

SKF GENERAL TERMS AND CONDITIONS OF PURCHASE FOR PRODUCTS

VALID FROM 2021-09-01

1. Scope

- 1.1 These terms shall apply when SKF purchases Products under a purchase order or any other commercial document that refers to these Terms and Conditions.
- 1.2 Any order placed under this Agreement shall create an independent contractual relationship between the relevant SKF Group company and the Supplier. No other SKF Group company shall be bound by or be responsible or liable for any obligation and/or duty resulting from such order. Each SKF company accepts this agreement in its own name for its own account and at its own risk.

2. Definitions

- 2.1 "Affiliates" means (1) AB SKF, with company registration number 556007-3495, and any direct or indirect subsidiary company of AB SKF or (2) any company or entity directly or indirectly controlled by or under common control with AB SKF or any affiliate of AB SKF. The expression "control" shall mean the ability to exercise or control at least fifty (50) per cent of the voting rights (whether in respect of board or member voting) in the relevant company or entity or, by rights, contracts or other means, the ability to exercise decisive influence on the company or entity (whether by ownership or the right to use all or part of the assets of the company or entity or rights in respect of the composition, voting or decisions of the company or entity or otherwise).
- 2.2 "Agreement" shall mean these Terms and Conditions and any agreement between a company in the SKF Group of Companies and the Supplier related to the sale and purchase of any Products.
- 2.3 "Defective Products" shall mean Nonconforming Products that are not in accordance with accepted industry standards, sample deliveries of Products and technical and other specifications specified or otherwise established by SKF.
- 2.4 "Nonconformance" shall mean a failure of the Supplier and/or the Product to (i) conform in all respects to the specifications, delivery terms, drawings, samples, Statements of Work, descriptions and requirements which have been provided or specified by SKF or (ii) comply with any of the requirements established in this Agreement, or (iii.) comply with any applicable law or regulation.
- 2.5 "Party" shall individually refer to SKF and Supplier and "Parties" shall jointly refer to both SKF and Supplier.
- 2.6 "Products" shall mean any product(s) and related service(s) purchased under the Agreement.
- 2.7 "SKF" shall mean any of the SKF Group of companies purchasing under these Agreement.

- 2.8 "SKF Group of Companies" shall mean AB SKF and its Affiliates.
- 2.9 "SKF Quality Standard for Suppliers" shall mean the quality requirements issued by SKF, as to be found on www.skf.com, in force from time to time.
- 2.10 "Supplier" shall mean any company delivering products to SKF under this Agreement.
- 2.11 "Terms and Conditions" shall mean these terms and conditions of purchase which shall be deemed to include the SKF Quality Standard for Suppliers.

3. Compliance

- 3.1 The Supplier shall: (i) adopt the principles of the SKF Code of Conduct for Suppliers and Subcontractors and SKF's Environmental, Health & Safety (EHS) policy and ensure that all sub-contractors are legally bound by a similar compliance obligation; (ii) comply with the SKF Quality Standard for Suppliers (the "Qs"); and (iii) comply with all relevant laws and regulations. The above-mentioned principles, policies and standards to be found on www.skf.com or provided by SKF through other means, in force from time to time.
- 3.2 The Supplier shall without undue delay and at no cost, provide: (i) for all products subject to export laws and regulations, applicable Export Control number(s) (ECN/ECCN); (ii) country of origin data (iii) any information relating to the source, toxicity, material content or nature of production of the Products which is legally, or for compliance reasons, required by SKF, (iv) any documents and drawings that are reasonably necessary to carry out the operation of the Products; (v) tax clearance certificates and (vi) proof of appropriate insurance coverage (as requested by SKF).
- 3.3 The Supplier shall upon request by SKF provide its plan to reduce its and its suppliers carbon footprint.

4. Quality and Delivery Requirements

- 4.1 The Supplier shall deliver to SKF the highest quality Products and shall at all times comply with the provisions of this Agreement. The Products shall be in accordance with technical and other specifications specified or otherwise established by SKF. All specifications will be considered to require that each Product shall be new when delivered to SKF (unless the applicable specifications expressly permit the delivery of used, reconditioned or remanufactured Product) and free of any liens, encumbrances or similar claims against title.
- 4.2 SKF may refuse to accept any Products that do not conform to all applicable specifications, in which case the Products will not be considered to have been delivered by the Supplier.
- 4.3 Time and quantity are of the essence under the Agreement. SKF's production schedules and promised delivery to its customers will be based on the Supplier's delivery of the Products by the dates and in the quantities specified by SKF. Neither SKF's acceptance nor approval of Products shall affect the Supplier's liability under the Agreement.

- 4.4 The Supplier shall as soon as possible notify SKF of any known or suspected Nonconformance and immediately institute countermeasures to prevent such Nonconformance from affecting SKF, its Affiliates, and/or its customers.
- 4.5 SKF shall notify the Supplier of any Defective Products within three (3) months after the Defective Products have been detected and confirmed by SKF.
- 4.6 The Supplier warrants that the Products shall be free from Nonconformances for a period of one year after the complete delivery to SKF. The time limitations in this clause shall not affect the Supplier's product liability.

5. Delivery Terms

- 5.1 Delivery clauses shall be construed in accordance with the version of "INCOTERMS" in force when the Agreement is entered into. Title shall pass to SKF at the time and place of delivery.
- 5.2 If SKF has agreed to manage logistics, the delivery shall be "FCA". The delivery shall be "DDP" for Products where delivery is provided by the Supplier.

6. Payments and Prices

- 6.1 The Parties will jointly pursue activities to reduce SKF's total cost of ownership associated with the Products.
- 6.2 Payment shall be made in accordance with the payment terms on the purchase order, or if no payment terms are listed, in accordance with the payment terms provided on skf.com which correspond to the country of the purchasing SKF factory. Invoices shall comply with the rules and requirements provided on skf.com.
- 6.3 SKF's payment of any invoice shall not affect SKF's rights under the Agreement.
- 6.4 The Supplier may not charge any additional charges, such as service fees, late payment fees or invoicing charges.

7. Changes

- 7.1 SKF may request to modify any term in the Agreement relating to the Products. Any change in price resulting from the modification shall be mutually agreed in writing.

8. Confidentiality

- 8.1 Designs, samples, tools, drawings, plans, data, programs or other information provided by one Party to the other Party, whether marked or not, is to be considered "Confidential Information".
- 8.2 Confidential Information must not be used by the receiving Party for any other purpose than the fulfilment of the Agreement.

- 8.3 Each Party shall use at least the same standard of care in the protection of Confidential Information of the other Party as it uses to protect its own confidential information and shall ensure that the recipients of Confidential Information are bound by confidentiality obligations no less restrictive than what follows from this Agreement
- 8.4 When requested by the disclosing Party, the receiving Party shall return all documentation and computer readable data, copies included, as received from the disclosing Party. Copies made by either Party or on behalf of either Party shall be destroyed forthwith.
- 8.5 The Supplier shall not advertise or publicize in any way, without the prior written permission from SKF in each case, the fact that the Supplier supplies, or has been contracted to supply, Products to SKF. Further, the Supplier shall not use any SKF name, logo, trademark, or other identifying characteristic without obtaining in each case SKF's prior written approval.

9. Remedy

- 9.1 The Supplier shall compensate SKF for all reasonably foreseeable costs, damages and losses incurred by SKF and its Affiliates as a result of a Nonconformance. Such foreseeable costs shall always include SKF's overhead and general and administrative expenses, damages, costs for transportation, expediting, removal, disassembly, failure analysis, fault isolation, assembly, reinstallation, re-inspection, retrofit, and any and all other corrective action costs incurred by SKF.
- 9.2 If on account of Defective Products SKF deems it necessary to carry out an inspection of any or all Products delivered, this shall be effectuated, after consultation with the Supplier, at the Supplier's expense.
- 9.3 The Supplier shall, immediately upon SKF's request, replace or rectify Defective Products free of charge (including any freight charges) or, if SKF so wishes, compensate SKF for the value of such Defective Products or for the costs of their rectification, return and/or replacement. In addition, the Supplier shall compensate SKF for all costs, damages and losses incurred by SKF and its Affiliates/SKF Group of Companies as a result of the Defective Products.
- 9.4 If Defective Products have been incorporated in SKF products that have been delivered to SKF customers, SKF shall have the right to recall the SKF products concerned at the expense of the Supplier.
- 9.5 The Supplier shall indemnify SKF for any cost relating to any product liability claim based on the Products provided by the Supplier.
- 9.6 When a Defective Product has been remedied, the Supplier shall be liable for Nonconformances in the replaced or repaired Products under the same terms and conditions as those applicable to the original Products. The length of warranty shall be extended for the time out of use.

- 9.7 Neither Party shall be responsible for consequential losses. This limitation does not apply to the Supplier's indemnification for third party claims or for the Supplier's breach of clauses related to intellectual property rights, confidentiality, or where a Party's breach of the Agreement has been made by gross negligence or wilful misconduct.

10. Termination

- 10.1 A Party may terminate the Agreement by written notice with immediate effect and without any liability for compensation if the other Party (i) becomes insolvent, (ii) has a receiver or administrator appointed for its assets, (iii) files a petition for bankruptcy, or (iv) is facing other bankruptcy proceedings.
- 10.2 When Products are delivered after the agreed-upon delivery time or when Defective Products are not rectified or replaced within reasonable time, without limitation of SKF's other rights, SKF has the right to terminate the Agreement in full or in part.
- 10.3 If the Supplier fails to fulfill his obligations under the Agreement, SKF shall have the right to terminate the Agreement with immediate effect.

11. Intellectual Property

- 11.1 The Supplier represents and warrants that the Products do not infringe any Intellectual Property Right of any third party. The Supplier shall indemnify SKF for all costs arising out or relating to the Products and/or the incorporation of the Products in the final products sold by SKF or by any customer of SKF, if such Products infringe the Intellectual Property Right of a third party. The Supplier shall assist SKF and, if so requested by SKF, shall defend SKF, at the Supplier's expense, in disputes in which SKF is involved as a consequence of said infringement.
- 11.2 Designs, samples, drawings, plans and programs ordered by SKF and software developed for SKF are SKF's property.
- 11.3 In the event the Supplier prepares for SKF notes, reports, data, and any other information regardless of the media of expression (collectively, "Material"), these shall be deemed to be works for hire and shall belong exclusively to SKF. If by operation of law any of the Material is not work made for hire, then the Supplier hereby assigns to SKF the ownership of such Material including all copyrights thereto. The Supplier will not use any Material prepared for SKF without first obtaining the written consent of SKF.
- 11.4 In the event the Supplier makes an improvement to any SKF product, SKF shall be entitled to full ownership of any such improvements conceived or first actually reduced to practice by Supplier during the performance of the order. The Supplier agrees to promptly disclose any such improvements and hereby assigns to SKF all intellectual property rights thereto. The Supplier further agrees to provide reasonable assistance to SKF, at SKF's expense, for securing all intellectual property rights pursuant to the above.

12. Force Majeure

- 12.1 A Party shall not be bound by any undertakings which it is prevented from fulfilling by force majeure such as industrial disputes, third party strikes and lockouts, riots, insurrection, fire, flood, war, confiscation, or if completion is prevented by governmental intervention or regulations or other external circumstances beyond the control of the Party and which the Party could not reasonably be expected to have anticipated at the time of the purchase, and the consequences of which the Party could not reasonably have avoided or overcome.
- 12.2 Either Party may terminate the effected part of the Agreement if the delivery delays, exceeds or is estimated to exceed six (6) months, without incurring any liability with respect to the other Party.
- 12.3 A Party invoking a force majeure event must notify the other Party as quickly as reasonably possible.

13. Country Specific Requirements

- 13.1 In the event German Civil Code is applicable, §§478 and 479 BGB shall remain unaffected.

14. Assignment and Subcontracting

- 14.1 Supplier's use of a sub-contractor shall require SKF's prior written approval. Such use will not relieve Supplier from the responsibility of ensuring its sub-contractor(s) comply with all provisions of the Agreement.
- 14.2 The Supplier shall not be allowed to assign this Agreement without SKF's prior written consent. Such assignment will not relieve Supplier from the responsibility of ensuring its assignee(s) comply with all provisions of the Agreement.

15. Applicable Law

- 15.1 Unless otherwise agreed in writing, the Agreement shall be governed by the law of the country in which SKF has its principle place of business, notwithstanding its conflict of laws rules. The United Nations Convention for the International Sale of Goods (CISG) of Nations Convention for the International Sale of Goods (CISG) of April 11, 1980 shall not be applicable.

16. Dispute Resolution

All disputed matters in connection with the Agreement shall be finally settled by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force. The number of arbitrators shall be three and at least the chairman shall be from the country in which the proceeding shall take place. The appointing authority shall be the International Chamber of Commerce in Paris. The place of arbitration shall be the capital city of the country SKF has its principle place of business. The arbitration proceedings shall, unless otherwise agreed, be held in the English language.