

WARRANTY AGREEMENT - ENGINE DIVISION

1. GENERAL

1.1 PURPOSE

This Warranty Agreement forms an integral part of the General Terms & Conditions of Sale of **Mitsubishi Turbocharger and Engine Europe B.V. ("MTEE")** and applies to Sales and Service Dealer Agreement and other agreements for the sales of Products manufactured by **Mitsubishi Heavy Industries Engine & Turbocharger Ltd. (MHJET), Mitsubishi Heavy Industries – VST Diesel Engines Private Ltd. (MVDE), Mitsubishi Heavy Industries Equipment Alsace S.A.S (MEA)** or other manufacturer (separately and together hereinafter referred to as **"Manufacturer(s)"**), and for Products modified or 'marinised' by MTEE.

This Warranty Agreement does not cover sales of turbochargers manufactured by MTEE.

"Product(s)" covered by this Warranty Manual are engines, generating sets and other equipment and spare parts supplied by MTEE.

It is a purpose of this Agreement to guide each Dealer in providing prompt and efficient warranty service in a manner that results in customer satisfaction with the Products and warranty services.

"Dealer(s)" is/are buyer(s) who are authorized by MTEE to perform warranty services on the Products supplied to customers.

When Products are supplied by MTEE to **"Buyer(s)"** who are not authorized to perform warranty services, only those articles of this Agreement that do not deal with the provision of warranty services shall apply.

"Customer(s)" is an (end-)user(s) of the Product.

"MEeS" means Mitsubishi Engine e-Service.

1.2 INTERPRETATION OF POLICIES

In case of a question as to the applicability or interpretation of this Agreement, or if a question arises that is not clearly covered by this Agreement, the Dealer/Buyer shall timely refer the question to MTEE. The parties shall enter into deliberations and MTEE shall reach its binding conclusion taking into account the Dealer's/Buyer's views.

1.3 REVISIONS

MTEE reserves the right to revise and/or amend at any time the policies and procedures described and or referred to in this Agreement.

2. WARRANTY ADMINISTRATION

2.1 CUSTOMER SATISFACTION

A satisfied customer is crucial to expanding the sales of Products. MTEE Dealers have the opportunity to maintain and improve their reputation as forming part of a reliable, efficient service organization whenever a customer purchases a Product and requests warranty repair or maintenance service. Efficient, prompt warranty repairs will be appreciated by the customer and may be the reason a customer continues purchasing MTEE Products.

When a customer contacts your organization for warranty service, his or her explanation of what took place before the performance complaint may offer clues as to the cause of the problem. After a thorough review of the information provided by the customer, the Product and other pertinent information, the cause of the problem should be capable of being determined. When in doubt that the complaint or extent of the repair is covered by the MTEE Warranty, contact MTEE for guidance. In the event the problem is not caused by a design defect or a defect in material or workmanship as provided by article 4-1 of this Warranty Agreement, a thorough, detailed explanation should be given to the customer.

2.2 DEALER RESPONSIBILITIES

Dealers are responsible for administering the MTEE Warranty as stated in this Agreement and for maintaining the MTEE Dealer network and MTEE reputation for responsive support.

Dealers' responsibilities include:

- 1) Establish and maintain sufficient spare parts stock and service facilities within the Dealer territory.
- 2) Prepare and train Dealer's personnel to properly service MTEE Products by attending MTEE and Dealer sponsored training programs and by acquiring necessary service tools.
- 3) Perform start-up inspections on supplied Products and notify MTEE of the Product delivery by filling in and submitting the Start-up forms.
- 4) Explain the Product warranty to the customer when the Product is delivered.
- 5) Explain to the customer the required fuel and lubricating oil specifications and maintenance schedule as specified in the Operation and Maintenance Manual.
- 6) Ensure that repairs are performed correctly during the warranty period.
- 7) Maintain financial and labour records relating to warranty repairs and issue a report for each repair performed to support a warranty claim application.

2.3 INSPECTION OF PRODUCT ON DELIVERY

Products should be inspected upon arrival for damage, missing parts and relevant Product-specific documentation.

The Dealer/Buyer shall notify the MTEE Service department of the aforementioned discrepancies within ten (10) calendar days after the arrival of the shipment.

2.4 NEW PRODUCT START-UP INSPECTION

Start-up inspection shall be carried out by a Dealer/Buyer and a corresponding start-up form shall be filled-in and submitted to MTEE Service department for each Product supplied by MTEE.

- 1) Reasons for start-up inspection:

Start-up inspections are required in order to verify Product performance, establish start-up date for warranty purposes, intended customer and an explanation to the customer of the required maintenance for the Product.

- 2) Start-up inspection:

Start-up inspection consists of a visual and operating test of the installed Product as provided in the Start-up form.

The Start-up form is available with the MTEE Service department.

The completed Start-up form shall be submitted to the same department within fifteen (15) calendar days after the start-up inspection.

2.5 CUSTOMER TRAINING

It is essential that Dealers train customers in the proper operation and maintenance of new Products. Dealers should make use of every opportunity to improve the customer's knowledge of Product performance, maintenance and repair (to the extent necessary). To ensure that MTEE Products receive continuous maintenance, Dealers are encouraged to sign maintenance contracts with the customer.

3. WARRANTY PERIOD

MTEE Warranty Certificate sets out the Warranty Period as follows:
The expiration of the Warranty Period for Products is the earlier of:

- a) 18 months following the delivery date of the Products by MTEE to Dealer; or
 - b) 12 months following the commissioning date of the Products; or
 - c) the number of applicable operating hours having elapsed following the commissioning date of the Products,
- whichever comes first.

The Warranty Period for spare parts is six (6) months from their installation in a Product.

The Warranty Period continues without interruption until the expiry of the Warranty as stated in the Warranty Certificate.

The Warranty Period shall not be extended if Products or any parts covered by Warranty are repaired or replaced.

4. WARRANTY CERTIFICATE

Warranty Certificate is issued to a Dealer/Buyer per Product, with an exception of spare parts. Warranty Certificate contains Warranty Period, Scope of Warranty and contact details of a Dealer/Buyer. All other Warranty terms and conditions are as per this Warranty Agreement, applicable sales contract and other agreements.

Dealer/Buyer with the access to the MEeS system shall register delivered Product and fill in the Warranty Certificate in the system. The Warranty Certificate will then be reviewed by the MTEE Service department for approval.

Dealer/Buyer without access to the MEeS system shall request the Warranty Certificate form from the MTEE Service department. The MTEE Service department will review the Warranty Certificate form and send it back once approved.

5. WARRANTY POLICIES

5.1 SCOPE OF WARRANTY

Warranty shall only be provided by MTEE in the following cases.

- 1) Damages or losses occurred on Product(s) during the Warranty Period, caused by any design defect or any defect in materials or workmanship of Manufacturer or its supplier or any defect in the workmanship of its exporter.
- 2) Parts which have consequently become defective solely due to the primary defects set out at item 1 above.

THE WARRANTIES PROVIDED HEREIN SHALL BE THE SOLE AND EXCLUSIVE WARRANTIES, IN LIEU OF ALL OTHER CONDITIONS AND WARRANTIES OF ANY KIND, WHETHER STATUTORY, EXPRESS, OR IMPLIED, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR WHATSOEVER.

THE REMEDIES UNDER THIS WARRANTY ARE LIMITED TO THE PROVISION OF MATERIAL AND LABOR, AS SPECIFIED HEREIN. MTEE SHALL UNDER NO CIRCUMSTANCES WHATSOEVER BE LIABLE TO CUSTOMER OR DEALER WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE), BREACH OF STATUTORY DUTY, OR OTHERWISE, FOR ANY LOSS OF PROFIT, OR ANY INDIRECT, INCIDENTAL OR CONSEQUENTIAL LOSS.

5.2 UNACCEPTABLE CLAIMS

The MTEE Warranty shall not apply in the following or similar cases, even if they happen during the Warranty Period:

- 1) Repairs or services arising as a result of negligence in the provision of the maintenance services specified in the Operation and Maintenance Manual.
- 2) Repairs or services resulting from sub-standard or incomplete repairs or services not authorized by MTEE.
- 3) Repairs or services required as a result of failing to correctly adhere to the handling procedures set forth in the Operation and Maintenance Manual (whether involving negligence of otherwise).
- 4) Repairs or services required as a result of the use of non-Mitsubishi parts and/or the use of utilities such as fuel, lubricant and coolant other than those specified in the Operation and Maintenance Manual and/or those not meeting the specifications and/or not specifically approved or recommended by MTEE in writing.

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- 5) Repairs or services required as a result of the use of Products under improper environmental conditions or beyond their rated capacity, the specification or the rating approved by MTEE.
- 6) Normal maintenance services (including but not limited to checking, cleaning, filling lubricants, part replacement, replenishment of electrolyte, anti-freeze and coolant, adjustments, etc.), as specified in the Operation and Maintenance Manual as well as the parts or materials replaced in such services.
- 7) Repairs required as a result of modifications of Products (or any part of Products) not recommended or approved by MTEE.
- 8) Defects in equipment, devices or accessories other than those supplied by MTEE, and defects resulting or arising from the use of such equipment, devices or accessories.
- 9) Defects resulting from improper storage, handling, installation or mounting by the Dealer or the customer, in each case where not complying with the standards specified in the Operation and Maintenance Manual and in the Long Term Storage Manual.
- 10) Repairs necessitated by Acts of God (earthquakes, floods, cyclones, etc.) and those resulting from fires or other disasters caused by human error or negligence.
- 11) Claims where a report is submitted after the expiration of the specified period for submission.
- 12) Claims where the applicability of Warranty cannot be finally ascertained due to an inadequate or insufficient description being provided in the Warranty Claim application or claims arising from inaccurate or false descriptions.
- 13) Loss of use of Products, loss of time, inconvenience and other consequential damages or losses such as expenses for fuel, telephone, travel, lodging, towing transportation, loss or damage to personal property or loss of revenues.
- 14) Problems arising from improper repair or unsuitable attachment of accessories to Products, in each case where not approved by MTEE.
- 15) The following parts/cases are not covered by warranty:

- (i) Ordinary wear and tear of Products.

Note that the following parts are not covered by Warranty where MTEE in its sole discretion determines that they have been used in the normal course of the use of the Products:

- (1) Lamps, Fuses, Brushes in Starter Motor and Alternator, Glow Plugs, Heaters, Nozzles and Electric Condensers;
- (2) Air cleaners, Fuel filters and Oil filter elements;
- (3) Clutch facing, V-Belts;
- (4) All types of Gaskets (except Cylinder Head Gaskets) and packing;
- (5) Bushings and Oil seals which are exposed to the external environments.

- (ii) Normal ageing or deterioration.

The following cases are not covered by Warranty if they resulted from the normal use of Product or due to environmental reasons such as exposure to dirt, dust and pollution:

- (1) Rusting or deterioration in luster of plated parts;
- (2) Discoloration, fading, flaws, rusting, etc., of paint coat;
- (3) Deterioration of rubber, plastic parts or the parts containing these materials.

- (iii) Consumable items.

The following items, being consumable in normal use of Product, are not covered by Warranty:

- (1) Fuel Oil,
- (2) Lubricants,
- (3) Antifreeze and Antirust for Cooling water,
- (4) Cooling water.

- (iv) Defects due to normal or ordinary wear and tear. Naturally wearable parts, including but not limited to; Piston, Cylinder Liner, Piston Rings, Valve Seats, Valve Guides, Gears, Bearings, Piston Pin, Piston Bushings, Crank Shaft and Cam Shaft.

- 16) Failures caused by the fault of the Dealer or the customer.

5.3 REIMBURSEMENT OF WARRANTY CLAIMS

- 1) **WARRANTY RATE AND WARRANTY COVERAGE**
MTEE will reimburse Dealer/Buyer for the costs and expenses of Warranty repairs as provided in: (i) this Agreement, (ii) the Warranty Rate Agreement or other agreements with Dealer/Buyer.
- 2) **PARTS VERSUS ASSEMBLY REPLACEMENT**
As a general rule, MTEE will not approve the replacement of an entire assembly due to the defect of a part within it. A request by Dealer/Buyer to replace entire assembly should be submitted to MTEE together with a detailed description of the defect and its root cause, along with a comparison of the costs of replacing the entire assembly and the costs of warranty repair.
- 3) **PRICE OF REPLACEMENT PARTS**
Only the price of individual parts falls within the scope of Warranty reimbursement, the price of which is determined to be the price of the minimum part unit listed in the Manufacturer's Parts' Catalogue.
- 4) **LABOUR**
MTEE will reimburse the Dealer for standard labour at an agreed hourly rate for repairs carried out under this Agreement. The hourly rate is as per the Warranty Rate Agreement

and the standard labour time required as set out in the Mitsubishi Flat Rate Guidelines Manual and "Service Works" section in the MEEs system

Overtime charges will not be accepted by MTEE.

5) TRAVEL TIME AND MILEAGE

Travel time and mileage will be reimbursed at the regular daytime travel rate which must not exceed the regular daytime billable labour rate. Travel time will be determined by dividing the total distance travelled by eighty (80) kilometres per hour. For example, for a two hundred (200) km. round trip, reimbursement would be two and a half (2.5) hours' travel time. The maximum round-trip mileage allowed for each warrantable repair shall be within reasonable limits. Specific limitations are stated in the applicable Warranty Rate Agreement.

6) LODGING AND MEALS

Lodging and meals will be considered for reimbursement only when a mechanic is required to make a warranty repair at a location other than the customer's branch of headquarter shop.

7) LIMIT OF REIMBURSEMENT

The responsibilities of MTEE under this Agreement shall be limited to those provided under this Article 5, and no other remedy shall be given to the Dealers. In particular, MTEE shall not be liable for:

- (i) Any damage to or destruction of any other equipment or property, or
- (ii) Any loss of profits or any other loss or damage due to any defect of the Products .

6. WARRANTY CLAIM PROCEDURE

6.1 GENERAL

Dealers/Buyers shall follow the Warranty claim application procedure as described in MEEs and/or procedures and documents available with the MTEE Service Department. Incomplete applications will not be accepted.

1) ACCESS TO MEEs

Dealers/Buyers with access to MEEs shall submit their Warranty claims in the MEEs System. Warranty claim procedures are described in USER MANUAL part of the HELP section of the MEEs system.

2) NO ACCESS TO MEEs:

Buyers without access to MEEs system shall submit their Warranty claims in the Warranty Application form according to the Warranty Claim Procedures and the Field Failure Information Process which are available upon request from the MTEE Service Department.

6.2 SUBMISSION OF WARRANTY CLAIMS

Warranty claims shall be submitted within ninety (90) calendar days following the encounter of a defect as described in the article 5-1 above (respectively "failure date" section in the MEEs). Warranty claims that are received by MTEE after this time limit will not be accepted.

6.3 JUDGMENT OF CLAIMS

- 1) MTEE shall have the sole right to finally determine all Warranty claims. The outcome of MTEE's claims' determination shall be provided by a judgement letter.
- 2) MTEE will determine a Warranty claim within sixty (60) calendar days following the Warranty claim application in MEEs.
- 3) Dealer/Buyer can re-submit Warranty claims in MEEs for reconsideration within thirty (30) calendar days following the receipt of MTEE's judgment letter. MTEE's claim's determination following the re-submission shall be final and binding.

6.4 DISPOSING OF DEFECTIVE PARTS

Parts, associated with a warrantable repair must be retained for a period of ninety (90) calendar days after submitting the Warranty claim to MTEE.

6.5 SHIPMENT OF DEFECTIVE PARTS

If parts are requested by MTEE, MTEE will reimburse shipment expenses associated with the parts returned. Parts should be shipped in the most economical way and under the classification 'used parts' and must be labelled and provided with the date both Dealer/Buyer and MTEE claim reference number. Parts not explicitly requested by MTEE will not be reimbursed. The Procedure for returning parts is set out in the Return of Part(s) and or Engine(s) by Customer Procedure, with the MTEE Service department.

7. RECALL AND SPECIAL SERVICE CLAIM

7.1 RECALL

If MTEE and/or Manufacturers decide to recall the Products, MTEE and Dealers/Buyers shall discuss and mutually agree upon the procedure for and the cost of removal, installation and transportation thereof.

7.2 SPECIAL SERVICE CLAIM

"Special Service Claim" is a common claim on a certain type of Product in relation to which MTEE and/or Manufacturers have established a countermeasure. Dealers/Buyers shall perform required services on all types of Products as per the provided instructions and within the specified time limits.

Reimbursement to MTEE of special service claims will cover the cost of the parts including price, customs duty, freight and brokerage expenses, travel time and labour

The following documents form an integral part of this Warranty Agreement and are available on request with MTEE Service Department:

1. Warranty start-up form.
2. Warranty Application form (for non-MEEs users only).
3. Mitsubishi Flat Rate Guidelines Manual (for non-MEEs users only).
4. Field Failure Information Process (for non-MEEs users only).
5. Return of Part(s) and or Engine(s) by Customer Procedure (for non-MEEs users only).
6. Warranty Claim Procedure (for non-MEEs users only).

Questions, requests and/or remarks regarding the warranty application can be submitted to the MTEE Service Department by e-mail: ewarranty@mtee.eu



MITSUBISHI TURBOCHARGER AND ENGINE EUROPE B.V.

Damsluisweg 2, 1332 EC Almere, The Netherlands

Tel: +31-36-538-8311

www.mtee.eu