

## CONSIGNMENT AGREEMENT

THIS CONSIGNMENT AGREEMENT ("Agreement") is entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_ by Snap-on Logistics Company. ("SLC"), and \_\_\_\_\_, \_\_\_\_\_ ("Supplier").

1. **Nature and Scope.** Supplier and SLC desire to enter into this Agreement whereby Supplier delivers and SLC accepts Consigned Product, as defined herein, under the terms hereof.

2. **Consignment of Product.** Supplier shall deliver to SLC at the designated locations or warehouses (the "Facilities") quantities of Product as are identified in the attached **Schedule 1** (the "Consigned Product") and SLC shall accept such Consigned Product on consignment according to the terms of this Consignment Agreement. Upon mutual agreement of the parties, **Schedule 1** may be revised from time to time during the term of this Agreement.

3. **Title to Consigned Product.** SLC shall receive, hold and exercise reasonable care for such Consigned Product which shall remain the sole and exclusive property of Supplier. Any costs associated with the care of the Consigned Product, while in the possession of SLC, shall be borne by Supplier. All legal and equitable right, title and interest ("Title") to the Consigned Product shall remain with Supplier until such Consigned Product are used by SLC, at which time Title shall immediately pass to SLC or to the customers, respectively.

4. **Consignment Program General Guidelines;**

(a.) Consignment for products will generally work on maximum and minimum stock levels with a reorder quantity based on defined and agreed replenishment quantity and delivery lead time. However, in the case of forecasted promotional activity and/or as part of a new product launch, these quantities may be temporarily modified to allow for increased throughput. This will be covered manually through communication between SNAP-ON and <supplier>.

(b.) SNAP-ON will provide secure storage area for the holding of <supplier>-owned consigned inventory, either in a discrete store or at point of use. This will be available at any time for inspection / auditing by <supplier>.

(c.) <supplier> will be responsible for ensuring that all consigned inventory is covered under the terms of their own insurance policies.

(d.) SNAP-ON will provide an annual covering Purchase Order which will need to be extended on a rolling basis, based on lead time as advised by <supplier>, so that material can continue to be pipelined in line with SNAP-ON forecast.

(e.) Once stock at SNAP-ON reaches the minimum trigger level, reorder will be by email with reference to the covering Purchase Order.

(f.) SNAP-ON will communicate regular updates to a rolling 12 month forecast, to help <supplier> analyse material and production requirements.

(g.) SNAP-ON will report usage weekly by email.

(h.) <supplier> will invoice weekly /monthly (see Appendix 1).

(i.) Returns from production will be returned from consignment stock.

(j.) Any open Purchase Orders at the commencement of this agreement will be superseded by the new annual Purchase Order.

(k.) Any product held in consignment at SNAP-ON for more than 90 days from receipt, and which is not consumed, will be available to be invoiced by <supplier>, by prior arrangement.

(l.) In the event that SNAP-ON no longer has a requirement for any product supplied by <supplier> and wishes to terminate this agreement, no return of goods held in consignment at King's Lynn will be authorized by <supplier>. However, <supplier> will take all reasonable measures to mitigate exposure to SNAP-ON of material pipelined in line with the SNAP-ON forecast and covering Purchase Order.

5. **Payment for Consigned Product.** SLC shall remit to Supplier per payment terms specified in the Strategic Supplier Agreement the invoice amount for the Consigned Product used by SLC to produce finished Product or sold by SLC during the preceding week.

6. **Pricing.** Prices for Consigned Product shall be per Attachment 2 of the Strategic Supplier Agreement.

7. **Compliance with Laws.** Supplier shall cooperate fully to effect compliance with any law, rule or regulation governing the Consigned Product. Additionally, Supplier represents and warrants that its books of account shall reflect that the Consigned Product are shipped and delivered to SLC as a consignment and not as a sale.

8. **Warranties, Warranty Remedies.**

Warranties and Warranty Remedies shall be as specified in the Strategic Supplier Agreement.

9. **Risk of Loss; Insurance.** The risk of accidental loss or destruction of the Consigned Product while in the possession of SLC shall be borne by Supplier. SLC shall have no liability to Supplier as a bailee or otherwise with respect to Consigned Product except as any damages may be directly and proximately caused solely by SLC gross negligence or SLC's intentional damage to, or destruction of, Consigned Product. It shall be the obligation of Supplier to adequately insure the Consigned Product at its own expense, for the benefit of and in the name of Supplier.

10. **Disposition of Consigned Product.** In the event that Consigned Product not already covered by a SLC Purchase Order are not used or sold by SLC upon termination of this Agreement, SLC, at its option, may elect to (i) purchase some or all

of the remaining Consigned Product from Supplier at the price(s) established on Attachment 2 of the Strategic Supplier Agreement; and/or (ii) designate for return to Supplier the Consigned Product, in which case Supplier, at its sole risk, cost and expense shall remove or cause to be removed the Consigned Product at no charge to SLC.

11. **Term; Termination.** This Agreement shall begin on the date hereof and shall continue until terminated. This Agreement may be terminated by either party by giving the other party not less than ninety (90) days' prior written notice of termination. In the event of termination, this Agreement shall remain in effect to govern the disposition of any remaining Consigned Product.

This Agreement is executed as of the date noted above by authorized representatives of SLC and Supplier.

SLC:	_____	Supplier:	_____
By:	_____		_____
Title:	_____	By:	_____
Date:	_____	Title:	_____
		Date:	_____

**SCHEDULE 1**

**CONSIGNED PRODUCT**

Supplier shall deliver to SLC the following Consigned Product in accordance with the terms and conditions of this Agreement: