

General Terms and Conditions of Sale and Delivery

Under these Terms and Conditions (hereinafter “the Terms and Conditions”), “Seller” means SEW-EURODRIVE Korea, and “Buyer” means any customer whose purchase order has been accepted by the Seller after placing a purchase order with the Seller. The following Terms and Conditions shall apply to all contracts, deliveries and services with the Buyer. The Terms and Conditions shall apply to all transactions with the Buyer in the future. Except expressly agreeing on the validity of any regulation outside the Terms and Conditions, the Seller does not acknowledge such regulation. This shall apply in the case where the Seller did not expressly raise objection or executed any delivery without any reserve. When the Terms and Conditions are changed, they shall be delivered to the Buyer with reference to the changed items, and they shall be applied as the amended version from the time that the contract relation has been continuously progressed without any objection in accordance with the amended Terms and Conditions.

Article 1【Conclusion of Contract】

1. As the written estimate of the Seller may be arbitrarily changed or amended as necessary, the accurate specification for contracted delivery and service shall be based on the relevant order acknowledgement.
2. The Buyer shall provide accurate information to the Seller when placing a purchase order, and it shall review and check the specifications of the contracted articles and services by the order acknowledgement provided by Seller, and if there is any discrepancy, it shall notify thereof to the Seller in writing before manufacturing the contracted articles. Also, if the Seller has not provided the order acknowledgement, the order shall be deemed to have been approved by the relevant delivery or tax invoice.
3. Specifications (example: product information described in the catalogues, electronic media or product labels) for the contracted articles and services are based on the general standards and universal experience of the Seller and limited for the purpose of being used as general recommendations or standard classification of items. Thus, the specifications or performance of the contracted articles have nothing to do with suitability for the purpose of use thereof.
4. Seller's support for design and engineering business shall be performed by limiting the scope of the information and details provided by the Buyer.
5. The Seller may change technical data or designs of products for reason of improvement of technical performance or development
6. Ownership of and copyrights for all the patents, diagrams, drawings, calculation data, and other similar tangible and intangible information contained in electronic information media shall remain in the Seller. The documents and

information related to contracted items submitted to the Buyer after designating as confidential by the Seller also correspond thereto. The Buyer shall not arbitrarily disclose or provide anything which has not been approved in advance by the Seller in writing to any third party.

7. The Terms and Conditions shall remain in force and effect for 1 year after the date of execution.

Article 2【Changing Terms and Conditions】

1. When the Parties intend to change the details of the Terms and Conditions, they shall change thereof after mutual consultation between the Seller and Buyer.
2. Handling of any damage incurred due to changing the Terms and Conditions under subparagraph 1 shall be in accordance with the following subparagraphs:
 - A) Where any damage has been incurred due to any reason attributable to the Seller, the Buyer may claim the damages to the Seller.
 - B) Where any damage has been incurred due to any reason attributable to the Buyer, the Seller may claim the damages to the Seller.
 - C) Where any damage is attributable to both the Seller and Buyer, each Party shall be liable for the part for which it is responsible respectively.

Article 3【Designation of Order Specifications, etc.】

1. The Seller shall deliver the ordered articles to the Buyer after manufacturing in accordance with the standards and specifications of the articles ordered by the Buyer.
2. When the standards or specifications under subparagraph 1 are not clear or there is any question in relation thereto, the Buyer shall promptly notify such fact to the Seller for consultation.
3. The Seller and Buyer may advance opinions on changing the method of manufacturing the standards and specifications under subparagraph 1 as necessary, and it is a rule that the follow-up disposal of the old-style products subsequent to such change shall be handled by the Party causing such change.
4. As Seller's products are produced by order, when the Buyer changes the standards or specifications, it shall follow the schedule (dates) presented by the Seller: Provided, that where there occurs any factor for adjusting unit prices due to change in the standards, the unit prices may be adjusted upon mutual consultation.

Article 4【Price and Terms of Payment】

1. Prices shall be determined after consultation between the Seller and Buyer after adding proper administrative expenses and profit according to the reasonable calculation method taking account of the quantity, price, standards, specifications, due date for delivery, payment method, quality, whether there is any inspection, labor cost, market price trend, etc.
2. Unless there is any separate agreement, the price under subparagraph 1 shall include overall expenses such as packaging charge, freight and insurance to the place of delivery designated by the Buyer.
3. Unless there is any separate agreement, the packing method and transportation method shall be as determined

by the Seller.

4. When the terms under subparagraph 1 which were the base for determination of unit prices have been changed during the term of contract without any reason attributable to either Party, the Seller or Buyer may request adjustment of the unit prices, in which case unit prices may be re-determined upon mutual consultation after reviewing the relevant materials.

5. Unless any other payment period has been expressly agreed, payment shall be made within 30 days from the invoice date without delay. If there is any amount in arrears, products shall be delivered after complete payment of such amount.

6. Purchase prices may be subject to imposition of interest at the statutory overdue interest rate applied during the overdue period. The Seller is entitled to claim for any additional damage from overdue payment.

7. Where the financial condition of the Buyer has deteriorated or any situation caused by uncertainty of solvency occurs, and especially in the case of dishonoring of notes and checks, overdue payment, default for any other delivery or delayed payment, the Seller has the right to require immediate payment or security for unpaid claims under the rights belonging to the Seller, and if the payment or security is not provided within the reasonable period, the Seller has the right to revoke the whole or part of the ordered articles. The Buyer is obligated to immediately pay for the notes and checks assigned for the purpose of payment regardless of their due dates. In addition, if any situation described in the above has been confirmed from the Buyer after confirmation of order, the Seller may withhold the Seller's service until the relevant payment or security is provided.

8. Where the Buyer has failed to observe the payment obligation or has inappropriately provided delivered products, the Seller may suspend additional delivery to the Buyer until the Buyer fulfills its payment obligation or withdraws inappropriate provision of products.

Article 5 [Due Date for Delivery, Delivery]

1. The term "due date for delivery" refers to the due date by which the Buyer has to deliver the contracted articles to the place designated by the Buyer pursuant to the Contract, which shall be determined upon consultation between the Seller and Buyer.

2. The Seller shall deliver the quantity of contracted articles determined by the Buyer in accordance with the delivery procedures separately determined by the Seller and Buyer upon mutual consultation.

3. Where any abnormal delivery such as advance delivery, delayed delivery or excess or deficiency in quantity has occurred, the Seller shall promptly take necessary measures.

4. Where any abnormal delivery under subparagraph 3 has occurred due to any reason attributable to the Seller, the Seller shall compensate for the damages incurred by the Buyer.

5. Where the Buyer has caused delay of any

delivery or refused to accept any delivery without any justifiable reason, the Buyer shall compensate for the damages incurred by the Seller.

6. The Buyer may not require return, etc. of the contracted articles to the Seller regardless of whether or not there has been any inspection after 7 days have passed after the delivery.

7. Where any contracted item is manufactured by using privately supplied materials, when any delay in the Seller's delivery has occurred due to delay in supply of the privately supplied materials by the Buyer, the Buyer shall sufficiently extend the due date for delivery by any period not shorter than the period of delay in supply of the privately supplied materials.

8. In the case of any unforeseeable situation beyond the control of the Seller, and especially where there is any delay in delivery of main parts and raw materials due to delays in shipping, malfunctions or defective products caused by any force majeure causing influence to the orders such as any labor dispute, lockout, restriction on export or import, disorder beyond control, government action or natural disaster, the Seller may appropriately extend the date of delivery due to such situation, and shall promptly notify such fact to the Buyer at each time the situation starts and ends.

Article 6 [Warranty and Repair, etc.]

1. The Seller warrants the quality and performance of the articles for 12 months after completion of delivery of the articles: Provided, that consumables do not correspond to the articles under warranty. (Please see www.sew-eurodrive.kr for the definition and types of consumables) If any fault has occurred during this period due to any quality defect of products, it is a rule that SEW shall be responsible for repair of the contracted articles and compensation for damages resulting therefrom.

2. However, responsibility of SEW shall be exempted in any case where such fault is caused by willfulness or negligence of the Buyer or the fault has been repaired by a third repair businessman, while repair of any natural wear and tear or consumables shall be charged.

3. If there is any defect in the products provided by the Seller, the Buyer has the right to claim provision of faultless products to the Seller, and the Seller may either repair the defect of products or replace with faultless goods or service as substitutes. The Buyer shall approve the time and opportunity to solve the defects of products, but it shall not claim the relevant cost. The Buyer may directly repair the defects of products or have a third party repair such defects at reasonable price under the consent of the Seller.

4. The Buyer may not raise any objection to the Seller for any damages incurred due to any violation of duty not responsible by the Seller even in the warranty period, nor may it claim damages. The above case includes improper or wrongful use, especially excessive use, incorrect assembly, installation or operation or improper or negligent manipulation by the Buyer or any third party in the manner not compatible with the guidelines for proper assembly, improper operating materials or substitutes, insufficient works, negligence in operating instructions, improper operating conditions, especially improper chemical, physical, electromagnetic, electrochemical or electric effect, effect of weather or environment, and also excessively high or low ambient temperature.

Article 7【Recovery and Arbitrary Disposal of Inventory】

1. In the event that payment has been delayed or any reason for revocation or termination, etc. of contract has occurred, the Buyer consents to the recovery of the contracted products. As the ownership of the contracted products still remains in SEW in such case, the Seller may arbitrarily dispose the articles.
2. The Buyer cannot raise any objection against any matters that can arise in the course of recovery of the contracted articles by the Seller.
3. The Seller may enter any place in which the contracted products are assumed to be located and recover the products etc. in order to recover the contracted articles, and the Buyer cannot interrupt such recovery.

Article 8【Prohibition of Improper Return】

1. When the Buyer receives or accepts the contracted articles from the Seller, the Buyer shall not return such articles to the Seller unless there is any reason attributable to the Seller. (Hereinafter “improper return”)
2. The acts of the Buyer falling under any of the following subparagraphs correspond to improper return under the provision of subparagraph 1:
 - A) An act of returning contracted articles for reason of revocation of order from the other party to the transactions of the Buyer or any change in economic situation, etc.
 - B) An act of returning contracted articles by unduly judging the contracted articles as failure without notifying the Seller after expressly determining the criteria and method of inspection in advance
 - C) An act of returning contracted articles even though the contracted articles have been judged as failure due to poor quality of privately supplied materials or loaned items supplied by the Buyer
 - D) An act of returning contracted articles even though delivery of the Seller has been delayed due to delayed supply of the materials privately supplied by the Buyer

Article 9【Assignment of Rights】

1. Unless there is the written consent of the other Party, the Buyer and Seller shall not assign or provide as security the whole or part of the rights generated from this Contract and its subsidiary agreements or individual agreements to any third party.

Article 10【Revocation or Termination of Contract】

1. The Buyer or Seller may revoke or terminate the whole or part of this Contract and its subsidiary agreements or individual agreements with immediate effect by giving a written notice (excluding the cases under Article 12) to the other Party, if the other Party falls under any of the following subparagraphs:
 - A) Where it is acknowledged that the other Party is unable to continue performing this Contract after

being disposed of suspension of transaction from any financial institution;

B) Where the other Party has been disposed of revocation or suspension, etc. of suspension of business from the supervisory office;

C) Where it is acknowledged that the other Party is unable to continue performing the agreements under the basic Contract and subsidiary agreements as any significant reason in management such as dishonor of notes or checks, compulsory execution (excluding provisional attachment and provisional disposition), petition for adjudication of bankruptcy or petition for winding-up has occurred;

D) Where the Buyer or Seller has resolved assignment of its business or resolved to be merged to another company without the approval of the other Party;

E) Where the other Party has violated this Contract and its subsidiary agreements;

F) Where both Parties acknowledge that it is difficult to fulfill the contents of this Contract and its subsidiary agreements and individual agreements due to any disaster or other reason; or

G) Where it is acknowledged that it is difficult to deliver the products within the term of contract as the Buyer has disrupted the work of the Seller by delaying fulfillment of the overall matters necessary in manufacturing the contracted articles without any justifiable reason, or as the Seller has refused or delayed commencement of manufacturing of the ordered articles without any justifiable reason.

2. Where any reason for revocation or termination under any of the subparagraphs of paragraph 1 has occurred, the Buyer or Seller shall promptly notify thereof to the other Party.

3. When the Contract has been revoked or terminated pursuant to paragraph 1, all the liabilities owed to the Party having the right of revocation or termination shall be accelerated and promptly repaid.

4. Any damage has been incurred by the Party having the right of revocation or termination in relation to revocation or termination, the other Party shall compensation for such damage.

5. All the liabilities and losses that can be incurred due to termination of the Contract caused by any reason attributable to the Buyer after execution of the Contract between the Buyer and Seller shall be the Buyer's responsibility. Where the Buyer requests revocation, termination or cancellation of purchasing after commencement of manufacturing of the contracted articles, the Buyer shall reimburse at least 20% of the sale price if prior to assembly or at least 50% if after assembly to the Seller as compensation for damages.

Article 11【Claim for Damages】

1. When the Buyer or Seller has suffered any damage due to any violation of the Terms and Conditions or individual agreements by the other Party, it may claim damages against the other Party.

2. The Buyer may claim damages against SEW by written notice for the items under delivery contract of the Seller and their defects.

3. The scope of claim for damages shall be in accordance with the criteria prescribed in the Product Liability Act. Any other liability for compensation for damages caused by any simple negligence in performing the Contract or any

unintentional act by the Seller shall be limited to the property damages incurred by the Buyer.

4. The period for claiming damages shall be limited to 12 months after completion of delivery.

Article 12 [Regulation and Export Control Regulations]

1. The Buyer represents and warrants as the following subparagraphs during the effective period of this Contract relating to the Buyer, or corporations or individuals directly or indirectly controlling the Buyer, or all the subsidiaries (hereinafter collectively referred to as “affiliates”) of the relevant corporations:

A) The Buyer or its affiliate (i) is not in violation of any trade or economic sanctions (hereinafter referred to as “Sanctions”) imposed by the UN, EU, United States or other countries including the sanctions administered by the Office of Foreign Assets Controls (hereinafter referred to as “OFAC”), or (ii) in violation of 15 C.F.R. Chapter VII, Subchapter C (§§730-774) (hereinafter referred to as the “United States Export Administration Regulations”) administered by the United States Commerce Department’s Bureau of Industry and Security (hereinafter referred to as the “BIS”).

B) The Buyer or its affiliate does not conspire or participate in any transaction evading, intending to evade or attempting to violate the Sanctions or United States Export Administration Regulations.

C) The Buyer or its affiliate is not owned or controlled by any individual or corporation corresponding to any of the following reasons: (i) where any individual or corporation is included in the Specially Designated Nationals List (SND List) of the United States administered by the OFAC or subject to the Sanctions, (ii) where any individual or corporation is located, established, or resides in any country or region subject to the Sanctions such as the Crimean Peninsula, Iran, North Korea and Syria or the government to which the individual or corporation belong is subject to the Sanctions, or (iii) where any individual or corporation is included in the sanctioned Entity List administered by the BIS or subject to restrictions pursuant to the United States Export Administration Regulations.

2. If the Buyer or its affiliate is or has become owned or controlled by any individual or corporation falling under any of the following subparagraphs, it shall immediately notify such fact to the Seller:

A) Where any individual or corporation is included in the Specially Designated Nationals List or subject to other Sanctions;

B) Where any individual or corporation is located, established, or resides in any country or region subject to the Sanctions or the government to which the individual or corporation belong is subject to the Sanctions; or

C) Where any individual or corporation is included in the sanctioned Entity List administered by the BIS or subject to restrictions pursuant to the United States Export Administration Regulations.

3. SEW may terminate this Contract with immediate effect if the Buyer or its affiliate violates paragraph 1 or paragraph 2.

4. The Buyer shall indemnify the Seller from all the costs, losses or liabilities arising from its violation of paragraph 1 or paragraph 2 or from the result of such violation.

Article 13 [Resolution of Dispute]

1. If there is any disagreement in interpretation in relation to the Terms and Conditions and their subsidiary agreements or if any dispute arises out of the matters not specified herein, they shall follow the Civil Act, Commercial Act and general commercial practice, and if they are not resolved thereby, they shall be resolved by mutual consultation between the Parties.

Article 14 [Competent Court of Lawsuit]

1. When any civil lawsuit related to the Terms and Conditions has occurred, the competent court shall be the Seoul Central District Court, to which the laws and regulations, etc. of the Republic of Korea shall apply.