

NZ Governor Exchange Service Agreement/Terms of Use

These Terms of Use (the "Agreement") govern the terms and conditions regarding provision of the NZ Governor Exchange Service (the "Service") provided by Yanmar Engineering Co., Ltd. (the "Company") as well as the related rights and obligations of the Company and the User. Since the User shall be deemed to have given its consent to this Agreement upon using the Service, please read through this Agreement carefully.

Article 1. Definitions

The terms as used in this Agreement shall be as defined below unless specified otherwise.

(1) Governor

A speed-governing device for ships that is manufactured by the Company or one of the Company's group companies.

(2) For-sale Governor

A used Governor owned by the Company and which has been converted to a reusable state after having undergone replacement of parts or maintenance or the like by the Company or a third party contracted by the Company.

(3) Trade-in Governor

A Governor owned by the User and which can be converted to a reusable state by undergoing replacement of parts or maintenance or the like.

(4) NZ Governor Exchange Service

A service that consists of a sales agreement for a For-sale Governor and a sales agreement for the Trade-in Governor, which are executed between the Company and a party wishing to purchase the For-sale Governor ("Purchaser"), based on the agreement that, at the time of establishing a conditional sales agreement for the Trade-in Governor, the Company's sales value receivable from the Purchaser under the sales agreement for the For-sale Governor shall be offset by the corresponding amount of the Purchaser's sales value receivable from the Company under the sales agreement for the Trade-in Governor.

(5) Extended Warranty Service

The service in which, in exchange for the User's additional payment of a warranty fee, the Company extends the period covering the Company's contract nonconformity liability to the User for the For-sale Governor pursuant to Article 10.

Article 2. Application for an Agreement, and Non-acceptance

1. The User shall place an order to the Company for the For-sale Governor ("Order Placement") by way of an order form indicating the information listed below, or an application form that is available on the Company's website (<https://ye-shipsweb.yanmar.com/>) ("Order Form, etc.," including the application by way of an application form on the website). The User shall issue the Order Form, etc. after having given its consent to this Agreement.

(1) Orderer's name, contact information, vessel number of the person in charge, IMO number

(2) Purchase volume of the For-sale Governor for which the order is placed

(3) Sales destination for the For-sale Governor (however, the countries or regions to be separately specified by the Company cannot be selected)

(4) Serial numbers of the Trade-in Governor and engine

(5) Whether the User is applying for the Extended Warranty Service

(6) Any other information requested by the Company

2. The Company may choose not to accept the Order Placement, and the User shall not make any objection in this regard. In this case, the Company will notify the User as to the non-acceptance of the Order Placement in writing, or by e-mail, fax, or any other method specified by the Company.

Article 3. Establishment of a Sales Agreement, etc. for a For-sale Governor

1. The sales agreement for the For-sale Governor ("Sales Agreement") shall take effect when the Company sends or transmits to the User a letter, e-mail, or fax to the effect of accepting the Order Placement.

2. The sales value of the For-sale Governor shall be 410,000 yen per unit (excluding consumption tax).

3. The User shall make payment to the Company for the sales value set forth in the preceding paragraph (in the case of applying for the Extended Warranty Service, including the warranty fee for the Extended Warrantee Service), in installments as follows, by bank transfer to the financial institution account

specified by the Company. The User shall bear any transfer fees.

- (1) Starting on the billing date on which the invoice for 228,000 yen (excluding consumption tax), from the sales value set forth in paragraph 2, is issued, up until the payment date specified in the confirmation letter for payment terms to be separately prepared by the Company and the User ("Payment Terms Confirmation"):
228,000 yen (excluding consumption tax)
- (2) Starting on the billing date on which the notification based on Article 8, paragraph 1 is issued, up until the payment date specified in the Payment Terms Confirmation:
182,000 yen (excluding consumption tax)
- (3) When the User applies for the Extended Warranty Service and when the Company accepts the request, no later than by the same payment due date as the one indicated in item (1) above, as the warranty fee for the Extended Warranty Service:
80,000 yen (excluding consumption tax)
4. The User shall execute the Sales Agreement with the understanding that the For-sale Governor is a used Governor that has been converted to a reusable state after having undergone replacement of parts or maintenance or the like by the Company or a third party contracted by the Company.
5. The terms and conditions for the Sales Agreement are as stipulated in the preceding four paragraphs as well as in this Agreement.

Article 4. Shipment and Delivery

1. The Company shall ship the For-sale Governor to the User, within one (1) month from the establishment of the Sales Agreement, by sending the same to the address designated in the Order Form, etc.
2. The Company shall notify the User of the completion of shipment promptly after sending the For-sale Governor.

Article 5. Inspection

1. The User shall notify the Company, in writing or by e-mail or the like, of either of the following items within three (3) days counted from the date of receipt of the For-sale Governor ("Inspection Period"), after promptly conducting an inspection of the For-sale Governor.
 - (1) If no contract nonconformity is confirmed with the For-sale Governor, inform the Company that the For-sale Governor has passed the inspection.
 - (2) If any contract nonconformity is confirmed in the For-sale Governor, inform the Company that the For-sale Governor has failed the inspection by indicating the specific and rational reasons for the failure.
2. If the Company does not receive either of the notifications set forth in the preceding paragraph during the Inspection Period, or if the notification of item (2) of the preceding paragraph does not indicate specific and rational reasons, the For-sale Governor shall be deemed to have passed the inspection as of the lapse of the Inspection Period.
3. If any contract nonconformity is confirmed in the For-sale Governor, and if the For-sale Governor fails the User's inspection, the Company shall, within a reasonable period, replace the For-sale Governor with a different one or repair the For-sale Governor, and ship the For-sale Governor for the second time. The inspection of the For-sale Governor which has been sent for the second time shall follow the provisions of paragraph 1 and the preceding paragraph.

Article 6. Transfer of Ownership and Burden of Risk

The ownership of and the burden of risk for the For-sale Governor shall transfer from the Company to the User when the For-sale Governor is received by the User.

Article 7. Shipment of a Trade-in Governor

1. Within forty-five (45) days counted from the shipment date of the For-sale Governor, the User shall actually deliver the Trade-in Governor by the method of sending the same to the address specified by the Company. In such case, the User shall warrant that the Trade-in Governor is the User's property. The User shall bear the cost of shipping the Trade-in Governor.
2. With regard to the shipment set forth in the preceding paragraph, the User shall follow the shipment method specified by the Company, including the use of an air courier company.

Article 8. Establishment of a Trade-in Agreement

1. Within fourteen (14) days after the arrival of the Trade-in Governor, the Company shall conduct an inspection to determine whether the Trade-in Governor can be repaired, and notify the User of the result in a manner prescribed by the Company.
2. The User sells the Trade-in Governor to the Company for 182,000 yen (excluding consumption tax) on the condition that the Trade-in Governor passes the inspection set forth in the preceding paragraph, and the Company shall purchase the Trade-in Governor ("Trade-in Agreement").
3. The ownership of and the burden of risk for the Trade-in Governor shall transfer from the User to the Company at the time of passing the inspection.
4. If the Company determines that the Trade-in Governor having been sent by the User cannot be repaired or was not shipped by the method prescribed in Article 7, paragraph 2, the Company shall return the Trade-in Governor by the method of sending the same to the address specified by the User. In this case, the User shall bear the transportation cost, packaging cost, customs duty, and other costs required for the return.

Article 9. Offset Agreement

The Company and the User agree that the Company's sales value receivable from the User under the Sales Agreement shall be offset by the corresponding amount of the User's sales value receivable from the Company under the Trade-in Agreement as of the date of the notice specified in paragraph 1 of the preceding Article.

Article 10. Liability for Contract Nonconformity

1. Even after passing the inspection stipulated in Article 5, if any contract nonconformity is discovered in an For-sale Governor within six (6) months from the date of passing the inspection for the For-sale Governor, the Company and the User shall discuss and investigate the cause thereof.
2. If, as a result of the discussion and investigation of the preceding paragraph, such contract nonconformity can be confirmed as attributable to the Company, the Company shall subsequently complete performance, including repair of the deliverable, within a reasonable period at the Company's cost ("Subsequent Completion" in this Article).
3. Notwithstanding the preceding paragraph, if the purpose of this Agreement can be accomplished in spite of said contract nonconformity, and if the Subsequent Completion requires an excessive cost, the Company shall not be liable for the Subsequent Completion prescribed in the preceding paragraph.
4. The period for which the Company has liability for contract nonconformity as set forth in this Article shall be limited to within six (6) months from the date of passing the inspection as stipulated in Article 5 for any contract nonconformity that is indicated on the document in the case where the User's request specifying the contract nonconformity is made in writing, and the Company shall not be held liable in the case where the contract nonconformity is minor and the cost or labor required for the repair is excessive.
5. Notwithstanding the provisions of the preceding paragraph, in the case where the User applies for the Extended Warranty Service and the Company gives its approval, if the User pays the fee for the Extended Warranty Service, the period set forth in the preceding paragraph shall be extended from the "six (6) months from the date of passing the inspection as stipulated in Article 5" to "twenty-four (24) months from the date of passing the inspection as stipulated in Article 5."

Article 11. Cancellation

Either of the Company and the User may, if the other party falls under any of the following items, cancel all or part of the Sales Agreement by sending a written notification to that effect to the other party.

- (1) If the other party's important property is subjected to seizure, provisional seizure, provisional disposition, disposition for delinquency in tax payment, or any other disposition by a public authority, or if a petition for commencement of bankruptcy proceedings, commencement of civil rehabilitation proceedings, commencement of corporate reorganization proceedings, or commencement of special liquidation proceedings is filed against the other party.
- (2) If the other party is dissolved or assigns its entire business, or if a resolution to that effect is made.
- (3) If a bill or check drawn or accepted by the other party is dishonored or the other party's payment is

- otherwise suspended.
- (4) If the other party is subjected to a disposition of business suspension or rescission of its business license or registration by a supervisory authority.
 - (5) If the User breaches any other provision of the Sales Agreement, or if a significant event due to which the Sales Agreement cannot be continued arises for a cause attributable to the User.

Article 12. Scope of Compensation

If the Company causes damage to the User pursuant to the Sales Agreement due to intent or gross negligence attributable to the Company, the Company shall compensate the User for the damage incurred (limited to the ordinary damage suffered directly and in actuality).

Article 13. Late-payment Charge

If the User passes the payment due date for the sales value set forth in Article 3, the User shall pay to the Company, from the day following the due date of said payment until payment in full, a late-payment charge at the rate of fourteen-point-six percent (14.6%) per annum.

Article 14. Compliance with Laws and Regulations Related to Export

In regard to shipping the For-sale Governor and the Trade-in Governor, the Company and the User shall, as good exporters, comply with any regulations pertaining to the relevant business in Japan and in the country of export.

Article 15. Changes to this Agreement

The Company may change this Agreement. If this Agreement is changed after Order Placement, the provisions as at the time of arrival of an Order Form, etc. to the Company shall apply.

Article 16. Governing Law

The interpretation and application of the Sales Agreement shall be governed by the laws of Japan.

Article 17. Dispute Resolution

1. Any matters not provided in the Sales Agreement or doubts arising as to the interpretation of any of the provisions of the Sales Agreement shall be mutually discussed in good faith by the Company and the User in accordance with the purpose of the Sales Agreement.
2. The Kobe District Court shall have exclusive jurisdiction in the first instance over any dispute arising from the Sales Agreement.

Article 18. Language

The governing language of these Terms of Use shall be Japanese. If these Terms of Use are translated into another language, or if a dispute arises as to the translation or interpretation of these Terms of Use, the Japanese version shall always supersede other versions in other languages.

[Enacted on July 31, 2018]

[Revised on January 14, 2022]