

## General Terms and Conditions of Sales and Quotation

These General Terms and Conditions herein shall apply to all individual contracts based on individual quotations offered by Atlas Copco KK (hereinafter referred to as "Seller") to buyer (Buyer) for Seller's selling products and providing services (hereinafter collectively referred to as the "Products"). However, if terms specified in a quotation overlap or are inconsistent with these General Terms and Conditions, the former shall have priority.

### 1. Acceptance and Payment Conditions

- 1) The conditions on the acceptance of Products and the payment terms shall be subject to the conditions contained in an individual contract.
- 2) If Buyer fails to give notice of acceptance to Seller within ten (10) business days after taking delivery of the Product, the quality of such Product shall be deemed to conform with the contract conditions and be accepted.

- 3) Seller has the right to charge to buyer on the following timing;

- Standard products:

Paid ten (10) % of total at time of order received, then paid forty (40) % at time of project completed, then the paid rest fifty (50) % at time of delivery.

- Engineering/Custom made products:

Paid ten (10) % of total at time of order received, then paid thirty (30) % at time of project started and paid thirty (30) % at time of project completed, then the paid rest thirty (30) % at time of delivery.

- 4) The amount invoiced shall be, in principle, remitted within 30 days from the latest day of the month containing the invoiced date by way of transfer to the bank account notified from Seller. Unless specially agreed by the parties, all payments hereunder shall be made in Japanese yen. If Buyer fails to pay Seller by the due date, Buyer shall pay Seller interest at an annual rate of 14.6% on which payment was due until actual payment is completed.

- 5) When twelve (12) months have passed without Buyer's acceptance after Seller's delivery, Buyer shall fully pay the price of Products, regardless of whether they are accepted or not.

### 2. Delivery

- 1) The title of the Products shall be transferred from Seller to Buyer when Buyer has paid in full for the Products to Seller.

- 2) If Products arrive in more than one shipment, Buyer shall accept to receive the Products on every occasion regardless of the reason for the split deliveries.

- 3) Unless otherwise provided, the trade terms relating to the Products (including transfer of risks) shall be on a "free on truck at the designated domestic place" basis. However, the trade terms for overseas destinations shall be on the "INCOTERMS 2010 Ex-works" basis.

- 4) Service which shall be provided with the Products shall be deemed delivered and completed upon the completion of such service.

- 5) If delivery is delayed due to any event or reason for which Seller is held solely liable, Buyer may request damages in the amount equal to 0.1% per week of the price for the Products, provided that the capped amount shall be 5% of the price under the individual Contract, and if Buyer fails to make a request in writing within six (6) months after the delivery date, Buyer shall lose such right.

- 6) In case the delivery is postponed -due to Buyer's or Customer's requests, Seller may ask for any additional increase in fees due to such postponement.

- 7) In case a surcharge is required due to a change in delivery date at customer's convenience, designated delivery in the afternoon, night-time or on Sunday and holiday, the customer will be billed for the surcharge. Also, during peak season, it may be difficult to secure a truck and freight charges may be higher than usual. Last minute cancellation will also incur cancellation fees. These fees will be discussed separately.

### 3. Defect Liability

- 1) If Buyer discovers any defect(s) in the Products resulting from Seller's defect(s) in designs, materials or workmanship under normal use or operation within the warranty period specified in an individual contract, Buyer shall notify Seller in writing of such defect(s). Seller shall take responsibility to take an action in order as follows: ① repair such defect(s) ② if it is impossible to repair, deliver replacements after receipt of such notice, provided that Seller shall not be in any way liable for any defect(s) which (i) has been improperly repaired or altered; (ii) has been subjected to misuse, negligence or accident; (iii) has been used in a manner contrary to Seller's instructions; (iv) has resulted from ordinary wear and tear.

- 2) If no provisions in respect of the warranty period are specified in an individual contract, regarding a newly manufactured compressor, the period shall be whichever comes first: fifteen (15) months after delivery of the body or twelve (12) months after commencement of its operation, provided that it shall not exceed twenty-four (24) months from the delivery date provided in the original contract.

- 3) If no provisions in respect of the warranty period are specified in an individual contract, in the case whereby a compressor already in operation is replaced or in the case whereby a Buyer purchases spare parts for a compressor of an engine in operation or orders them as his stock, the period of three (3) months after delivery of its body, shall apply. The warranty period for modifications, repairs and overhauls by Seller shall be effective for three (3) months after completion of such services has been performed over parts. The warranty period shall not exceed twelve (12) months from the completion of the service based on the original contract.

- 4) Buyer shall be obliged to carry out dismantling and re-assembling of non-Seller supplied equipment at its own risk and expense to the extent that it is necessary to repair the defect(s) or to replace the defective parts of the Products, however, Seller shall not be liable in any way for any damage caused thereby, unless Seller has intentionally or by gross negligence provided such defective parts.

- 5) Seller installs, assembles or repairs parts and compressors manufactured by companies which Seller authorized (hereinafter referred to as the "Original"). In case that the customer provides to Seller non - Original parts of a compressor in connection with agreed services or a part thereof, Seller may request for a replacement of those with the Original parts.

Otherwise, Seller may reserve the right not to perform such services or may cancel the respective order. In case Seller has performed its service in exceptional emergency conditions, Seller shall not be liable for such service.

### 4. Product Liability

Any suits or claims against Buyer by a third party, for compensation for damages resulting from death, human injury or any other lost or destroyed property attributable to any defect(s) in Buyer's goods which incorporates Seller's defective Products, will result in the Buyer notifying the Seller forthwith about such case and both parties shall discuss the portion of liability and cost which shall be borne by each party.

### 5. Confidentiality Obligation

Seller and Buyer shall not use or rent, disclose, assignor divulge to any third party any technical and business information whatsoever which may come to its knowledge in the course of business between Seller and Buyer, or which may be disclosed from the other, without the written consent of the other.

### 6. Force Majeure

Seller shall be neither liable for loss, damage, delay nor be deemed to be in default for failure to perform all or part of the obligations under these General Terms and Conditions when prevented from doing so by causes beyond its reasonable control including but not limited to Acts of God, fire, acts of war, riots, civil commotion, strikes, acts of terrorism, compliance with government regulations, labour dispute actions, delays or shortages in transportation or communication lines, planned interruption of electricity and any other similar causes.

### 7. Alteration of the contract

Buyer shall obtain Seller's written approval, if Buyer intends to change the terms and conditions of the original Contract. Seller shall be entitled to suspend the performance of its obligations under these General Terms and Conditions, where it is clear from the circumstances that Seller is unable to perform its obligations as a result of any substantial turbulence in prices or any other sudden unpredictable changes of circumstances.

### 8. Limitation of Liability

In no event shall Seller be liable for special, indirect, incidental or consequential damages including, but not limited to, loss of profits or revenue, loss of use of Product, cost of capital, down time costs, delays, services and any claims from customers of Buyer or other third parties for any damages. Seller's aggregated maximum liability for any loss or damage thereabout, shall in no case exceed 10% of the purchase price allocable to the Product.

### 9. Compliance with Laws, Ordinances, etc.

Seller and Buyer shall each comply with the relevant laws, ordinances and other regulations in performing any individual contracts between the parties. Further, neither party shall, directly or indirectly, commit any act of giving or receiving a bribe in whatever form, commit any act of providing facilities to the other by offering excessive entertainment, receptions, gifts or such like which are contrary to social common sense, or conduct any other improper or undue acts which are in violation of any other relevant laws and ordinances, nor shall Seller and Buyer compel the other to do so.

### 10. Export Controls regarding National security

Seller's acceptance of any order will be conditional upon the grant of export and/or re-export authorizations by the competent authorities in the countries of origin of the offered products including their parts and components and/or technology if and to the extent legally required. Refusal, withdrawal or invalidity of the said export and/or re-export authorizations due to any event beyond the reasonable control of Seller shall indemnify Seller from its contractual obligations in relation to the delivery of the products, technology and services concerned.

### 11. Trade Compliance

Any quotation is legally binding upon us only after you have received a written acceptance from us of any order from you based on that quotation and we can at any point in time withdraw our quotation.

By placing the order, you certify that the order will not be used for any purpose connected with chemical, biological or nuclear weapons, or missiles capable of delivering such weapons, nor any other purpose prohibited by applicable law.

Furthermore, you certify that you will comply with applicable local and international foreign trade and customs requirements or any embargos or other sanctions.

You will immediately notify us in writing of any breach of this statement.

We shall not be obligated to fulfill a binding order or agreement or any part thereof or related to it, nor liable for its non-fulfillment, if such fulfillment is prevented by any impediments arising out of applicable local and/or international foreign trade and customs requirements or any embargos or other sanctions.

We shall have the right to terminate a binding order or agreement or any part thereof or related to it, with immediate effect and without prior notice, if fulfillment is prevented by any impediments arising out of applicable local or international foreign trade and customs requirements or any embargos or other sanctions.

The customer shall indemnify us for any direct or indirect damages arising in consequence of any breach of this statement

### 12. SMARTLINK

Buyer is aware that the compressor and dryer are equipped with communication devices of the remote monitoring system SMARTLINK. Seller shall use the technical, business, and other information of Buyer obtained through the communication equipment only for the service, product, and technical support provided by Seller, and shall not disclose such information to any third party without permission.

### 13. Cancellation of Contracts.

- 1) If one Party succumbs to any one of the following, the other Party may cancel forthwith everyone or any of all the individual contracts with no penalty then effective immediately without any peremptory notice.

If one Party receives a disposition from a supervisory governmental agency which revokes, stops or otherwise prevents business continuance.

If one Party receives an application seeking seizure, provisional seizure, provisional disposition, other forcible execution or public auction, or a disposition for non-payment of taxes and public imposts.

If an application seeking for liabilities readjustment proceedings such as bankruptcy, readjustment under the Commercial Code, civil rehabilitation or corporate reorganization proceedings is filed by one Party, or if any other official or private-based liabilities readjustment proceedings are commenced, or if the schedule of such proceedings is made known or notified.

If one Party becomes insolvent, or if Buyer dishonours any of its notes.

If one Party ceases its business operations, or closes its principal premises, or if the representative of a Party disappears and it is impossible to contact him or her.

If one Party breaches the provisions of Article 9.

If it is found that one Party is an anti-social power such as a crime syndicate or Buyer comes to have relations with such power.

If any event or reason breaking the faith which would be substantially treated as those set out in the preceding Subparagraphs occurs on the part of one Party.

- 2) If Buyer breaches any term of an individual contract and Seller then requests Buyer to cure such breach within a thirty (30) day period, but Buyer still fails to do so within the period, Seller may cancel any one or all of the individual contracts then effective.
- 3) In respect of the return of unused aftermarket spare parts for the convenience of Buyer, Seller may accept only after its inspection and qualification. When such parts are accepted, the transportation and packing charges incurred at the time of the return shall be borne by Buyer, in addition, Buyer shall pay Seller 25% of the invoice amount in the case of a return within one (1) month after the shipment or 50% of the invoice amount in the case of a return within three (3) months after the shipment. Those for which three (3) months or more have passed after the shipment shall not be returned to Seller.
- 4) In respect of the cancellation or postponement of a contract for the body of a newly manufactured compressor and its accessories also for repair and maintenance, Seller shall act in accordance with their cancellation policy.
14. Loss of the time benefit  
If any one of the events and reasons set out in Subparagraphs ① through ⑧ of Paragraph 1) of the preceding Article occurs on the part of Buyer, or if the individual contracts are cancelled pursuant to Paragraph 2) of the preceding Article, all obligations that Buyer has to Seller shall, as a matter of course, lose the benefit of time, and Buyer shall immediately complete all obligations in full to Seller.
15. Entire Agreement  
These General Terms and Conditions supersede any other prior agreement, oral or written, between Seller and Buyer.
16. Governing Law  
Unless especially agreed under any of the applicable terms, all matters including the validity, construction and performance of these General Terms and Conditions shall be governed by and construed in accordance with the laws, regulations and other rules of Japan.
17. Jurisdiction  
The Tokyo District Court shall have sole jurisdiction over all lawsuits of first instance relevant to these General Terms and Conditions.
18. Language  
The Japanese language shall be the main language in these General Terms and Conditions. Any translations into other languages shall be only for the convenience of the parties' interpretation purposes.

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