



Where You Turn

Timken South Africa (PTY) Limited 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 Timken to Buyer are referred to as the “**Products.**” (c) The services quoted or sold by Timken to Buyer are referred to as the “**Services.**” (d) Items of tangible property on which Timken performs Services or that result from Services, (e.g., a bearing on which Timken performs repair Services) are referred to as “**Service Items.**” (e) The Timken Corporation, Timken South Africa (PTY) Ltd or other Timken affiliate making the sale of Products or Services to Buyer is referred to as “**Timken.**” (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 Timken to Buyer include and are limited exclusively to those contained in or expressly incorporated by (a) as applicable, Timken’s quotation, acknowledgement or invoice, or a separate written sales, pricing, or similar agreement signed by an authorized representative of Timken, and (b) these Terms and Conditions of Sale, whether or not they are specifically referenced in or incorporated by Timken’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 Timken 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 Timken. 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 Timken’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 Timken 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 Timken unless the modification or waiver is clearly expressed in writing and signed by an authorized representative of Timken. 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 Timken’s acceptance. Timken 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 Timken’s work on an order requires material from Buyer or a third party selected by Buyer, and Timken does not timely receive material that strictly conforms to Timken’s requirements, including with respect to chemical composition, physical properties and dimensions, Timken 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 Timken’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) Timken 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 Timken 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 Timken.

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 Timken’s catalog price or book price in effect on the Shipment Date. (The “**Shipment Date**” is the date upon which Timken has completed the applicable order and made the Products available for shipment, regardless of the applicable Incoterms 2010 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 Timken 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 Timken, then reimbursed to Timken by Buyer.

3.5 The price is based on Timken’s standard packaging. Additional charges will apply for special 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. Timken may adjust prices if any of the forgoing assumptions proves incorrect.

3.7 Timken may pass through to Buyer, and Buyer shall accept, any price increase imposed by a supplier or sub-vendor that Buyer requires Timken to use. Except to the extent Buyer and

Timken have otherwise explicitly agreed in a separate signed writing, Timken 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 statement and must be made in the quoted currency or, if that is not determinable, then the local currency of the applicable Timken billing center. Buyer shall pay Timken's invoices without discount, setoff or reduction for any reason, including asserted warranty claims or other claims of non-performance by Timken.

4.2 Timken may modify the payment terms in response to Timken's reasonable doubts as to Buyer's creditworthiness, evidence of which could include, among other things, 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 Timken may make include shortening the payment period or requiring advance payment. Timken shall notify Buyer in writing of any 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 Timken reasonably deems itself to be insecure in respect of Buyer's ability to satisfy its payment obligations under the Agreement, Timken 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 Timken 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 Timken's other rights and remedies under the Agreement and under applicable law.

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. Timken'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 Timken has satisfied the applicable Incoterms 2010 delivery obligation. The "Completion Date" is the date upon which Timken has substantially completed performing the Services that are subject of an order.) Timken will be excused from any performance obligation to the extent Timken's performance is 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, 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 Timken's production or delivery is delayed, Timken 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) Benoni (Incoterms 2010). Risk of loss to Products, Service Items and other items shipped by Timken will transfer upon the Delivery Date. Risk of loss to Products, Service Items and other items returned by Buyer will pass no earlier than Timken's receipt and will not pass at all if Timken did not expressly authorize the return.

5.3 Unless otherwise provided in the Agreement, Timken may select the shipping method and carrier. Timken will not be liable for, and Buyer shall not assert against Timken or deduct from amounts owing to Timken, claims for delay, breakage, loss or damage occurring after Timken 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 Timken 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 Timken'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 Timken 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 Timken assumes no obligation or liability with respect to the Buyer tooling or any other property of Buyer to which Timken is not taking title, including tangible personal property of Buyer upon which Timken will be performing Services ("**Buyer Property**") other than to exercise reasonable care. Timken 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 Timken'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 Timken a security interest in the Buyer Tooling and Buyer Property to secure all amounts owed by Buyer to Timken. Buyer consents to Timken filing any documentation, including UCC financing statements, useful to perfecting the security interest.

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

6.4 Timken may use the Timken 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. Timken may retain the Timken Tooling at the conclusion of the commercial relationship between Timken 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 Timken 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 Timken warrants that, on the Shipment Date, the Products (a) will conform to any specifications explicitly identified on the face of Timken'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 Timken's standards of manufacture and inspection at the time of manufacture. Timken warrants that the Services will be performed in a good and workmanlike manner in accordance with any specifications explicitly identified on the face of Timken'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 TIMKEN 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, modification or repair, (b) accident, abuse or improper use (including loading beyond the specified maximum), and (c) improper installation, lubrication 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. Timken will have no liability for any claims related to prototype parts, and Buyer shall indemnify, defend and hold Timken harmless from any such claims.

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 Timken's choice, repair or replacement of the nonconforming Product (EXW Benoni) 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 Timken's choice, for Timken 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 Timken 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 Timken 100% or, if agreed by Timken, 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 Timken, 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 Timken's negligence or by any defect in the Products or Services. Without limiting the generality of the preceding sentence, Timken will not be liable for, and Buyer shall not assert, any of the following, whether or not due to Timken'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 Timken 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. This disclaimer and exclusion 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 Timken's notification to the customer of Timken'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 Timken 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 Timken 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 Timken and Buyer.

9.2 Buyer is not entitled, without Timken's prior written consent, which may be withheld or conditioned in Timken's sole discretion, to delay a delivery of Products or performance of Services for all or any part of an Order. Timken may treat as a cancellation subject to Section 9.3 any proposed delay greater than 60 days. If Timken consents to the delay, Buyer shall pay a delay charge in an amount determined in Timken'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 Timken's prior written consent, which may be withheld or conditioned in Timken's sole discretion, to cancel all or any part of an Order. If Timken consents to the cancellation, Buyer shall pay a cancellation charge in an amount determined in Timken's sole discretion to reflect all applicable Delay/Cancellation Costs plus a reasonable and equitable profit for Timken. 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 Timken, 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 Timken for the loss of value of the program to Timken and Timken's unrecoverable or increased investment costs, including the costs associated with capital equipment, tooling paid for by Timken, engineering costs and obsolete material. Timken may treat as a cancellation any program delay greater than three months.

9.5 Buyer is not entitled, without Timken's prior written consent, which may be granted or withheld in Timken'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 Timken consents to the change, Timken may condition its consent on Buyer's agreement to price adjustments and other compensating payments satisfactory to Timken. In addition to all other remedies available to it under applicable law, Timken may refuse to comply with any change to which Timken 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.

10. **RESALE OF PRODUCTS.** Buyer may not resell any Products purchased from Timken unless Buyer is an authorized distributor of Timken's products or Timken has consented to Buyer reselling Products as service parts. Timken is not obligated to provide any

technical or service support for any Products not purchased directly from Timken or from an authorized Timken distributor.

11. **TRACEABILITY.** If the Agreement obligates Timken to provide traceability on Products or Service Items, Timken's obligation with respect to Products and Service Items returned to Timken (a) is limited by the accuracy and completeness of the information provided by Buyer with respect to the returned Products and Service Items, and (b) will terminate if the return was not authorized in advance by Timken.

12. **BUSINESS CONDUCT.** Buyer represents that it has not made and promises that it shall not make any 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 Timken's products or services or to promote or facilitate the business interests of Timken.

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 Timken'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 Timken and Buyer will be owned exclusively by Timken, and Buyer shall reasonably cooperate with Timken in confirming that result. Buyer shall indemnify and defend Timken 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 Timken 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.**

15.1 Except as agreed or certified in a separate written instrument signed by Timken's Global Trade & Compliance department, Timken makes no representation with respect to the country of origin, qualification for duty preference or similar program, specific Harmonized Tariff Schedule Number, export jurisdiction, U.S. Munitions List category, Export Control Classification Number, or export authority of any Product or Service Item.

15.2 Timken retains all of its duty drawback rights, and any attempt by Buyer to transfer any such rights will be void.

15.3 (a) Unless Timken's Global Trade & Compliance department provides its prior written consent, having been given an opportunity to review and comment on all associated documentation, Buyer shall not, itself or by any freight forwarder, customs broker or other agent or third party under Buyer's direction or control, designate Timken as the exporter of record.

(b) Buyer acknowledges and agrees to abide by the Timken Enhanced Proliferation Control Initiative (EPCI) Certification (www.timken.com/TermsandConditionsofSale).

15.4 Regardless of any statements on Buyer's purchase order or other documents to the contrary, Timken shall not be the importer of record (as that term is defined by U.S. law at 19 USC 1484, or equivalent provision of non-U.S. law) with respect to a transaction governed by the Agreement, unless otherwise expressly stated in a document signed by an authorized representative of Timken.

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 Timken 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 Republic of South Africa govern all matters arising out of the Agreement, excluding choice of laws principles. Both parties consent to the jurisdiction of the South African courts 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 Timken's rights and remedies set forth in the Agreement are in addition to all legal and equitable rights and remedies available to Timken.