer / distributor itself or by an independent agency) of the market potential (if there is any potential) for



official service dealers in the regions and establish competitive selection processes for candidates willing to apply for service dealerships in such regions according to the mentioned plans.

The above provisions can be implemented by one or more (not limited) of the below means:

- Development of internal policy (another similar document) for authorising service dealers, including, in particular, the criteria, period of consideration, determination of responsible persons, decision-making procedures;
- Authorisation of service dealers under this internal policy;
- Mandatory provision of the basic principles and decision-making timeframes of the internal policy to the candidates at a request of the latter, although posting internal policy on a website is not mandatory.

3. Requirements to facilities of official dealers

The requirements to facilities of official dealers (in particular, sizes of land plots, show-rooms and service stations) should have an economic basis and be based on the evaluation of the market potential. The car manufacturers / distributors shall have the right to demand dealer facility adherence to the corporate style and brand standards.

The car manufacturers / distributors should not require additional investments into facilities within 5 years of their commissioning, if such investments are not objectively required due to changes in models of vehicles to be sold and/or technologies to be used by official dealers and/or standards of the distributor and/or the original vehicle manufacturer.

The car manufacturers / distributors should, if possible, recommend to the official dealers several manufacturers of recommended corporate identity elements, furniture and finishing materials. If there are alternative suppliers of corporate identity elements, furniture and finishing materials, the quality of which corresponds to the "like, kind, quality" requirements of the respective original vehicle manufacturer and/or distributor and has been approved by the vehicle manufacturer and/or car manufacturers / distributors, the Members should not hinder official dealers in purchasing the said goods from such alternative manufacturers. The car manufacturers / distributors shall inform official dealers of such approval procedure.

The above provisions can be implemented by one or more (not limited) of the below means:

- Development of standardised requirements for buildings;
- Development of a standardised methodology for calculating facilities' sizes;
- Informing candidates/dealers (at their request) about recommended manufacturers of corporate identity elements, furniture and finishing materials if possible and upon their availability;
- If there is only one recommended manufacturer of corporate identity elements and/or furniture and/or finishing materials, development of assessment procedure (or another similar document) for alternative manufacturers and informing relevant candidates/dealers about its terms by request of the latter.

4. Dealer appointment policy

The car manufacturers / distributors (each for itself) should develop a document governing



relationship with candidates to official dealers, including requirements to candidates to official dealers, general terms of co-operation, a procedure for documents submission, as well as procedures and timeframes for making decisions on the conclusion of, or refusal to, conclude dealer agreements. The car manufacturers / distributors should provide such information to candidates to official dealers

The above provisions can be implemented by one or more (not limited) of the below means:

- Approval of internal policy (another similar document) on the authorisation of sales dealers and / or full-size dealers and internal policy (other similar document) for authorisation of service dealers (Provisions 1 and 2 of the Good Practices for car manufacturers / distributors) by senior management;
- Informing decision-makers (responsible persons) within the car manufacturing / distribution company of these internal policies (or other similar documents).

5. Duration of agreements with official dealers

Dealer agreements should be concluded for not less than 5 years or for an unlimited term (hereinafter jointly referred to as "long term dealer agreement"). The dealer agreement could be concluded for a shorter period (less than 5 years) if there are grounded reasons defined by the car manufacturers / distributors and established in the car manufacturers / distributors 's dealer appointment policy or in a corresponding agreement (hereinafter referred to as "short term dealer agreements"). Short term dealer agreement can be concluded, specifically, in case an official dealer does not possess respective facilities (e.g. rents them) or has not made investments into development of the dealer business according to an agreed business plan. The car manufacturers / distributors should inform any candidate, which is applying for the dealership, before signing the dealer agreement about conditions, according to which the term of the dealer agreement will be less than 5 years

The above provisions can be implemented by one or more (not limited) of the below means:

- Fixing the terms of the Dealer agreement given in the Good Practices for car manufacturers / distributors in the internal policies or other similar documents (provisions 1, 2 and 4 of the Good Practices for car manufacturers / distributors);
- Fixing these terms in the Dealer agreements.

6. No discrimination of official dealers

The car manufacturers / distributors should not establish discriminatory conditions for official dealers within a dealer network (specifically, conditions of vehicles and spare parts distribution and delivery, provision of discounts). In certain cases such conditions may vary depending on economic, technological and other factors, such as the location of official dealers, their purchase volumes, investments made and other objective criteria.

The above provisions can be implemented by one or more (not limited) of the below means:

- Discounts/bonus/award systems, etc. should be transparent and should not contain terms which allow dealers to be provided with economically unjustifiable different terms;
- Discounts/bonus/award systems, etc. may be included in the Dealer agreements, or brought to



their attention by other means beforehand;

- In case of a unilateral increase in the sales plan by the car manufacturer / distributor, the agreement should not be terminated if the official dealer does not fulfil the increased plan.

7. Re-selling price and price of labour hours

The car manufacturers / distributors should not establish any fixed retail prices of automotive products as well as prices for labour hours for non-warranty repairs for official dealers, with exception being made for the establishment of maximum prices.

The above provisions can be implemented by one or more (not limited) of the below means:

- Exclusion of terms on a fixed price for resold goods and on a fixed price for a labour hour from agreements with dealers;
- Exclusion of terms on a fixed price for resold goods and on a fixed price for a labour hour from the policies/ guidelines (other similar documents), brought to the attention of dealers;
- Car manufacturers / distributors have the right to set the maximum price of resold goods and the maximum price of a labour hour.

8. Sale of special equipment and special tools to official dealerships

If there are several suppliers of recommended special equipment and special tools for service stations required for preliminary treatment, maintenance and repairs of the vehicles of the given brand or there are alternative suppliers of these goods, the quality of which corresponds to the "like, kind, quality" requirements of the vehicle manufacturer and has been approved by the respective car manufacturer and/or the respective distributor, the car manufacturers / distributors shall provide official dealers the possibility to choose between those suppliers themselves. If possible, official dealers may import the mentioned goods themselves unless it violates IP rights of the original vehicle manufacturer and/or the distributor and/or the customs legislation of the Russian Federation. The car manufacturers / distributors has the right to establish a list of special tools and equipment which directly or indirectly allow interference in anti-theft, active and passive security systems of a vehicle, specifically, alarm and tracking systems, immobilisers, locking and entry systems, electronic control units, airbags, safety belts and similar (hereinafter jointly referred to as "vehicle security systems"), which can be purchased only from the car manufacturers / distributors or suppliers approved by the Member and/or the original vehicle manufacturer. The car manufacturers / distributors, which sell special equipment and special tools directly to official dealers themselves, should refrain from setting forth unmotivated high prices for such special equipment and special tools.

The above provisions can be implemented by one or more (not limited) of the below means:

- If there are several suppliers of recommended special equipment and/or special tools, informing the candidates/dealers at their request about such recommended suppliers;
- If there is only one recommended supplier of special equipment and/or special tools, the development of assessment procedure (other similar document) of alternative suppliers and informing relevant candidates/dealers about its terms by request of the latter;

- A broad interpretation of a definition of the "car safety systems" is unacceptable;
- Establishing a list of "car safety systems", if it is used when limiting sales to candidates/dealers.

9. "Original spare part", "identical spare part" and "spare part of matching quality"

"Original spare parts" – spare parts produced by the original vehicle manufacturer or for the original vehicle manufacturer under its instruction/order by an original spare parts manufacturer, as well as those distributed by the car manufacturers / distributors or any other official distributors of the original vehicle manufacturer and marked with the trademark of the original vehicle manufacturer.

"Identical spare parts" – parts produced by the original vehicle manufacturer or for the original vehicle manufacturer under its instruction/order by an original spare parts manufacturer, fully equivalent to the original spare parts, but not marked with the trademark of the original vehicle manufacturer, as well as those distributed by the car manufacturers / distributors or any other official distributors of the original vehicle manufacturer.

"Spare parts of matching quality" – spare parts which are of the same quality as original spare parts but not distributed by the car manufacturers / distributors or any other official distributors of the original vehicle manufacturer, not marked with its trademark and produced either by the manufacturer of original spare parts or by any other manufacturer according to the standards of the original vehicle manufacturer, as well as those for which documents confirming their approval for use by the respective original vehicle manufacturer are available. The obligation to prove the matching quality of such spare parts should lie with the respective spare parts supplier or the dealer.

The above provisions can be implemented by one or more (not limited) of the below means:

- Inclusion of respective terms in the Dealer agreements or other documents associated with such agreements brought to the attention of dealers;
- If the original vehicle manufacturers/auto-distributor has no category of spare parts that fall under the definition of "identical parts" in the Good Practices for car manufacturers / distributors, only use of the "original spare parts" and "spare parts of matching quality" categories is possible.

10. Warranty repairs

Warranty repairs and other repairs paid by the auto-distributors and/or original vehicle manufacturers should be conducted only by official dealers.

The car manufacturers / distributors may require using only original and/or identical spare parts for warranty repairs and other repairs paid by the auto-distributor and/or original vehicle manufacturers

The above provisions can be implemented (not limited) by the below mean:

- Inclusion of respective terms in the Dealer agreements and/or inclusion of respective terms in the policies/ guidelines (other similar documents), brought to the attention of dealers.



11. Spare parts of matching quality for maintenance and non-warranty repairs

The car manufacturers / distributors should not forbid the official dealers to use spare parts of matching quality for maintenance and non-warranty repairs after the expiration of the warranty period.

The car manufacturers / distributors shall have the right to demand that official dealers use only original and/or identical spare parts for maintenance and non-warranty repairs during the warranty period, if prices for such original and/or identical spare parts are at the market level (compared with prices for spare parts of matching quality supplied by official distributors of manufacturers of such spare parts of respective quality in Russia and officially imported by those distributors into Russia).

The car manufacturers / distributors shall have the right to demand that official dealers do not use any other (than original spare parts, identical spare parts or spare parts of matching quality) spare parts for maintenance and non-warranty repairs.

In case official dealers wish to offer spare parts of matching quality for maintenance and repairs as well as sell them to the customers, the car manufacturers / distributors may require from official dealers

- to provide sufficient proofs that such spare parts are of matching quality;
- to provide proofs that such spare parts have been officially imported into Russia and customs cleared in accordance with the legislation;
- to offer such spare parts only as alternatives to original and/or identical spare parts.

The car manufacturers / distributors shall have the right to demand that official dealers inform customers (specifically, by including such information into price lists or in any other way provided for by law) in writing before handing over spare parts of matching quality and before using them for maintenance and repair purposes that the auto-distributors and/or original vehicle manufacturers do not bear any liability for the quality of these spare parts and for possible consequences arising from their installation in the vehicle.

In any case, the car manufacturers / distributors may require a clear physical separation of zones, where spare parts of matching quality are kept for storage and sold from those, where original and/or identical spare parts and other original products are stored and sold. Each Member may require from official dealers not to display spare parts of matching quality in showrooms of the respective brand. The conditions of this paragraph are necessary to preclude any confusion (in particular, in respect of the trademarks) and to prevent the transfer of the original vehicle manufacturer's goodwill (clients, reputation, image etc.) to other brands, and preclude any other unjustified commercial exploitation of the original vehicle manufacturer's brand.

The above provisions can be implemented (not limited) by the below mean:

- Inclusion of respective terms in the Dealer agreements and/or inclusion of these terms in the policy/ guidelines (or other similar documents), brought to the attention of dealers.

12. Non-warranty repairs and maintenance of vehicles of other brands by official dealers

The car manufacturers / distributors should not prohibit official dealers from carrying out maintenance and making non-warranty repairs of cars of other brands provided that the dealers meet certain conditions and standards set forth by the car manufacturers / distributors. In particular, in such cases official dealers should clearly physically separate respective clients' receptions, direct dialogue bays and other specific zones where interaction with clients of the brand represented by the official dealer take place in order to preclude any confusion with other brands (in particular, their trademarks) and their clients, prevent the transfer of original vehicle manufacturer's goodwill (clients, reputation, image etc.) to other brands. In any case, clients of the brand represented by the official dealer should have



priority. The car manufacturers / distributors (each for itself) have the right to stipulate additional requirements to official dealers which want to carry out maintenance and non-warranty repairs of cars of other brands.

The above provisions can be implemented (not limited) by the below mean:

- Inclusion of respective terms in the Dealer agreements and/or inclusion of these terms in the policies/ guidelines (or other similar documents), brought to the attention of dealers.

13. Termination of dealer agreements

In case of termination of a dealer agreement based on its breach, the car manufacturers / distributors should detail reasons for such termination in writing.

The car manufacturers / distributors should have the right to immediately terminate the dealer agreement in case of its material breach, provided that the grounds for such immediate termination are clearly envisaged in the agreement and known to the official dealer. In case of a non-material breach of the dealer agreement, the car manufacturers / distributors should give the official dealer a reasonable time period to eliminate such a breach before terminating the agreement.

The above provisions can be implemented by one or more (not limited) of the below means:

- Inclusion of terms of termination in the Dealer agreements and / or in other documents associated with such agreements brought to the attention of dealers;
- Inclusion of a list of important breaches, allowing for immediate termination of the agreement by the manufacturer / distributor with dealers, into the Dealer agreements;
- Inclusion of clauses in the Dealer agreement that, in the case of a non-essential breach of the agreement, the dealer should be given the opportunity to within a reasonable timeframe.

14. Sale of corporate identity elements, special equipment and special tools to independent service repairers

Corporate identity elements, especially those which bear trademarks of the original vehicle manufacturer, should be sold/leased to official dealers only.

Independent repairers should have a possibility of purchasing/leasing special equipment and special tools, provided that they meet respective compliance and reputational requirements of the car manufacturers / distributors. The car manufacturers / distributors may refuse selling/leasing special equipment and special tools to independent repairers if there are other similar solutions available for the latter on the market (for instance, if other suppliers of such goods or analogous goods are available on the market), of which the car manufacturers / distributors should notify independent repairers when contacted on this matter.

The car manufacturers / distributors may refuse selling/leasing (may prohibit their agents and partners, which are engaged in supply of their special equipment and special tools to sell/lease) to independent repairers those special equipment and special tools which directly or indirectly allow interference in vehicle security systems.

The above provisions can be implemented by one or more (not limited) of the below means:

- Development of internal procedures (other similar document) or the introduction of respective amendments in the dealer agreement (depending on the type of the work with independent service stations) on the procedure for the sale/lease of special equipment and special tools to independent repairers;
- Bringing the basic principles of this procedure to the attention of independent repairers (when selling or leasing) at a request of the latter;
- A broad interpretation of the notion of "car safety system" is unacceptable;
- Establishment of a list of "car safety systems", if used when limiting sales/leasing to independent repairers;
- In the absence of direct sales and sales through dealers of special equipment and special tools, as well as in the absence of their direct leasing or leasing through the dealers and given the availability of alternative solutions, to bring the information about alternative suppliers to the attention of independent repairers at a request of the latter.

15. Sale of original and identical spare parts to independent repairers

The car manufacturers / distributors should not prohibit their official dealers from selling original and/or identical spare parts to independent repairers for their maintenance and repair purposes.

The car manufacturers / distributors should decide themselves whether to sell original and/or identical spare parts directly or to establish small-batch sales programs for independent repairers through the existing official dealers or to create other programmes to secure sale of original and/or identical spare parts to independent repairers on non-discriminatory conditions. Those car manufacturers / distributors and official dealers, which sell original and/or identical spare parts to independent repairers, could establish conditions for independent repairers wishing to participate in such wholesale and small-batch sales programs, such as the necessity to conclude an agreement, requiring certain purchase volumes, usage of special IT soft and hardware, provision of certain documents, meeting reputational and compliance requirements etc. In any case official dealers of the car manufacturers / distributors should have a priority.

The car manufacturers / distributors may prohibit selling original and/or identical spare parts, which are linked to the vehicle security systems, to independent repairers. The car manufacturers / distributors should (each for itself) approve internal documents defining such spare parts.

The above provisions can be implemented by one or more (not limited) of the below means:

- Development of an internal procedure (other similar document) or the introduction of amendments in the Dealer agreement (depending on the type of the work with independent repairers) on the procedure for the sale/lease of special equipment and special tools to independent repairers;
- Bringing the basic principles of this procedure to the attention of independent repairers (when selling directly) by a request of the latter;
- A broad interpretation of the notion of the "car safety systems" is unacceptable;
- Establishment of the list of "car safety systems", if used when limiting sales to independent repairers.

16. Access of independent repairers to databases with spare parts catalogues and repair technologies

Independent repairers may receive access to databases with spare parts catalogues and repair technologies, however not automatically upon application (by default) but subject to the fulfilment of conditions defined by the car manufacturers / distributors (each for itself). Such conditions could include obligations (non- discriminatory towards official dealers) to conclude respective agreements (including licence agreements), to pay fees and royalties, to use special IT soft and hardware, to provide certain documents etc. Also, the car manufacturers / distributors could require submission of adequate proofs confirming that the independent repairer meets respective compliance and reputational requirements of the car manufacturers / distributors.

The car manufacturers / distributors may refuse granting the mentioned access to independent repairers if there are other similar solutions available for the latter on the market (for instance, if other providers rendering similar services on similar conditions are available on the market) and/or if there is no permission of respective right holders (in case the car manufacturers / distributors use these tools on the bases of licence agreements), of which the car manufacturers / distributors should notify independent repairers when contacted on this matter. The car manufacturers / distributors may limit the said access only to information that contains no data on vehicle security systems.

Providing access to databases with spare parts catalogues and repair technologies should not imply automatic provision of services on spare parts selection or implementation of repair technologies. In case the car manufacturers / distributors decide to render such services to independent repairers, it can provide them for a fee.

The above provisions can be implemented by one or more (not limited to) of the below means:

- Development of an internal procedure (other similar document) of provision independent repairers with access to databases containing spare parts catalogues and repair technologies;
- In case of non-provision of the access to the said databases due to the availability of alternative solutions, to bring the information about such alternative solutions to the attention of independent repairers if requested of the latter;
- A broad interpretation of the notion of the "car safety system" is unacceptable;
- Establishment of a list of "car safety systems", if used when limiting sales to independent service stations.

17. Trainings

Each car manufacturers / distributors should make independent decisions on providing trainings (especially, technical trainings) either to official dealers only or for other parties as well (specifically, for independent repairers).

The above provisions can be implemented (not limited) by the below mean:

- Development of internal procedure (other similar document) if the training sessions are conducted not only for official dealers.



The Good Practices of Official dealership

1. Provision of information to customers about the terms and conditions of car sales

Official dealerships should convey reliable information to the customers about the price of cars, the delivery terms and conditions, and options included in the base price of cars.

2. Handover of cars to customers

Official dealerships should avoid unreasonable delays in the handover of cars ready for delivery to customers after receiving payment from them.

Official dealerships should not hand over cars to customers or lending institutions that are not paid to without the consent of car manufacturer/distributor,

3. Provision of information to car manufacturers/distributors

Official dealerships should not provide car manufacturers/distributors with knowingly false information supported by the corresponding falsification of documents (customer sales contracts, Vehicle Registration Certificate copies, bank guarantees, other guarantees, etc.) in order to obtain awards/bonuses/discounts.

4. Provision of discounts/benefits to customers through joint promotion campaigns with car manufacturers/distributors

When participating in joint car promotion campaigns with car manufacturers/distributors, official dealerships should make available to customers all discounts/benefits and not only those offered solely by the car manufacturers / distributors. Or, in the case of promotions held only by car manufacturers/distributors, official dealerships should not receive discounts/benefits from car manufacturers/distributors whilst not passing them on to customers.

5. Compliance with the recommended number of labour hours for certain types of work

Official dealerships should not unreasonably overstate the recommended number of labour hours for certain types of work.

6. Performance of warranty repair work

Official dealers should faithfully fulfil their obligations for warranty service, as well as meet the requirements of car manufacturers / distributors in terms of standards of repair works. In particular, the official dealerships should not mislead customers by charging them for the warranty works that should be performed free of charge.



7. Non-standard and unapproved equipment

Official dealerships should not install additional non-standard equipment that is not approved by the car manufacturer/distributor (or perform modifications/tuning) that can affect car safety systems (active and passive safety systems and components, and anti-theft systems including alarms and tracking systems, immobilisers, locking and access systems, and electronic control units and similar systems). In any case, official dealerships should inform customers in writing (including by posting information on price lists or in other ways established by law) before installing such equipment that it is not approved by the car manufacturer/distributor and that the car manufacturer/distributor is not liable for the quality of such equipment or for any possible negative consequences which may arise from its installation in the car.

8. Non-original spare parts

Official dealerships should not mislead customers when selling /using non-original spare parts. In particular, official dealerships should agree in advance with the customer on the use of such spare parts instead of original spare parts. In any case, before supplying/using non-original spare parts, official dealerships should inform customers in writing (including by posting information on price lists or by other established by law means) that the customer is purchasing non-original spare parts.

9. Timeframes for opening dealerships and dealership standards

Official dealerships should fulfil their obligations to open dealerships within the agreed timeframes and/or in accordance with the agreed standards.

10. Termination of dealer agreements

Official dealerships should not unilaterally terminate dealer agreements without an advance notice to car manufacturers/distributors. The official dealership should have the right to immediately terminate the dealership agreement in case of its significant breach by the car manufacturer /distributor

11. Fulfilment of obligations to customers by the party to the dealership agreement

Official dealerships should ensure that the sale of cars, repair and maintenance services are performed by the party to the dealership agreement, except in cases agreed by the car manufacturer/distributor.

12. Disclosure of financial position

Official dealerships should immediately disclose to car manufacturers/distributors information about the poor financial situation of the official dealership (its affiliates), if that may somehow adversely affect the ongoing and everyday operations of the official dealership.

13. Prohibition of collusion

Official dealerships should not participate in collusion with dealerships, in particular in collusion of the official dealerships of the same brand in the same sales region, for example, with respect to the size of discounts, the cost of a labour hour, etc.

14. Observance of fair competition practices



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Official dealerships should not resort to unfair competitive practices in relation to other dealerships, including disseminating defamatory information about other market participants.



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*Appendix No.4
to the Memorandum of Understanding
of April 11, 2018*

SPECIMEN

Application form to join the Good Practices for car manufacturers/distributors

On the letterhead of the company

To the CEO of the
Non-profit making partnership
ASSOCIATION OF EUROPEAN BUSINESSES

Hereby, declares that it is joining the Good Practices of car manufacturers/distributors in the version and on the terms and conditions of the Memorandum of Understanding between the Non-profit Making Partnership ASSOCIATION OF EUROPEAN BUSINESSES and the Association RUSSIAN AUTOMOBILE DEALERS of April 11, 2018.

Date, surname, name and position of the authorised person



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*Appendix No.4
to the Memorandum of Understanding
of April 11, 2018*

SPECIMEN

Application form to join the Good Practices for official dealerships

On the letterhead of the company

To the President of the Association
RUSSIAN AUTOMOBILE DEALERS

Hereby declares that it is joining the Code of Best Practices of official dealerships in the version and on the terms and conditions of the Memorandum of Understanding between the non-profit partnership ASSOCIATION OF EUROPEAN BUSINESSES and the Association RUSSIAN AUTOMOBILE DEALERS of April 11, 2018

Date, surname, name and position of the authorised person