

General Terms and Conditions of Sale

These General Terms and Conditions of Sale ("Terms") apply to all deliveries of products and services ("Products") from Danfoss A/S or its Affiliates (each of which is referred to as "Danfoss") to any customer ("Customer"). In these Terms "Affiliate" shall mean an entity directly or indirectly controlled by Danfoss A/S whether by shares or voting rights. No terms and conditions other than the Terms shall be binding upon Danfoss and the Customer unless agreed in writing by both Danfoss and Customer. All terms and conditions contained in any prior communication which are different from or in addition to the Terms shall not be binding on Danfoss unless otherwise expressly agreed in writing by both Danfoss and Customer.

1. Confirmation of Order

Danfoss shall not be deemed to have accepted a purchase order until written, including electronic, confirmation of the order from Danfoss is received by Customer or Danfoss has received written, including electronic, timely and unconditional acceptance from Customer of Danfoss' quotation.

2. Terms of Delivery

The Products are delivered EXW from, at Danfoss' option, any of Danfoss' factories or places of business. Failing special instructions, Danfoss will dispatch the Products to Customer, at the risk and expense of Customer by a transport method chosen by Danfoss. EXW shall be interpreted in accordance with the version of Incoterms valid on the time of acceptance of the purchase order or quotation.

3. Delay

If Danfoss does not deliver at the agreed time, Customer is entitled to request delivery in writing and fix a final, reasonable, time limit for delivery. If delivery is not made within this time limit, the Customer is entitled to rescind the agreement of sale and claim compensation for its documented, direct loss. No further claims can be made by the Customer as a result of the delay.

4. Price Adjustments

Prices for Products are exclusive of VAT and/or other taxes or duties. Danfoss reserves the right to adjust accepted prices for non-delivered Products in the event of alterations in rates of exchange, variations in costs of materials, sub-suppliers' price increases, changes in wages, state requisitions or similar conditions over which Danfoss has no or limited control.

5. Packing

Disposable packing is included in the price and will not be credited if returned. Returnable packing is not included in the price, but will be credited if immediately returned in undamaged condition, at Customer's expense in accordance with Danfoss' instructions.

6. Terms of Payment

From due date, an interest rate of the lesser of 2 % per month or the highest rate allowable under applicable law will be payable.

7. Group Set-off

Danfoss and its Affiliates shall be entitled to set off own claims against the Customer, in the Customer's possible claims against any of said companies.

8. Product Information

Any information – irrespective of derivation from Danfoss or a Danfoss business contact – including but not limited to information on weight, dimensions, capacity or any other technical data in catalogues descriptions, advertisements, etc. shall be considered informative, and are only binding if and to the extent, explicit reference on this is made in offer and/or order confirmation. Specific demands from the Customer are only binding if and to the extent they have been confirmed by Danfoss in writing.

9. Proprietary Information and Confidentiality

Any non-public information, including but not limited to, drawings, descriptions and any other technical documents which Danfoss has made or may make available to the Customer ("Technical Information") shall remain the property of Danfoss and shall be treated as confidential by Customer and its representatives and must not, without the written consent of Danfoss, be copied, reproduced, or transferred to third parties or be used for other purposes than those intended when the Confidential Information was made available. Confidential Information shall be returned upon Danfoss' request.

10. Alterations

Danfoss reserves the right to make alterations to Products which do not materially affect agreed specifications or the Products' form, fit or function, without notice.

11. Cost-free Repairs

Danfoss agrees to repair or replace, at the discretion of Danfoss, such Products that on Danfoss' examination are found to be defective at the time of delivery due to faulty manufacture, design and/or defective materials, provided the Customer makes a claim to Danfoss within 12 months from the date of delivery. If defects occur within the above mentioned period, the Product shall be forwarded to Danfoss according to prior agreement with Danfoss. A description of the reason for returning the Product shall be enclosed. Freight and insurance is paid by the Customer. Products returned shall be free of extraneous equipment. If Danfoss' examination shows that the Product is not faulty, the Product shall be returned to the Customer. Freight and insurance shall be paid by the Customer. If Danfoss ascertains that the Product is faulty, Danfoss shall send the repaired or a replacement Product to the Customer. Danfoss may choose the method of dispatch and pays freight and insurance. Products or product parts which have been replaced shall be the property of and retained by Danfoss.

ANY OTHER LIABILITIES ARE NOT ACCEPTED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, UNLESS OTHERWISE EXPRESSLY SET FORTH HEREIN, THE PRODUCTS ARE SUPPLIED "AS IS", "WHERE IS" AND "WITH ALL FAULTS" AND DANFOSS MAKES NO WARRANTIES, EITHER EXPRESS OR IMPLIED AT LAW OR OTHERWISE (INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE).

12. Product Liability

Danfoss shall not be liable for any damage to real property or chattels caused by the Product after it has been delivered and whilst it is in the possession of the Customer. Nor shall Danfoss be liable for any damage to products manufactured by the Customer or to products of which the Customer's products form a part. If Danfoss incurs liability towards any third party for such damage as described in the preceding paragraph, the Customer shall indemnify, defend and hold Danfoss harmless. Customer shall indemnify and hold Danfoss harmless for all claims arising from damage resulting from the use or operation of the Products because of the improper repair, maintenance or operation of the Products by Customer, the failure of Customer to adequately train personnel in the operation of the Products, Customer's failure to comply with applicable laws or regulations or otherwise. If a claim for damage as described in this clause is lodged by a third party against either Danfoss or the Customer, the respondent party shall immediately inform the other party thereof in writing. The Customer shall be obliged to let itself be summoned to the court or arbitral tribunal examining claims for damages lodged against one of them on the basis of damage allegedly caused by the Product.

13. Secondary Damage

DANFOSS SHALL NOT BE HELD RESPONSIBLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGE OR LOSS, WHICH MIGHT ARISE OUT OF ANY BREACH OF WARRANTY, FAULTY PRODUCTS, DELAY IN THE DELIVERY OF THE PRODUCTS, PRODUCT LIABILITY, RECALL OR OTHERWISE, IRRESPECTIVE OF THE CAUSE, INCLUDING BUT NOT LIMITED TO, LOSS OF PRODUCTION, LOSS OF PROFIT AND LOSS OF GOODWILL.

14. Mandatory liability

Nothing in these Terms (including but not limited to the exclusions and limitations in clause 11 to 13) shall operate so as to exclude or limit the liability of either party to the other for death or personal injury arising out of its negligence, fraudulent misrepresentation or for any other liability which cannot be excluded or limited by law.

15. Notice of Claims

Claims or complaints as to defects and/or delay in delivery of the Products or other claims shall be submitted in writing by Customer to Danfoss without undue delay.

16. Intellectual Property Rights

If the Product is delivered with embedded software, Customer obtains a non-exclusive, software license in form of a right of use to the software solely for the purposes set out in the applicable specification of the Product. Aside from this, Customer obtains no rights in form of license, patent, copyright, trademark or other proprietary right connected to the Products. Customer shall not obtain any rights to source codes to such software.

17. Restraint on Resale and Use for Certain Purposes

Danfoss products are produced for civilian use. Customer is not allowed to use or to resell the Products for purposes which have any connection to chemical, biological or nuclear weapons or for missiles which are capable of delivering such weapons. Customer is not allowed to sell the Products to persons, companies or any other kind of organization if Customer has knowledge of or suspects that said persons or entities are related to any kind of terrorist or narcotics activities. The Products may be subject to legal regulations and restrictions and may therefore be subject to restrictions in case of sale to countries/customers covered by export and import ban. These restrictions shall be observed in case of resale of the Products to such countries/customers. Customer is not allowed to resell the Products if there is doubt or suspicion that the Products can be used for the purposes mentioned in the preceding paragraph. If Customer receives knowledge of or suspects that the conditions in this clause have been violated, Customer shall immediately inform Danfoss.

18. Force Majeure

Danfoss is entitled to cancel orders or suspend delivery of Products and shall not be liable for any non-delivery, faulty or delayed delivery which partly or wholly is caused by circumstances beyond Danfoss' reasonable control, including, but not limited to, riots, civil unrest, war, terrorism, fire, insurrection, requisition, seizure, embargo or defects or delays in deliveries by sub-contractors, strikes, lockouts, slow downs, lack of transportation, scarcity of materials, sickness accidents in product testing, and insufficient supplies of energy. Any of Customer's contractual rights are suspended or become void in any such circumstances referred to in this clause. Customer is not entitled to any kind of damages or to make a claim whatsoever in case of cancellation or delayed delivery due to such circumstances.

19. Global Compact

Danfoss has joined the United Nations' Global Compact initiative which means that Danfoss has undertaken to live up to 10 principles on human rights, employees' rights, the environment and corruption. These principles are listed in "Danfoss Code of Conduct for Suppliers" to be seen on www.danfoss.com. Therefore Danfoss encourages the Customer to comply with these fundamental principles. For further information on Global Compact: <http://www.unglobalcompact.org>

20. Partial Invalidity

If one or more of the terms and conditions in these Terms or any part of a term is deemed invalid, unenforceable, illegal or inoperable, the validity, enforceability, legality or operability of all further terms and conditions shall not be affected or diminished thereby.

21. Disputes

Any dispute between the parties arising from or in connection with a purchase agreement governed by these Terms shall be settled pursuant to United States of America law including the United Nations' Convention for the International Sales of Goods (CISG), with the exception of the conflict of law provisions. Any dispute arising from or in connection with a purchase agreement governed by these Terms and which the parties themselves are unable to resolve shall be referred to and settled by arbitration under the Rules of Arbitration of the International Chamber of Commerce, Paris ("Rules") by one or more arbitrators appointed in accordance with said Rules. Each Party shall be entitled to seek appropriate injunction relief or any other temporary measures. The Parties may refer the enforcement of any arbitral award to any competent court. The seat of arbitration shall be Los Angeles California. English shall be the language to be used in the arbitration proceedings unless otherwise agreed between the parties. The arbitration proceedings and the arbitral award shall be confidential and involved persons on both sides are pledged to secrecy.