

## **Terms of Use for the Piston Reconditioning Service**

These Terms of Use (the "Agreement") govern the terms and conditions regarding provision of the Piston Reconditioning Service (the "Service," as defined in Article 1 (5)), which is a service provided by Yanmar Engineering Co., Ltd. (the "Company") for maintenance of pistons by use of laser cladding technology, etc., as well as the related rights of the Company and the User. When the User starts using the Service, the User shall be deemed to have agreed to the individual provisions of this Agreement.

### Article 1. Definitions

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

(1) LC Technology (laser cladding technology)

The technology of recycling and processing parts by spraying metallic powder onto a quarantined worn part, and repairing such part by melting it with a laser beam and welding overlay and making the part reusable.

(2) Piston

A piston manufactured by the Company or one of the Company's group companies.

(3) Unmaintained Piston

A piston that the User has sent to or plans to send to the Company, pursuant to these Terms of Use, with the purpose of receiving the Service.

(4) Maintained Piston

An Unmaintained Piston that has been subjected to maintenance, pursuant to these Terms of Use, using the LC Technology implemented by the Company or a third party designated by the Company.

(5) The Service

The Service refers to the service that involves (a) the maintenance performed on an Unmaintained Piston, which is sent by the User, by the Company using the LC Technology, etc., and (b) the Company returning the Maintained Piston to the User.

(6) Terms of Use

The contract as stipulated in this Agreement, which is executed by and between the Company and the User concerning the use of the Service.

#### Article 2. Application for these Terms of Use, and Non-acceptance

1. The User applies to the Company for the Service by indicating, on an order form ("Order Form"), the information set forth below and other information specified by the Company ("Order Placement").
  - (1) The User's name, contact information, person in charge, vessel name, IMO number, engine model, and serial number.
  - (2) Return address for the Maintained Piston (however, the countries or regions to be separately specified by the Company shall not be selected)
2. The Company may choose not to accept the Order Placement, and the User cannot make any objection in this regard. In such 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 these Terms of Use

These Terms of Use will take effect when the Company sends or transmits to the User a letter or e-mail, or fax to the effect of accepting the Order Placement.

#### Article 4. User's Shipment, etc. of an Unmaintained Piston

1. The User shall actually deliver the Unmaintained Piston to the Company within thirty (30) days counted from the conclusion of these Terms of Use by sending the Unmaintained Piston to a place of delivery designated by the Company. In this case, the User shall warrant that the Unmaintained Piston is the User's property.
2. In regard to the shipment set forth in the preceding paragraph, the User shall follow the shipment method designated by the Company. The User shall bear the shipping cost for the Unmaintained Piston (provided, however, that in the case of sea shipping, the Company shall bear the shipping cost as an exception).
3. If the Company does not receive from the User the Unmaintained Piston indicated on the Order Form within thirty (30) days counted from the establishment of these Terms of Use, these Terms of Use shall be deemed to have been cancelled by the User, and the Company shall not bear any obligation, in regard to such Unmaintained Piston, for providing the Service to the User pursuant to these Terms of Use.

#### Article 5. Company's Receipt of an Unmaintained Piston, and Standards for Maintenance

1. After the Unmaintained Piston arrives at the Company, the Company shall promptly conduct an inspection to determine whether maintenance can be performed on the Unmaintained Piston, and notify the User of the result by a method prescribed by the Company.
2. The ownership of and the burden of risk for the Unmaintained Piston belong to the User.
3. The Company shall determine, pursuant to the following standards for maintenance ("Standards for Maintenance"), whether maintenance can be performed on the Unmaintained Piston that arrived at the Company.

Standards for determining that maintenance cannot be performed on the Piston are:

- a. if the Piston has any cracks;
- b. if the thickness at the top of the Piston has decreased, compared with the manufacturing dimensions, by approximately 1 mm or more;
- c. if the Piston has any burns on the side;
- d. if the Piston has any dents at the top; and
- e. if the Company otherwise determines, as a result of inspection, that maintenance cannot be performed.

#### Article 6. If an Unmaintained Piston Can be Maintained

1. If the Company determines that the Unmaintained Piston sent by the User can be maintained pursuant to the Standards for Maintenance, the Company or a third party designated by the Company shall maintain the Unmaintained Piston by using the LC Technology, etc., and the Company will notify the User about starting the maintenance ("Maintenance Start Notice") by a method specified by the Company.
2. The User will give its consent, without any objection, to the maintenance set forth according to the preceding paragraph being performed only at the plant designated by the Company and being located in Japan, and to the Company marking the Unmaintained Piston in a prescribed manner.
3. After the User receives the notification set forth in paragraph 1 of this Article, the User shall pay to the Company the maintenance fee indicated on the Maintenance Start Notice. The amount of the maintenance fee, payment method, and other payment terms and conditions shall be as indicated on the Maintenance Start Notice (if the Maintenance Start Notice does not contain such information, payment shall conform to the Order Form).

#### Article 7. If an Unmaintained Piston Cannot be Maintained

1. If the Company determines that the Unmaintained Piston cannot be maintained pursuant to the Standards for Maintenance, or if the Unmaintained Piston was not sent to the Company in a manner specified by the Company, the Company will notify the User, using a method specified by the Company, to the effect that the Unmaintained Piston cannot be maintained ("No-Maintenance Notice").
2. In the case set forth in the preceding paragraph, the User shall, within ten (10) days after receiving the No-Maintenance Notice, choose whether to have the Unmaintained Piston, which the Company determined that it cannot be maintained, returned to the User or have it discarded by the Company, and notify the Company of such choice by a method prescribed by the Company ("Handling Notice"). In this case, the User shall bear the cost required for returning or discarding the Unmaintained Piston. If the Company does not receive from the User the Handling Notice within ten (10) days from when the User received the No-Maintenance Notice, the Company may discard the Unmaintained Piston without notifying the User beforehand, and in such case, the Company may request the User to pay the cost required for discarding the Unmaintained Piston.
3. The Company may refuse to deliver the Unmaintained Piston until the User set forth in the preceding paragraph pays to the Company the cost required for returning or discarding the Unmaintained Piston.

#### Article 8. Shipment of a Maintained Piston

1. The User may request the Company to ship a Maintained Piston ("Shipping Instruction").
2. If the User gives the Shipping Instruction in accordance with the preceding paragraph, the Company shall promptly ship the Maintained Piston to the User.

#### Article 9. Inspection

1. Within ten (10) days from the date of receiving the Maintained Piston from the Company ("Inspection Period"), the User shall promptly inspect the Maintained Piston and notify the Company of the matters indicated below in item (1) or (2) in writing or by e-mail.
  - (1) If no contract nonconformity is confirmed in regard to the specifications:  
The fact that the Maintained Piston has passed the inspection.
  - (2) If any contract nonconformity is confirmed in regard to the specifications:  
The fact that the Maintained Piston has failed the inspection and the specific and rational reasons for the failure.
2. If the Company does not receive either of the notifications from the User set forth in the preceding paragraph during the Inspection Period, or if no specific or rational reason is indicated on the

notification of item (2) in the preceding paragraph, the Maintained Piston shall be deemed to have passed the inspection as of the lapse of the Inspection Period.

3. If the Company receives the notification set forth in paragraph 1, item (2) during the Inspection Period and if the Maintained Piston is confirmed to contain any contract nonconformity with respect to the specifications, the Company shall exchange or repair the Maintained Piston within a reasonable period, and ship the Maintained Piston to the User for the second time. The inspection of the Maintained Piston that has been sent for the second time shall follow the provisions of paragraph 1 and the preceding paragraph.

#### Article 10. Liability for Contract Nonconformity

1. If the Company receives from the User, after the expiry of the Inspection Period, a notification to the effect that the Maintained Piston that the Company shipped pursuant to Article 8 contains any contract nonconformity with respect to the specifications, the Company may choose to subsequently complete the repair or the like of the Maintained Piston for the User ("Subsequent Completion" in this Article), and there shall be no price reduction.
2. Notwithstanding the provisions of the preceding paragraph, if the purpose of these Terms of Use can be accomplished in spite of such 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.
3. The period for which the Company bears the liability set forth in this Article as well as liability for any other contract nonconformity shall be limited to within six (6) months from the expiry date of the Inspection Period for the case in which the Company receives a notification from the User concerning the existence of such contract nonconformity.
4. If any contract nonconformity arises from any property of the material supplied by the User or due to any instruction given by the User, the Company shall not bear the liability stipulated in paragraph 1 of this Article.

#### Article 11. Cancellation

1. Either of the Company or the User may, if the other party falls under any of the following items, cancel all or part of these Terms of Use without issuing any notification to the other party.
  - (1) If it is found that the other party breached any of the provisions of this Agreement or these Terms of Use, or that the other party has committed a seriously wrongful act.
  - (2) If a draft or check is dishonored, or if the other party otherwise becomes insolvent.

- (3) If the other party is subjected to a disposition for suspension of business or the like by a supervisory authority.
  - (4) If the other party is subjected to a petition for seizure, provisional seizure, provisional disposition, compulsory execution, or public auction.
  - (5) If the other party is subjected to a petition for commencement of bankruptcy proceedings, commencement of special liquidation proceedings, commencement of civil rehabilitation proceedings, commencement of corporate reorganization proceedings, or the like, or if the other party files a petition for any of the foregoing.
  - (6) If the other party suffers significant loss of its social credibility, including being subjected to criminal prosecution.
  - (7) If any other serious event, due to which it becomes difficult to continue these Terms of Use, occurs.
2. If these Terms of Use are cancelled pursuant to the preceding paragraph, either of the Company and the User may request compensation from the other party.
  3. If the other party cancels these Terms of Use in whole or in part pursuant to paragraph 1 of this Article, the Company or the User shall naturally lose the benefit of time for any and all monetary debts payable to the other party, and shall pay off the debts immediately.

#### Article 12. Exclusion of Anti-Social Forces

1. Each of the Company and the User each assure the following matters to the other party.
  - (1) It is not a crime syndicate, crime syndicate member, former member of a crime syndicate, quasi member of a crime syndicate, a company affiliated with a crime syndicate, a corporate racketeer group or the like, a group engaging in criminal activities under the pretext of conducting social campaigns or political activities, a crime group specializing in intellectual crimes, or any other similar party (collectively, "Anti-Social Forces").
  - (2) Its officers or persons who are substantively involved in management (employees who execute business, directors, executive officers, or similar persons) do not have any socially stigmatizing relationships with Anti-Social Forces.
  - (3) It does not have any relationships in which Anti-Social Forces are recognized as controlling its management.
  - (4) It does not have any relationships in which Anti-Social Forces are recognized as being substantively involved in its management.
  - (5) It does not have any relationships that are recognized as unjustifiably using Anti-Social Forces,

including for the purpose of wrongful gain for itself or a third party or as causing damage to a third party.

- (6) It does not have any relationships that are recognized as involving the provision of funding, etc. or provision of favors to Anti-Social Forces.
  - (7) It did not allow Anti-Social Forces to use its name to execute these Terms of Use.
2. If the other party breaches the preceding paragraph, either of the Company and the User may immediately cancel all or part of these Terms of Use without notice; provided, however, that such other party cannot request the party who cancelled the contract for compensation for the damage incurred as a result of the cancellation.

#### Article 13. Scope of Compensation

1. If the User suffers damage in relation to the Service for a cause attributable to the Company, the cumulative total amount of the liability for damages incurred by the Company shall be, except when there is intent or gross negligence on the part of the Company, up to either the total market value of the Unmaintained Piston, which is indicated on the Order Form, or the maintenance fee indicated on the Maintenance Start Notice, whichever is lower, irrespective of the cause of the request for compensation, including default (including contract nonconformity liability), illicit gain, and any unlawful act.
2. From among the provisions of this Agreement, including the provisions of the paragraphs of the preceding Article and this Article if the provisions, which exempt or limit the Company's liability, are deemed to be null and void under the Civil Code or any other laws and regulations, or are deemed not to be agreed upon, the Company shall compensate the User for the damage suffered (limited to the ordinary damage suffered directly and in actuality, and excluding lost profits).

#### Article 14. Late-payment Charge

If the User passes the payment due date for the sales value, maintenance cost, or any other monetary debt stipulated in this Agreement, 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 15. Force Majeure

In the event of a delay in the performance, inability to perform, or incomplete performance of all or part of these Terms of Use due to a natural disaster (including, but not limited to, a typhoon, tsunami,

earthquake, wind and flood damage, lightning strike, and salt damage), fire, infection and communicable disease, epidemic, pollution, war, riot, civil strife, terrorist attack, strike, enactment or revision or improvement to laws and regulations and rules, order or disposition by a public authority or any other action by a government, act of dispute, accident to means of transportation or communication, etc., sharp rise to raw materials or freight, great fluctuations in exchange rates, or any other force majeure event not attributable to either party, said parties shall not be held liable (except for monetary debts).

#### Article 16. Compliance with Laws and Regulations Related to Export

In regard to shipping sets of pistons and rods, the Company and the User shall, as good exporters, comply with the regulations pertaining to such relevant business in Japan and in the country of export.

#### Article 17. Obligation to Notify

In the event of any change to the corporate name, trade name, name, location, organizational restructure such as a merger, financial institution account, or other important matters, the User shall promptly notify the Company thereof in writing or by a method specified by the Company.

#### Article 18. Prohibition on Assignment of Rights and Obligations

Neither of the User and the Company may, without the prior written consent of the other party, assign to a third party, or provide as collateral, the rights or obligations arising from these Terms of Use.

#### Article 19. Effective Period of these Terms of Use

1. The effective period of these Terms of Use shall be for three (3) years from the date of conclusion of these Terms of Use.
2. If neither the User nor the Company makes a written proposal at least three (3) months prior to the expiry of the period for these Terms of Use with respect to not continuing these Terms of Use, these Terms of Use shall be automatically extended for another one (1) year under the same terms and conditions, and shall be likewise renewed thereafter.
3. The provisions of the following Articles shall survive the termination of these Terms of Use and remain in force regardless of the cause of termination: Article 6 (If an Unmaintained Piston Can be Maintained), paragraphs 3 and 4; Article 7 (If an Unmaintained Piston Cannot be Maintained), paragraphs 2 and 3; Article 11 (Cancellation), paragraphs 2 and 3; Article 12 (Exclusion of Anti-Social Forces), paragraph 2; Article 13 (Scope of Compensation); Article 14 (Late-payment Charge); Article 18 (Prohibition on Assignment of Rights and Obligations); this Article (Effective Period of



these Terms of Use), paragraph 3; Article 20 (Separability); Article 21 (Handling after Contract Termination); Article 23 (Governing Law); Article 24 (Dispute Resolution); and Article 25 (Language).

#### Article 20. Separability

Even if any of the provisions of this Agreement becomes null and void or unenforceable for any reason, other provisions of this Agreement shall not become null and void or unenforceable as a result. In addition, if this Agreement is determined to be null and void or unenforceable by a court, the relevant provisions shall be interpreted to the extent necessary to be valid and enforceable.

#### Article 21. Handling after Contract Termination

1. If these Terms of Use come to an end, the Company shall, irrespective of the cause of contract termination, promptly return or discard any Maintained Pistons, which are kept by the Company, pursuant to the User's instructions. In such case, the User bears the cost of returning or discarding any Maintained Pistons.
2. Notwithstanding the preceding paragraph, if the User owes any outstanding monetary debt payable to the Company, such as unpaid sales value and maintenance costs, the Company may refuse to return any Maintained Pistons that are kept by the Company until such amount is paid in full (including the late-payment charge).

#### Article 22. Change to this Agreement

1. In the event of changes to various circumstances, including social conditions, economic conditions, and adjustments to the taxation system, changes to laws and regulations, or changes to the actual status of the Service, or any other cause, the Company shall be able to change the amount of usage fee for the Service, the content of the Service, or any other content of this Agreement (collectively, "Content, etc. of this Agreement").
2. In the event of changing the Content, etc. of this Agreement pursuant to the provisions of the preceding paragraph, the Company shall inform the User of the content of this Agreement after the change, such as by notifying the User using a method specified by the Company, and this Agreement after the change shall be applicable starting from the date of enforcement specified at the time of informing the User.
3. If the User continues to use the Service even after this Agreement has been changed, the User shall be deemed to have agreed to the changed content of this Agreement.

Article 23. Governing Law

The interpretation and application of this Agreement and these Terms of Use shall be governed by the laws of Japan.

Article 24. Dispute Resolution

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

Article 25. Language

The Japanese version of this Agreement shall be the official text. Even when this Agreement is translated into other languages, only the official text in Japanese shall have contractual effect, and the translations shall have no effect.

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