

# SKF GENERAL CONDITIONS OF PURCHASE FOR SERVICES

VALID FROM 2021-09-01

## 1. Scope

- 1.1 These terms shall apply when SKF purchases Services 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 this agreement and any agreement between a company in the SKF Group of Companies and the Supplier related to the sale and purchase of any services. These Terms and Conditions and the SKF Quality Standards for Suppliers (as defined below) form an integral part of the Agreement.
- 2.3 "Party" shall mean either SKF or Supplier. "Parties" shall mean both SKF and Supplier.
- 2.4 "Service" shall mean any service(s) purchased under these Terms and Conditions.
- 2.5 "SKF" shall mean any of the SKF Group of companies purchasing under these Terms and Conditions.
- 2.6 "SKF Group of companies" shall mean AB SKF and its Affiliates.
- 2.7 "SKF Quality Standard for Suppliers" shall mean the quality requirements issued by SKF, as to be found on [www.skf.com](http://www.skf.com), in force from time to time.
- 2.8 "Supplier" shall mean any company delivering services to SKF under these Terms and Conditions.
- 2.9 "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 relevant 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](http://www.skf.com) or provided by SKF through other means, in force from time to time.
- 3.2 The Supplier warrants that all its employees shall (i) be employed in compliance with applicable laws and regulations, (ii) comply with SKF's reasonable requests, rules and regulations regarding the personal and professional conduct generally applicable and (iii) otherwise conduct themselves in a business-like and professional manner when performing Services under the Agreement. In the event that SKF determines in good faith that a particular Supplier employee is not conducting himself/herself in accordance herewith, SKF may provide the Supplier with notice and documentation in respect of such conduct. Upon receipt of such notice, the Supplier shall promptly investigate the matter and take appropriate action, which, if SKF deems it necessary, shall include removal of him/her from the assignment and replacement of him/her with a similarly qualified individual.
- 3.3 In the course of providing Services at SKF facilities, the Supplier shall maintain and enforce the safety and security (including physical security) procedures that are at least equal to industry standards for similar service locations. The Supplier shall further comply with the safety and security procedures as may be reasonably required by SKF or due to any applicable local laws or regulations.
- 3.4 The Supplier shall upon request by SKF provide its plan to reduce its and its suppliers carbon footprint.
- 3.5 The Supplier shall without undue delay and at no cost, provide proof of appropriate insurance coverage (as requested by SKF).

### **4. Quality and Delivery Requirements**

- 4.1 Services shall be performed in accordance with this Agreement and be provided by appropriately qualified and trained personnel with due care and in compliance with the highest reasonable standard of quality.
- 4.2 Supplier warrants that the Services shall:
  - conform in all respects to the specifications, Statements of Work, descriptions and requirements relating to the Services
  - be suitable for their intended use (including the facility and environment in which the Services shall be performed) as communicated by SKF
  - comply with all applicable laws, regulations and other government requirements where the Services are provided.

- 4.3 Services shall be available for inspection and test by SKF at all reasonable times and places. Supplier shall provide reasonable support and access to SKF in the inspection and test of Services free of charge. SKF may require Supplier to promptly correct any identified nonconformance or to reimburse the amounts paid for related Services. Neither SKF's acceptance nor approval of Services shall affect the Supplier's liability under the Agreement.
- 4.4 On time performance is of the essence under the Agreement. Acceptance of late performance shall not constitute waiver of this provision.
- 4.5 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.
- 4.6 The Supplier is obliged in the course of performing its Contractual Obligations to collaborate with any other suppliers designated by SKF.

## **5. Payments and Prices**

- 5.1 The parties will jointly pursue activities to reduce SKF's total cost of ownership associated with the Services.
- 5.2 Unless otherwise agreed or required by any mandatory laws or regulations, invoicing shall take place once a month in arrears.
- 5.3 Payment shall be made in accordance with the payment terms provided on skf.com which correspond to the country of the purchasing SKF legal unit.
- 5.4 Reception of payment shall not affect SKF's rights under the Agreement.
- 5.5 The Supplier may not charge any additional charges, such as service fees, invoicing charges, and late payment fees unless required by law, and then only to the minimum extent required by mandatory law.

## **6. Changes**

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

## **7. Confidentiality**

- 7.1 Designs, samples, tools, drawings, plans, data, programs or other information provided by one Party to the other Party is to be considered "Confidential Information". 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.
- 7.2 Each Party shall only provide Confidential Information to its employees, advisors, contractors or Affiliates if such disclosure is necessary for the furtherance of the Agreement (need to know basis) and shall ensure the recipients of the Confidential Information are bound by confidentiality obligations no less restrictive than what follows from this Agreement.

- 7.3 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.
- 7.4 The Supplier shall not advertise or publicize in any way, without the prior written permission from SKF, the fact that he supplies, or has been contracted to supply, Services to SKF. Further, the Supplier shall not use any SKF name, logo, trademark, or other identifying characteristic without SKF's prior written approval.
- 7.5 The Supplier will establish and maintain safeguards against the destruction, loss or alteration of SKF data in the possession or control of the Supplier that are no less rigorous than those maintained by the Supplier for its own information of a similar nature.

## **8. Remedy**

- 8.1 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.
- 8.2 The Supplier shall, immediately upon SKF's request, rectify nonconforming Services free of charge or, if SKF so wishes, compensate SKF for the value of such Services. 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 nonconforming Services.
- 8.3 If the Supplier fails to deliver the agreed Services on the delivery date, SKF is, in addition to the other remedies set out in this Agreement, at its option, entitled, to agree with the Supplier on a new delivery date or to cancel the order for the Services and to perform the Services or purchase the Services from a third party at the Supplier's expense.
- 8.4 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 safety, intellectual property rights, confidentiality, or where a Party's breach of the Agreement has been made by gross negligence or wilful misconduct.

## **9. Termination**

- 9.1 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.
- 9.2 If the Supplier fails to fulfill his obligations under the Agreement, SKF shall have the right to terminate the Agreement forthwith.

- 9.3 In addition to any other right of SKF to terminate the Agreement, SKF may, at its own discretion, with immediate effect terminate a purchase order as regards its non-performed parts. Upon such termination, SKF shall pay to the Supplier the agreed price for all contractual obligations that have been completed and delivered in accordance with the Agreement and not previously paid. Supplier shall furthermore be entitled to payment for reasonable costs unavoidably incurred subsequent to that date in the course of winding up the work, always provided that Supplier shall use its best endeavours to minimise such costs. Except as provided in this section, SKF shall not be liable for and shall not be required to make any payments to Supplier, directly or on account of claims by Supplier's subcontractors, for loss of anticipated profit, unabsorbed overheads or other costs or charges in relation to the termination of the Agreement and under no circumstances shall the total amount of payment owed by SKF to Supplier under this clause exceed the total remuneration of the purchase order in question.

## **10. Intellectual Property**

- 10.1 Each Party shall retain the complete ownership in all intellectual property rights which exist at the commencement of this Agreement or which have been created outside the scope of this Agreement.
- 10.2 All results created as a result of the Services or otherwise under this Agreement including any test results, calculations, reports, drawings, designs, specifications, prototypes, procedures, inventions, recipes, software or code regardless of the media of expression including any and all intellectual property rights embodied therein (collectively, "Material"), shall, with full title including the right to transfer, sub-license, modify and adapt, upon their creation pass automatically and immediately to SKF. All Materials shall be fully disclosed to SKF. The Supplier further agrees to provide reasonable assistance to SKF, at SKF's expense, for securing all intellectual property rights pursuant to the above and to have its employees execute any reasonable documentation necessary to effectuate the above contemplated transfer.
- 10.3 The Supplier may not include any a) Supplier owned or licensed intellectual property rights, b) third party intellectual property rights, or c) open source solutions in the Material or other deliverables under the Agreement, unless approved by SKF in writing. Where any of the contents under section 10.3 a) to c) above has been included in Materials or other deliverables under the Agreement the Supplier hereby grants, or is responsible to ensure SKF is granted, an unlimited, perpetual and irrevocable, transferable and sub-licensable, world-wide license to use, manufacture, import, export, offer for sale and in any other way commercialize, alter, modify and change such contents.

- 10.4 The Supplier represents and warrants that it in performing the Services, where SKF uses the Services and that any Materials shall not infringe any intellectual property right of any third party. The Supplier shall indemnify SKF for all costs, losses and damages arising out of or in relation to this Agreement, where the use or conduct of any Services or Materials result in a third party claim against SKF or any of its affiliates, contractors or other authorized users/receivers of the Services and/or Materials. The Supplier shall assist SKF and, if so requested by SKF, defend SKF at the Supplier's expense, in disputes in which SKF is involved as a consequence of said third party claim.

## **11. Grant of License**

- 11.1 The Supplier grants SKF, at no additional cost beyond that expressly agreed to in writing by the Parties under the Agreement as remuneration for the performance of the Services, a worldwide, perpetual and non-exclusive license to use the intellectual property rights and know-how owned or licensed by Supplier and which are not covered by the transfer in Section 10, provided that such intellectual property rights and know-how are required for SKF's use of the results of the Services.

## **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. Assignment and Subcontracting**

- 13.1 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. The Supplier shall remain solely responsible towards SKF for the performance of the Services provided by such sub-contractors.
- 13.2 The Supplier shall not be allowed to assign this Agreement without SKF prior written consent. Such assignment will not relieve Supplier from the responsibility of ensuring its assignee(s) comply with all provisions of the Agreement.

#### **14. Applicable Law**

- 14.1 Unless otherwise agreed in writing, the Agreement shall be governed by the law of the country in which the purchasing SKF company has its principle place of business, notwithstanding its conflict of laws rules.

#### **15. Dispute Resolution**

- 15.1 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 in which the SKF purchasing company has its principle place of business. The arbitration proceedings shall, unless otherwise agreed, be held in the English language.