

Global Warranty Policy

Cimco outboards and engine parts

Publication No. ODM 1007, Version 1.1 – 06-04-2017

Section A: About the policy – 2017/02/06

1. Objectives of warranty policy

The purpose:

- To advise and provide guidance on warranty matters
- To define clear processes, procedures and documentation for distributor to conduct warranty and related activities.
- To provide a consistent standard to evaluate Cimco and the distributor warranty processes and registers

2. Use of this manual

This manual is designed to be a reference to the CIMCO warranty guidelines defined by Cimco; being a source of advice, guidance and assistance in all matters concerning warranty.

Distributors are expected to follow and adhere to all the mandatory requirements specified in this manual. The usage of the word “must” refers to a mandatory requirement as opposed to an advice or recommendation.

For sections and clauses that are not mandatory, these will be identified by the use of the terms ‘recommendation’ or ‘guideline’ in the text. Whilst these sections are not mandatory, they are, as are all parts of this manual, based on correct warranty business practice and are minimum requirements for an effective and efficient warranty process. Cimco will therefore expect to see evidence of compliance to such sections, although the distributor or dealer is free to substitute policies or practices of their own to achieve the same objectives.

* In all sections of this manual, the term ‘Cimco’ or ‘Cimco Marine’ refers to Cimco Marine AB, Ängelholm, Sweden.

Updates to Manual

Every section of this warranty manual is designed to be updated individually. This means that a small change to an individual section will not require the whole document to be re-issued. Instead, updated sections will be sent to distributors as necessary. The new section must be inserted into the manual immediately and the old one discarded. The issue number and date will appear on every updated section and an updated index, showing the status of every section will be included in every update.

In addition, ‘Warranty Information’ bulletins will be issued when it is necessary to provide information not normally contained within the warranty manual. These should be communicated to distributors and copies retained with the manual.

This process will make it easier for Cimco Marine and its distributors to maintain a fully up to date and useful warranty manual.

3. Scope of the Manual

This manual is intended as a guide to the interpretation of Cimco Marine warranty terms. From a contractual standpoint and where appropriate, the section 'General conditions of sale' or 'General terms and conditions' will always take precedence.

In addition:

- These warranty terms are valid for Cimco outboard engines, parts, service exchange units, tools and accessories supplied by Cimco.
- Certain components and assemblies might be covered by special terms and details of coverage. Claiming procedures appear in separate sections .

3.1 Acceptance of Warranty Manual Provisions and Requirements

In the action of submitting any kind of warranty claim to the Cimco, both distributor and dealer concerned are confirming:

- That the repair is covered by warranty, as defined in this manual.
- That the repair has been conducted at least in line with the mandatory requirements defined in this manual.
- That distributor and dealer accept the relevant warranty provisions as defined in this manual.
- That the claim can be supported, as defined in this manual and that such support material can be inspected by factory representatives up to 24 months after the repair date.

Section B: Cimco warranty

1. General Warranty Objectives

Warranty claims are handled by Cimco while repairs or replacements will be operated by the Cimco distribution network. The primary objective with the Cimco warranty policy is to fulfil our joint warranty commitments to the customer.

Claims will be handled in a way that ensures good customer relations and retains maximum customer satisfaction.

To ensure an effective response to customer complaints, each of the parties involved will allocate funds from their own budgets for each part or engine sold.

Whilst most customers understand that defects in material and/or workmanship can occur, in spite of rigorous manufacturing controls, we will jointly handle all such defects correctly in both technical and economic terms. In doing so the dealer can improve their service capability and strengthen their ties with their customers. Cimco will assist its distributors and dealers in this regard by offering a world - wide factory warranty in accordance with the terms and conditions presented in this manual.

The customer will be informed of the terms and conditions when the sale is closed. The customer will confirm their acceptance of these terms and conditions by signing the sales contract.

Cimco Marine's goal is to ensure that the customer is satisfied with both the product and with the service rendered. Distributors and dealers will be capable of carrying out such business transactions successfully only if they are fully aware of the policies and procedures involved.

All dealers and authorised workshops will correct defects covered by warranty, regardless of the origin of the Cimco engine.

2. Warranty Business Objectives

It is important that distributors understand the key objectives of warranty, including both the financial returns they can expect from conducting warranty repairs and the associated warranty obligations placed upon them by Cimco Marine.

Aside from warranty as a service to its customers, Cimco recognises the importance of warranty as a contributor to dealers overall service department productivity and profit. Whilst the basic principle of Cimco's reimbursement policy is to cover the direct cost or 'actual' cost of warranty work (and not generate profit), reimbursement levels are designed to exceed most workshops average actual costs and make warranty returns broadly in line with those resulting from other workshop sales.

The basis for and methods of defining reimbursement levels is detailed in the Flat Rates Manual (Publication No. ODM1009)

Should a distributor decide for any reason to provide a dealer with greater reimbursement than allowed by Cimco we will then consider this a marketing related decision, and the distributor will be required to cover the excess funds from their own budget.

3. Warranty Conditions

The full legal conditions of warranty are contained general terms of sales.
B 3.1 to B 3.2 is intended only to clarify the conditions and limitations in a more usable format.

3.1 Conditions of Warranty

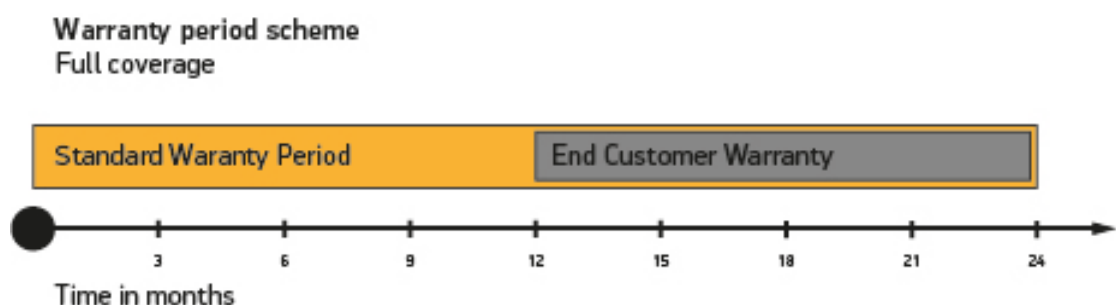
Cimco agrees to **only remedy manufacturing or material defects during the warranty period**. The remedy may consist of a repair or replacement, as determined by Cimco.

For the Oxe Diesel engine, the warranty is designed to protect both the end customer and the distributors. The regular period of valid warranty is 12 over 24 months - this means that the product has a 12 months of full warranty coverage from startup date within 24 months of the production date (Refers to warranty period of engines purchased with regular warranty conditions, for detailed information about warranty extensions see B.5).

The following schemes explains the periods and coverages:

- A) The scheme below represents the coverage periods in a time interval of 24 months, were the engine has been sent to the distributor and sold after 12 months time. The warranty is passed on to the first end user and valid for a next 12 months period or according to the running out limits explained in the table No.1 - Warranty limitations by effect level (Page 7).

Chart No. 1 - Warranty period scheme A



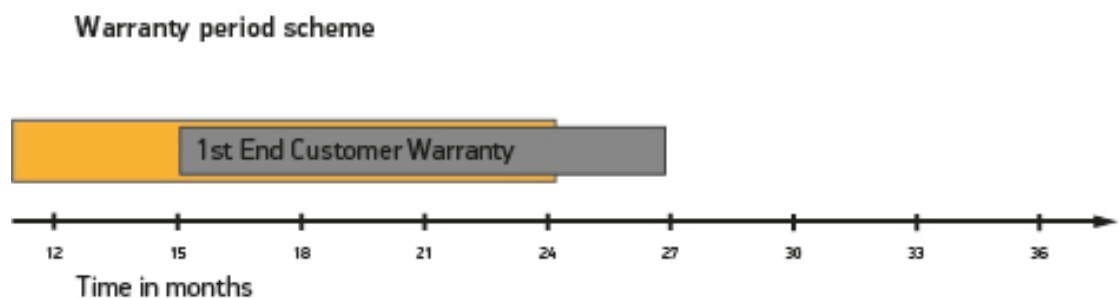
- B) In this case the chart represents an engine that has been sent to the distributor and sold to the first end customer after three months from start date of warranty, here the completion of the end customers warranty period determines the end of warranty coverage.

Chart No. 2 - Warranty period scheme B



- C) The third case on the following chart, represents an engine sold to end customer after 15 months of being delivered from the factory, here the 24 months coverage has finished 3 months before the customers warranty. After this 24 months period the cimco warranty coverage ends, for the remaining period it is the distributors responsibility to operate and cover the costs of the warranty process for their end customer.

Chart No. 3 - Warranty period scheme C



From the moment of the registration of the first end user, the regular warranty period is limited to a period of 12 months or according to the running/hour limits explained in the table below. The end customers warranty coverage should not be affected or interrupted at any time under the valid warranty period.

Table n.1-Warranty limitations by effect level	
Effect Level	Warranty limitations
200 HP	A maximum of 800 hours/year. Full power can be utilized for 1 hour in a 12 hour operational period. For the remaining 11 hours of the operational period, the engine speed must be kept at a minimum margin of 10% below the obtained full load engine speed.
175 HP	A maximum of 4000 hours/year. Full power can be utilized for 1 hour in a 6 hour operational period. For the remaining 5 hours of the operational period the engine speed must be kept at a minimum margin of 20% below the obtained full load engine speed.
150 HP	Load and speed can be constant and full power can be used without interruption

The warranty period for a demonstration engine starts when the engine is first registered or used as a demonstration engine. If a demonstration engine is then sold under full regular warranty conditions, the additional time beyond 12 months of usage must be covered by the distributor.

3.2 Limitations of Warranty

- For engines 'in service' - delivery information for the product must have been submitted to Cimco through the distributors portal, and a pre-delivery inspection carried out.
- For Cimco Engines - to validate the warranty, the start-up date must be reported to Cimco through the distributors portal. If this date is not reported to Cimco, then the warranty period starts from the production date.
- Material and Manufacturing defects are claimable for engines prior to warranty start (defects discovered during the Delivery Inspection resulting from a clearly identified inspection point in the applicable D Inspection Schedule)
- Claims submitted 30 days after the customer reported a failure in their product to the distributor, will be dismissed and therefore not eligible for reimbursement.
- No warranty will be provided if the Cimco Engine Product is not prepared in accordance with Cimco's instructions for storing.(See user's manual)
- For certain installations of engines, and all cases of series production, the responsible distributor must inspect and approve the customer's installation plans and implementation. Copies of installation reports must be retained and may be required to support warranty claims.
- Cimco or a Cimco workshop must be notified of the defect without delay.
- The product must be brought to or attended by a Cimco workshop without delay.
- Warranty eligibility will not be applicable to damage caused by:

- Neglect, lack of maintenance, accidental or abnormal operation, improper installation or service by unauthorized personnel.
 - Use of propellers not properly suited to the application/boat load
 - Failure to follow instructions in applicable project service information manuals or users and service manuals.
 - For twin installation vessels, the continual operation of the vessel on only one engine on any other condition other than an emergency situation.
 - Use of an accessory or part not recommended by Cimco.
 - Operating with fuels, oils, lubricants or coolants/coolant additives that are not recommended for use by Cimco.
 - Participating in, or preparing for racing or other competitive activity.
 - Alteration or removal of parts.
 - Use or operation of the product in a manner inconsistent with the recommended operation/duty cycle that has been stated.
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- For the avoidance of doubt, Cimco shall in no case be liable for any defects or damages caused by (a) accident, neglect, misuse or improper storage by Distributer or Distributor's end customer, (b) alterations or re-pairs made by Distributor or a third party without Cimco's prior written consent, or (c) normal wear and tear.
 - "Improper use" also includes failure to adhere to specified maintenance and repair requirements and unauthorised modification
 - Unauthorised modification of components or systems, unapproved or inappropriate installation, or the fitment of additional equipment not approved by Cimco may invalidate any warranty on those or other affected components /systems.
 - Defects that arise as a result of fitting of parts that are not Cimco parts supplied by Cimco, or defects connected with such use, are not covered by the Cimco warranty.
 - Cimco can not be held responsible for consequential damage, including personal injury caused by failure of the product.

4 Warranty and the First End User

Oxe Diesel new engines warranty is a first owner warranty (i.e. not applicable to Cimco parts). A second or third owner etc. of a Oxe Diesel is solely responsible for settling any warranty issues with his Vendor.

7 Cimco Warranty System Structure

The warranty for a new Oxe Diesel is only out of an individual sales contract for a particular engine. Cimco as manufacturer does not give a manufacturers warranty directly to end customers.

This is different to electronic consumer goods as an example where manufacturers in their own name sometimes provide direct "world guarantees" to end-customers having purchased goods at retail level.

Sales of Oxe Diesel Engines are business to business transactions with no application of consumer law or principles. Cimco Marine as manufacturer, with only very few exceptions, sells its products to distributors at wholesale level. They in their turn sell to retail level authorised Cimco dealers.

8 Cimco Manufacturers Warranty

Cimco as manufacturer of engine offers a warranty in its own name, Cimco Marine AB, when selling a particular engine to its national Cimco distributor at wholesale level. The separate product sales contract contains the warranty undertaking, and the only beneficiary of that warranty is the national distributor. Such sales transactions take place within the framework of Cimco distributor or importer agreements.

9 Cimco National Distributors Warranty to the Local Cimco Dealers

The Cimco national distributors at wholesale level, with few exceptions for their direct customers, will only sell engines to authorised retail level Cimco dealers. They are obliged by their distribution agreements to offer a contractual warranty for the engine sold to local Cimco dealers, and that warranty must not be less advantageous with regard to the material content than the warranty received from Cimco as manufacturer and supplier of the engine. Accordingly, this warranty is also strictly within a contractual relationship and not valid for anyone.

10 Cimco Local Dealers Warranty to the End-Customer

The terms of the authorised Cimco dealer contracts oblige the Cimco dealers at retail level to offer a contractual warranty for the engines they sell to end-customers. That warranty must not be less advantageous with regard to its material content than the warranty received from the Cimco distributor at wholesale level supplying the engine. Accordingly it is a warranty within a sales contract relationship which is offered to the first end customer. This contractual warranty is not valid for a second or third owner as such owners are not party to a sales contract with the Cimco dealer.

11 Unauthorised Dealers or Traders

If the first owner, despite this restriction, is an unauthorised dealer or trader, and if a Cimco authorised dealer in Cimco's EU-wide selective distribution system is in breach of restrictions on such supply has supplied a new engine to such a customer, the terms of the individual sales contract on warranty will apply unless the contract can be cancelled. This means that the unauthorised dealer or trader as first owner is entitled to warranty but not the next owner.

12 Intermediaries and Purchasing Agents

If a customer from the outset has identified themselves to the Cimco dealer as a purchasing agent or an intermediary with an assignment to purchase a new engine for an end-customer, then this will fall under the automotive block exemption regulation and will not be a sale to an unauthorised dealer or a trader, and the end-customer shall be entitled to the Cimco warranty as if they had purchased the engine directly themselves.

13 Customer Financing

Notwithstanding any of the above, the warranty still applies for an engine which is being financed to a customer through a financing company (e.g. under operational or financial lease, or as a hire-purchase), provided that that company is, and remains as, the first buyer of the engine concerned. In addition, if the first end user whose purchase of an engine is being financed accordingly, then buys the same engine from the financing company before the expiry of the warranty period, such warranty will still be applied to their benefit for the remainder of that period.

14 Parts Supplied by Cimco

The warranty principles described above in relation to the Oxe Diesel engine also apply to the Cimco warranty for Cimco Parts. However, the extent of the warranty is different in some aspects.

Section C: Warranty Implementation

1. Adherence to warranty manual requirements

1.1. The Cimco warranty system works on the principal of distributor-manufacturer warranty partnership, where the distributors role is to be the executive agent of the warranty process while Cimco's role is to supervise and determine warranty liability.

The executive role of the distributors consist in performing the first evaluation at the beginning of the warranty process, bringing up a complete diagnostic of the conditions of the engine and becoming the first filter in determining warranty liability.

The distributors decision supported with proving material (evidence: photos or other formats of supporting material)

1.2. Warranty procedures must be followed by distributors and dealers to ensure a controlled warranty repair process and proper cost control. These procedures must be evidenced for audit purposes by the maintenance of documentary records which substantiate that every warranty repair was:

- Necessary.
- Resulted from a clearly identified manufacturing or material defect.
- Carried out on the engine detailed on the claim.
- Carried out on an engine eligible for warranty.
- Carried out in the most cost-effective manner.
- Carried out under controlled conditions, as detailed in this manual.
- Completed satisfactorily.

1.3. Dealers and distributors must comply with all of the requirements specified in this manual, in both content and spirit. Adherence to all controls, both mandatory and recommended, will provide them with a process of warranty administration that is founded on best practice, and which in turn allows for self-audit and regulation.

1.4. Failure to observe all requirements and retain all necessary records defined in this manual will render the claim invalid. Cimco reserves the right to verify the validity of all claims submitted by distributors on behalf of their dealers, including 'on site' checks on distributor and dealer warranty processes and records.

2. Distributor warranty submissions

2.1. In order to discharge its responsibilities, distributors must have a complete understanding of their responsibility for submitting claims on behalf of dealers. Successful operation of the Cimco Marine warranty process depends on the observance of this policy.

2.2. The distributor agrees by the terms of the warranty given to their dealers upon the sale of a new engine, in that should the Oxe Diesel engine require repair or replacement as a result of a manufacturing defect in material or workmanship within the warranty period, the repair or replacement of parts will be carried out free of charge to the customer by an authorised Cimco dealer.

2.3. When a dealer submits a claim for warranty repairs, the distributor must ensure that the claim falls within the basic warranty guidelines:

- The distributors company name
- The dealer is registered under a Cimco distributor
- The engine serial number is quoted correctly
- The engine is inside warranty period.
- The engine is inside the warranty parameters by operating hours
- The repair results from a manufacturing or material defect
- The correct standard repair times have been applied (detailed in the Flat Rates Manual - Publication No. ODM1009)
- Genuine Cimco Marine parts have been used and claimed
- External work is claimed as defined in this manual
- Supporting documents for the claim are available
- For recalls or recommended actions, the engine falls within the affected engine serial number group
- The repair was necessary
- The repair was carried out in the most cost-effective manner

2.4. It is the distributor's responsibility to ensure that any claim submitted to Cimco meets all of these conditions. The distributor warranty decision should be based on the procedures detailed in this warranty manual unless the distributor agrees to make a more favourable settlement with the dealer. In such cases the distributor is responsible for the additional costs for that settlement.

2.5. Claims submitted by dealers should be checked to ensure that Cimco warranty policy is being correctly applied and to reject and return to dealers inappropriate claims giving the reason for the decision.

2.6. All claims to the factory must be submitted in English only. The English text must appear at the beginning of reason for claim section, never at the end.

3. Cost effective repairs

3.1. General

Cimco warranty must be applied in a way that reflects the quality and status of the product and maintains customer confidence by fair treatment and consistency. Cimco expects high quality repairs to be made to its products in the most cost effective manner.

Where several alternatives exist, compensation will be made only for the least expensive repair method. Cimco repair recommendations are to be followed at all times. The only

acceptable repair methods are those stipulated as a result of the warranty claim report or warranty claim response in accordance to the Flat Rates Manual (Publication No. ODM1009).

As a general rule, only the failing part and any other parts damaged as a direct consequence should be replaced.

4 Parts

Only genuine Oxe Diesel parts provided by Cimco Marine AB must be used in any warranty repair.

Major Assemblies (engine, gearbox)

- Cimco will only reimburse distributors for the most economical repair method.
- Exchange parts must be sent to Cimco if Cimco considers it necessary, otherwise these parts can not be used on new units (prior to delivery) of the Oxe Diesel engine.

5 Labour

Labour costs will be reimbursed according to the claimable times specified by Cimco in the Flat Rates Manual . Operations not contained therein will be reimbursed as judged reasonable by Cimco, in conjunction with the repair method defined in the relevant workshop manual.

Labour costs on claims must be supported by empirical evidence as support material (Invoices, etc.) and by a correct judgement (shall be expressed by the distributors in the description of the product failure while submitting a Warranty Claim Form, Publication Number or in future)

Time for cleaning of parts and units is normally included in operation times and are not reimbursed separately, except as defined separately in this warranty manual.

The time required for the removal and fitting of extra equipment and superstructures not sold by Cimco will not be reimbursed, except as defined separately in this warranty manual.

6 External Purchases (Special Costs)

The cost of labour subcontracted by a Cimco representative, or of material not normally contained in the Cimco parts inventory, may be reimbursed if judged as reasonable by Cimco. Such special costs must always be documented with receipt or invoice.

The distributors workshops can only sub contract warranty repairs to external suppliers where specialist skills or equipment not defined or expected as a franchise requirement are unavailable at the workshop.

The claimed cost of sub contracted repairs must not exceed the cost of an equivalent dealer repair, using their agreed warranty labour rate and the relevant operation codes and the net cost of Cimco supplied parts. As a general rule Cimco will not reimburse claims for external repairs that exceed equivalent dealer charges.

Sub contracted repairs must be claimed as a special cost and at net cost, excluding tax and after any discounts have been applied. Dealer records must include a supporting invoice, which clearly shows the complaint, repair and defect.

Dealers or distributors are not expected to generate any profit on external repairs.

The distributor and / or dealer must be able to prove that genuine Cimco parts were used in any external repair.

Any parts replaced during the repair must be available for inspection by the distributor or factory upon request until the claim process is finalised, only then can this part be scrapped - not repaired or recycled.

External repair invoices must contain a record of the repair carried out and the defect / cause identified.

The customer or engine operator is, under exceptional circumstances (e.g. ship at sea) authorised to undertake his own emergency repairs. In such cases and where warranty applies, it is acceptable for a Cimco distributor to submit a claim for the parts involved (not labour), provided all the above conditions for a sub-contractor have been met. The distributor is responsible for ensuring that the customer has the necessary skills and equipment to undertake the repair in question.

Certain Cimco Engine customers, e.g. global OEM manufacturers, may have their own dealers and workshop delegated the authority to handle warranty repairs, the level of work will be dependant on their capability, as judged by their Cimco Distributor.

7 Warranty Claim Submission

Prompt claims submissions are essential to all parties:

For Cimco - the earliest feedback of warranty data into the quality improvement process means faster and more cost effective resolution of problems.

For Distributors and Dealers – better cashflow, combined with the administrative efficiency benefits of dealing with more recent events.

Any claims submitted 30 days after the customer reported a failure in their product to the distributor, will be dismissed and therefore not eligible for reimbursement

Section D: Appendix

