



Torsion Control Products, Inc. Terms & Conditions of Sale

1. DEFINITIONS.

1.1 The following defined terms are used in these Terms and Conditions of Sale: (a) The collective terms and conditions described in (a) and (b) of Section 2.1 are referred to as the “**Agreement.**” (b) The products that are the subject of a sale from TCP to Buyer are referred to as the “**Products.**” (c) The services quoted or sold by TCP to Buyer are referred to as the “**Services.**” (d) Items of tangible property on which TCP performs Services or that result from Services, (e.g., a coupling on which TCP performs repair Services) are referred to as “**Service Items.**” (e) Torsion Control Products, Inc. or other TCP affiliate making the sale of Products or Services to Buyer is referred to as “**TCP.**” (f) The purchaser of the Products or Services is referred to as the “**Buyer.**”

2. AGREEMENT.

2.1 The terms and conditions that apply to and govern the sale of Products and Services by TCP to Buyer include and are limited exclusively to those contained in or expressly incorporated by (a) as applicable, TCP’s quotation, acknowledgement or invoice, or a separate written sales, pricing, or similar agreement signed by an authorized representative of TCP, and (b) these Terms and Conditions of Sale, whether or not they are specifically referenced in or incorporated by TCP’s quotation, acknowledgement or invoice or the separate written and signed sales, pricing, or similar agreement. The terms and conditions of the quotation, acknowledgement, invoice or written and signed sales, pricing, or similar agreement are to be read, so far as possible, as being consistent with these Terms and Conditions of Sale, but any irreconcilable conflict is to be resolved in favor of the quotation, acknowledgement, invoice or separate written and signed sales, pricing, or similar agreement.

2.2 TCP objects to terms and conditions that are additional to or different from those that are a part of the Agreement, and no additional or different term will be part of the Agreement unless expressly made so in a writing signed by an authorized representative of TCP. The preceding sentence excludes from the Agreement, among other things, (a) terms and conditions appearing on or referenced in Buyer’s purchase order or other similar document, other than the specifics of the transaction (e.g., part number, quantity and price) that coincide with TCP’s quotation, acknowledgement, invoice or separate written and signed sales, pricing, or similar agreement, (b) Buyer’s standard terms and conditions of purchase, (c) Buyer’s quality policy and other supplier policies, and (d) Buyer’s web site or supplier e-commerce site, even though it may be necessary for TCP to click an “accept,” “agree,” or similar button on an electronic site as a means of accessing information about current or prospective orders or programs of supply.

2.3 No modification of the Agreement or waiver of any of its terms will be binding on TCP unless the modification or waiver is clearly expressed in writing and signed by an authorized representative of TCP. The preceding sentence excludes from the Agreement, among other things, purported modifications and waivers by oral agreement, course of performance, and usage of trade.

2.4 All orders, including new orders in the form of increases to existing orders, are subject to TCP’s acceptance. TCP will not be obligated to fulfill any request for Products or Services that Buyer is not also obligated to purchase. Buyer will be deemed to have accepted the Agreement by (a) assenting to the Agreement in writing, (b) placing an order for Products or Services, (c) accepting delivery or performance of all or any portion of the Products or Services, (d) paying for all or any portion of the Products or Services, or (e) taking any other action evidencing Buyer’s acceptance of the benefits of the Agreement.

2.5 If TCP’s work on an order requires material from Buyer or a third party selected by Buyer, and TCP does not timely receive material that strictly conforms to TCP’s requirements, including with respect to chemical composition, physical properties and dimensions, TCP may delay performance of or cancel the order without liability, and Buyer shall compensate Seller for all Delay/Cancellation Costs (as defined in Section 9.1), including for costs incurred and time expended working on non-conforming material.

2.6 If the Agreement concerns Products for OE production, (a) the duration of TCP’s obligation to supply is limited to the time specified in a separate writing that is part of the Agreement or, if no time is specified, then for a reasonable time, and (b) TCP is not required to supply service parts.

2.7 If Buyer is purchasing the Products or Services for a government contract or sub-contract, Buyer shall promptly notify TCP of that fact and of any contract clauses that Buyer is obligated by law to include in its contracts for acquiring the Products or Services. No government contract clause will be included in the Agreement unless agreed to in a writing signed by an authorized representative of TCP.

3. PRICES AND TAXES.

3.1 No price quotation will remain effective for more than 30 days, unless the quotation expressly provides otherwise.

3.2 Unless otherwise provided in a writing that is a part of the Agreement, the price for Products will be TCP’s catalog price or book price in effect on the Shipment Date. (The “**Shipment Date**” is the date upon which TCP has completed the applicable order and made the Products available for shipment, regardless of the applicable Incoterms 2020 delivery term.)

3.3 If the Agreement concerns Products for OE production, the price applies only to Products used by Buyer in OE production, and TCP may charge a different price for the same Products used for service parts, spares, and the like.

3.4 The price does not include taxes, duties, fees, assessments or other charges imposed by any governmental authority on the manufacture, sale, purchase, transportation, export or import of the Products or performance of the Services, all of which will be the responsibility of and paid by Buyer or, if required to be paid by TCP, then reimbursed to TCP by Buyer.

3.5 The price is based on TCP’s standard packaging for domestic U.S. shipments. Additional charges will apply for packaging for export shipments and for other special shipping or packaging requirements requested by Buyer. Buyer is responsible for the costs of purchasing reusable packaging and for the logistics and transportation costs associated with the return of reusable packaging.

3.6 Prices are based on and assume Buyer’s compliance with all of the terms and conditions of the Agreement, including, if applicable, a promise by Buyer to purchase a particular mix of Products or Services, a certain quantity of Products or Services, or a certain percentage of Buyer’s requirements for the Products and Services. The price for Services is based on and assumes the accuracy of all representations (formal and informal) made by Buyer concerning the circumstances and conditions in which and the material on which the Services will be performed. TCP may adjust prices if any of the forgoing assumptions proves incorrect.

3.7 TCP may pass through to Buyer, and Buyer shall accept, any price increase imposed by a supplier or sub-vendor that Buyer requires TCP to use. Except to the extent Buyer and TCP have otherwise explicitly agreed in a separate signed writing, TCP may at any time adjust prices based on or apply a surcharge reflecting changes to energy costs, material costs, labor costs and exchange rates.

4. PAYMENT.

4.1 Payments are due net 30 days from the date of the invoice and must be made in the quoted currency or, if that is not determinable, then the local currency of the applicable TCP billing center. Buyer shall pay TCP's invoices without discount, setoff or reduction for any reason, including asserted warranty claims or other claims of non-performance by TCP.

4.2 TCP may modify the payment terms in response to TCP's reasonable doubts as to Buyer's creditworthiness, evidence of which could include a default under any of Buyer's major financing agreements, Buyer's inability to obtain financing, and a reduction in Buyer's credit rating by a major rating agency. The changes TCP may make include shortening the payment period or requiring advance payment. TCP shall notify Buyer in writing of any such changes, and the changes may be made retroactive to include amounts then accrued but unpaid.

4.3 If Buyer fails to make a payment when due or if TCP reasonably deems itself to be insecure in respect of Buyer's ability to satisfy its payment obligations under the Agreement, TCP may, in addition to the actions described in Section 4.2, take one or more of the following actions: (a) cancel any outstanding orders, (b) withhold further deliveries of Products and performance of Services, and (c) declare all unpaid amounts for Products previously delivered and Services previously performed immediately due and payable. Buyer shall reimburse TCP for all costs of collection, including reasonable attorneys' fees, incurred as a result of Buyer's failure to make payments when due. The foregoing remedies are in addition to TCP's other rights and remedies under the Agreement and under applicable law, including Section 2-609 of the Uniform Commercial Code.

5. SHIPMENT AND DELIVERY.

5.1 Indicated or "promised" Delivery Dates, Shipment Dates and Completion Dates are estimates and assume, among other things, timely receipt from Buyer and others of any necessary information, conforming raw materials, and tooling, and of any required advance payment. TCP's failure to meet an indicated Delivery Date or Completion Date will not constitute a breach of the Agreement. (The "**Delivery Date**" is the date upon which TCP has satisfied the applicable Incoterms 2020 delivery obligation. The "**Completion Date**" is the date upon which TCP has substantially completed performing the Services that are subject of an order.) TCP will be excused from any performance obligation to the extent TCP's performance is hindered, prevented or delayed by a cause or event beyond its reasonable control, including an act of God, action of governmental authorities (valid or invalid), fire, flood, windstorm, explosion, riot, natural disaster, disease, epidemic, war, sabotage, labor problems (including lockouts, strikes, slowdowns), failure of or inability to obtain power, material, labor, equipment or transportation, and a court or administrative injunction or order. If TCP's production or delivery is delayed, TCP may allocate production and delivery among its customers in a manner it deems reasonable.

5.2 The delivery term for Products and Service Items is Ex Works (EXW) the designated TCP authorized facility (Incoterms 2020). Risk of loss to Products, Service Items and other items shipped by TCP will transfer upon the Delivery Date. Risk of loss to Products, Service Items and other items returned by Buyer will pass no earlier than TCP's receipt and will not pass at all if TCP did not expressly authorize the return.

5.3 Unless otherwise provided in the Agreement, TCP may select the shipping method and carrier. TCP will not be liable for, and Buyer shall not assert against TCP or deduct from amounts owing to TCP, claims for delay, breakage, loss or damage occurring after TCP has satisfied its delivery obligations. Buyer shall instead make all claims for any such loss or damage directly to the transportation carrier or insurer, as appropriate.

5.4 Buyer is not entitled to reject or refuse to accept Products or Services unless they do not conform to the limited warranty provided in Section 7.1. Buyer shall, within 10 days following receipt of Products or Service Items, or completion of Services, as applicable, inspect the Products, Services and Service Items and notify TCP in writing of any nonconformity with the limited warranty, failing which Buyer will be deemed to have waived any nonconformity that was or could have been identified from such an inspection.

6. PROPERTY; FACILITIES.

6.1 Buyer is to be considered the owner of all tooling, dies and similar items (a) that Buyer owns and places in TCP's possession for the purpose of manufacturing the Products or providing the Services, or (b) that Buyer pays for as separate items on an order if Buyer and TCP specifically agree in writing that the tooling, dies or similar items will be owned by Buyer ("**Buyer Tooling**"). Buyer is responsible for paying for any necessary replacements of and repairs to the Buyer Tooling.

6.2 TCP assumes no obligation or liability with respect to the Buyer Tooling or any other property of Buyer to which TCP is not taking title, including tangible personal property of Buyer upon which TCP will be performing Services ("**Buyer Property**") other than to exercise reasonable care. TCP is not obligated to segregate, label, protect, insure or take any other specific action with respect to managing and safeguarding Buyer Tooling or Buyer Property. Buyer accepts all risk of loss and damage to the Buyer Tooling and Buyer Property, except for loss or damage caused exclusively by TCP's negligence, and Buyer waives all rights of subrogation for itself and its insurers with respect to any such loss and damage. Buyer hereby grants to TCP a security interest in the Buyer Tooling and Buyer Property to secure all amounts owed by Buyer to TCP. Buyer consents to TCP filing any documentation, including UCC financing statements, useful to perfecting the security interest.

6.3 TCP is to be considered the owner of all tooling, dies and similar items used by TCP in connection with the Products and Services, other than the Buyer Tooling ("**TCP Tooling**"). Buyer acquires no interest in the TCP Tooling, notwithstanding any charges, amortizations or other costs included in the pricing or otherwise paid by Buyer in relation to the TCP Tooling.

6.4 TCP may use the TCP Tooling without restriction in any of its business operations, including in the manufacture of service parts for the Products and the manufacture of products and provision of services for other customers. TCP may retain the TCP Tooling at the conclusion of the commercial relationship between TCP and Buyer with respect to the affected Products or Services.

6.5 Buyer shall provide suitable space, facilities, equipment and materials for any Services or other work to be performed by TCP at a location controlled by Buyer. The space, facilities and equipment must be suitable for the safe execution of the Services or other work.

7. LIMITED WARRANTY.

7.1 TCP warrants that, on the Shipment Date, the Products (a) will conform to any specifications explicitly identified on the face of TCP's quotation or acknowledgement or set forth explicitly in another document that is a part of the Agreement, and (b) will be free of defects in material and workmanship that would be discovered by following TCP's standards of manufacture and inspection at the time of manufacture. TCP warrants that the Services will be performed in a good and workmanlike manner in accordance with any specifications explicitly identified on the face of TCP's quotation or acknowledgement or set forth explicitly in another document that is part of the Agreement. THE FOREGOING LIMITED WARRANTY IS IN LIEU OF, AND TCP DISCLAIMS, ALL OTHER WARRANTIES, EXPRESS AND IMPLIED, INCLUDING WARRANTIES OF DESIGN, PERFORMANCE OR PRODUCT LIFE, WARRANTIES OF COMPLIANCE WITH BUYER'S QUALITY MANUALS, QUALITY

POLICIES, INSPECTION PROTOCOLS AND OTHER POLICIES AND REQUIREMENTS, AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

7.2 The limited warranty will be void upon any action inconsistent with the proper use and handling of the Products, Service Items or other results of Services, including (a) improper handling, transportation, storage, adjustment, modification or repair (including any modification, addition, or repair made during the applicable warranty period by anyone other than TCP), (b) accident, abuse or improper use (including operations above rated capacities), and (c) improper selection, sizing, alignment, installation, lubrication, protection or maintenance.

7.3 The limited warranty in Section 7.1 does not apply to Products supplied for testing and evaluation ("prototype parts"). Prototype parts are supplied "AS IS" without warranty of any kind. TCP will have no liability for any claims related to prototype parts, and Buyer shall indemnify, defend and hold TCP harmless from any such claims. TCP makes no warranty to those persons defined as consumers in the Magnuson-Moss Warranty – Federal Trade Commission Improvement Act. TCP does not warrant that the operation or use by Buyer of the Products or Services in its applications will comply with the requirements of any safety code or regulation, or with any environmental or other law or regulation.

8. **EXCLUSIVE REMEDY; LIMITATION OF LIABILITY.**

8.1 If a Product does not meet the limited warranty described in Section 7.1, Buyer's sole and exclusive remedy will be, at TCP's choice, repair or replacement of the nonconforming Product (EXW the designated TCP facility) or a credit of a fair amount not to exceed the price paid for the nonconforming Product. If an item of Services does not meet the limited warranty described in Section 7.1, Buyer's sole and exclusive remedy will be, at TCP's choice, for TCP to re-perform the nonconforming portions of the Services or issue a credit of a fair amount not to exceed the price paid with respect to the nonconforming portions of the Services. To be entitled to the exclusive remedy, Buyer must (a) submit the warranty claim to TCP within one year following the Shipment Date for Products or Completion Date for Services, as applicable (but no later than six weeks following the first discovery of a possible nonconformity), (b) return to TCP 100% or, if agreed by TCP, a lesser but still statistically relevant percentage of the Products or Service Items claimed to be defective, and (c) provide reasonable evidence in support of the warranty claim, including, if requested by TCP, results of diagnostic tests, evaluations and investigations performed by Buyer or Buyer's customer. The warranty claims limitation period for repaired or replaced Products and re-performed Services will expire at the same time as the original warranty claims limitation period.

8.2 The remedy described in Section 8.1 is Buyer's sole and exclusive remedy for a breach of the limited warranty and for any other claim relating to the Products and Services, regardless of the basis of Buyer's claim, whether it is in contract, tort, express or implied warranty, negligence, strict liability or otherwise, and regardless whether any damages were caused by TCP's negligence or by any defect in the Products or Services. Without limiting the generality of the preceding sentence, TCP will not be liable for, and Buyer shall not assert, any of the following, whether or not due to TCP's negligence or due to a defect in the Products or Services, and regardless whether the basis is product warranty, delayed or incomplete delivery, negligence or any other cause: (a) consequential, incidental, indirect, special and punitive damages; (b) the cost of removing and reinstalling Products or Service Items, sending Products or Service Items to TCP for warranty inspection, and any other work performed on the Products or Service Items; (c) damage to or the cost of making adjustments or repairs to any mechanism, equipment or machinery in which the Products, Service Items or other items that were the subject of Services were installed; (d) loss of profits or revenue, loss of use, line shut-down, cost of capital, and cost of substituted product, facilities or services; and (e) claims of Buyer's customers or other third parties for damages or penalties, whether or not Buyer is legally obligated to pay them. TCP's maximum liability for all claims and losses relating to the Products and Services shall be the price confirmed by TCP for the individual Product or Service giving rise to the claim or loss. The foregoing disclaimers and exclusions will apply even if the exclusive remedy described in Section 8.1 fails its essential purpose.

8.3 An action by Buyer to enforce a warranty claim, whether by court action, arbitration or other proceeding, will be barred unless commenced within one year following TCP's notification to the customer of TCP's determination (for example, on the validity of the warranty claim or the availability or scope of the remedy) upon which Buyer's claim is based.

9. **DELAYS, CHANGES AND CANCELLATIONS.**

9.1 "**Delay/Cancellation Costs**" include all labor, materials, overhead, general and administrative costs, restocking charges, surcharges levied on material by outside suppliers, sub-vendor cancellation charges, excess inventory charges, value of storage space, inventory tax charges, banking and finance charges, scrapping and disposal fees, and other harm, costs and charges incurred directly or indirectly by TCP in connection with a requested delay or cancellation of an order for Products or Services. An "**Order**" includes a purchase order for a specific quantity and a release under a blanket purchase order. When TCP and Buyer operate on a rolling forecast basis, an "**Order**" includes the quantity of Products or Services scheduled for delivery or performance within the firm order period agreed to between TCP and Buyer or, if Buyer and TCP have not agreed to a specific firm order period, then TCP's published or announced firm order period (www.torsioncontrol.com/TermsandConditionsofSales).

9.2 Buyer is not entitled, without TCP's prior written consent, which may be withheld or conditioned in TCP's sole discretion, to delay a delivery of Products or performance of Services for all or any part of an Order. TCP may treat as a cancellation subject to Section 9.3 any proposed delay greater than 60 days. If TCP consents to the delay, Buyer shall pay a delay charge in an amount determined in TCP's sole discretion to reflect all applicable Delay/Cancellation Costs, including, at a minimum, a storage charge, inventory carrying costs, financing costs associated with the finished Products, work in process and raw materials, and costs of inactive labor, from the original request date until the time of delivery or performance.

9.3 Buyer is not entitled, without TCP's prior written consent, which may be withheld or conditioned in TCP's sole discretion, to cancel all or any part of an Order. If TCP consents to the cancellation, Buyer shall pay a cancellation charge in an amount determined in TCP's sole discretion to reflect all applicable Delay/Cancellation Costs plus a reasonable and equitable profit for TCP. Upon payment of the cancellation charge, Buyer will be entitled to all un-disposed raw materials, work in process and finished Products, shipped at Buyer's expense.

9.4 If, having awarded a production program to TCP, Buyer or Buyer's customer delays or cancels the program prior to launch, cancels the program prior to the end of the originally contemplated duration, or resources the program to another supplier of the Products, then, in addition to any amounts owing under Section 9.2 or Section 9.3 and any price increase resulting from the application of Section 9.5, Buyer shall reimburse TCP for the loss of value of the program to TCP and TCP's unrecoverable or increased investment costs, including the costs associated with capital equipment, tooling paid for by TCP, engineering costs and obsolete material. TCP may treat as a cancellation any program delay greater than three months.

9.5 Buyer is not entitled, without TCP's prior written consent, which may be granted or withheld in TCP's sole discretion, to make any changes to the design, material specifications, quality requirements, approved raw material suppliers or any other aspect of the Products or Services or their manufacture, performance or delivery. If TCP consents to the change, TCP may condition its consent on Buyer's agreement to price adjustments and other compensating payments satisfactory to TCP. In addition to all other remedies available to it under applicable law, TCP may refuse to comply with any change to which TCP has not given its prior written consent and, if the Buyer proceeds with the change, may treat the change as a cancellation governed by Section 9.3.

9.6 Unless TCP has agreed otherwise with Buyer in writing, TCP may, at any time and without notice to Buyer, substitute or make changes to the design, materials, processes, manufacturing locations, suppliers, or any other aspect of the Products and Services which do not, in the reasonable opinion of TCP, affect form, fit or function.

10. **RESALE OF PRODUCTS.** Buyer may not resell any Products purchased from TCP unless Buyer is an authorized distributor of TCP's products or TCP has consented in advance in writing to Buyer reselling Products as service parts. TCP is not obligated to provide any technical or service support for any Products not purchased directly from TCP or from an authorized TCP distributor.

11. **TRACEABILITY.** TCP is under no obligation to provide traceability on Products or Service Items unless expressly agreed in advance in writing by TCP.

12. **BUSINESS CONDUCT.** Buyer represents and warrants that it has not engaged in and will not engage in any unlawful or unethical conduct (such as making or offering to make any improper or illegal payment or gift to an employee or official of a government, political party or political candidate, government-owned or controlled company or public international organization to promote TCP's products or services or to promote or facilitate the business interests of TCP).

13. **INTELLECTUAL PROPERTY.** Nothing in the Agreement is to be construed as a grant or assignment of any license or other right to Buyer of any of TCP's or its affiliates' intellectual property rights, whether patent, trademark, trade secret, copyright or otherwise. All improvements and developments related to the Products or Services arising out of the efforts of TCP and Buyer will be owned exclusively by TCP, and Buyer shall reasonably cooperate with TCP in confirming that result. Buyer shall indemnify, defend and hold TCP harmless from all loss and liability resulting from or related to claims that design elements for the Products or Services that were provided by Buyer infringe the intellectual property rights of third parties.

14. **CONFIDENTIAL INFORMATION.** With respect to confidential information concerning the Products, the Services and the transactions subject to the Agreement that Buyer comes to know either through disclosure from TCP or otherwise, Buyer (a) shall not disclose the information to any third party, (b) shall not use the information for any purpose other than evaluation and use of the Products, and (c) acquires no ownership, license or other interest in the information.

15. **INTERNATIONAL TRADE.** Buyer will comply with all applicable trade laws and regulations affecting any Products, Services or Service Items supplied by TCP, including applicable United States, foreign and local laws and regulations. Buyer agrees and acknowledges that certain Products, Services and Service Items may be subject to export or import control restrictions, as indicated by the export control and harmonized tariff classification on the commercial invoice, if applicable. Buyer is responsible for compliance with applicable export and import control restrictions. Unless otherwise specified by TCP in writing, Products, Services and Service Items are supplied by TCP for consumption in the country of purchase only. Export to the Crimea region, Cuba, Iran, Syria, and North Korea (and such other countries or regions that may be designated as sanctioned or embargoed from time to time) may violate U.S. law. Buyer represents and warrants that it is not on any U.S. or other applicable restricted party lists (or owned 50% or more by one or more restricted party) and will not directly or indirectly engage in any transaction involving the Products, Services or Service Items with entities or persons subject to U.S. or other applicable restrictions on transactions. Unless otherwise authorized in advance by TCP in writing, Buyer shall not use any Products, Services or Service Items in activities involving nuclear, chemical, or biological weapons, or unsafeguarded nuclear materials, and shall not transfer the same to any third party that would use them in such activities.

16. **MISCELLANEOUS.**

16.1 The words "include" and "including" are to be construed as if they were followed by "without limitation," unless the accompanying text or the context clearly requires otherwise.

16.2 No party may assign its rights or obligations under the Agreement without the other party's prior written consent, and any attempt to do so will be ineffective, except that TCP may, without Buyer's consent, assign and delegate its rights and obligations under the Agreement to one or more affiliates or to a third party in connection with a divestiture of the business with which the Agreement is associated. A corporate reorganization that does not result in a change of control or beneficial ownership with respect to the party's ultimate parent entity is not to be deemed an assignment.

16.3 The laws of the State of Michigan, U.S.A., govern all matters arising out of the Agreement, excluding choice of laws principles. Both parties consent to the jurisdiction of the state and federal courts having authority over the territory of Oakland County, Michigan, for the resolution of any dispute arising under the Agreement or the purchase or use of Products or Services; and that consent is to the exclusive jurisdiction of those courts unless Buyer is from a jurisdiction that does not recognize for enforcement judgments issued by those courts. The United Nations Convention on Contracts for the International Sale of Goods does not apply to the Agreement.

16.4 TCP's rights and remedies set forth in the Agreement are in addition to all legal and equitable rights and remedies available to TCP.