



## SUPPLIER AGREEMENT (SA)

[Date]

[Name]

[Title]

[Company]

[Address]

[City, State Zip]

Dear [supplier contact],

Snap-on Logistics Company, a subsidiary of Snap-on Incorporated, having its principal place of business at 2801 80<sup>th</sup> Street, Kenosha, Wisconsin 53143 ("SLC"), has reviewed your [raw materials/finished goods/parts] proposal dated [mm/dd/yyyy].

This letter sets forth our mutual understanding of the terms and conditions that will govern our non-exclusive Supplier Agreement (Agreement") with [supplier name] ("Supplier"). Please review our requirements carefully, and if you have any questions, contact [SLC contact] immediately.

1. **Supplier Code of Business Conduct**

Guided by our core beliefs and values as laid out in the "Who We Are" statement, Snap-on's commitments to integrity and social responsibility extends to its worldwide supply base. Snap-on expects all suppliers, regardless of location, to conduct business to our standards and adhere to the Supplier Code of Business Conduct.

2. **MUTUAL CONFIDENTIALITY AGREEMENT**

This Agreement and its terms and conditions are confidential and governed by the provisions of the attached Mutual Confidentiality Agreement.

3. **TERM**

The Initial Term of this Agreement is the period beginning [mm/dd/yyyy] and ending [mm/dd/yyyy]. The Initial Term will automatically renew for successive one (1) year Renewal Terms, unless either party provides written notice of termination to the other party at least ninety (90) days prior to expiration of the Initial Term or any Renewal Terms in accordance with Paragraphs 15, 16 and 17 of this Agreement.

4. **PRODUCT COST**

Product costs are based on Supplier's Product Pricing Quotation dated [mm/dd/yyyy] (Attach Quotation sheet). Supplier guarantees the Product cost against increases until [mm/dd/yyyy]. Prices are firm as of the date a Purchase Order is issued by SLC. The Product cost effective date is based on the SLC purchase order date, not date of shipment of Products. Product cost changes after the Initial Term of this Agreement are to be presented to SLC at least 90 days prior to the effective date.

5. **CONDITIONS OF PURCHASE**

All SLC purchases are subject to and governed by this Agreement, Mutual Confidentiality Agreement and SLC's Purchase Order Terms and Conditions incorporated into this Agreement. This Agreement includes and applies to all finished goods, raw materials and parts ("Products") purchased by SLC from Supplier, including Products currently bought from Supplier and previously purchased from Supplier. In addition, Supplier grants SLC non-exclusive worldwide rights for the advertising, sale, and export of Supplier's Products.

6. **PAYMENT TERMS AND INVOICING**

Terms:  Net thirty (45) days  2% Net ten (15) days  
Invoices shall be paid after the receipt and acceptance of Products.  
Submit invoices per P.O. instructions

7. **SUPPLIER LEAD TIME**

The lead-time is **[number]** business days from issuance of a purchase order till it's received at Snap-on receiving dock.

8. **FREIGHT TERMS**

For shipments in and out of USA - See SLC Freight Policy

For others –

Terms: **[type in terms]**

9. **REBATE**

Terms: **[type in terms]**

Frequency: **[type in terms (e.g. to be paid monthly / quarterly / annually)]**

Form of Collection: **[type in terms (e.g. credit memo / check / debit)]**

Rebate Period: **[type in terms (e.g. January through December)]**

Comments: **[type in any additional terms not listed above]**

10. **SUPPLIER WARRANTY IMPLEMENTATION**

Supplier warranty, as reviewed and approved by SLC, will be passed through to our customers on the date Products are purchased by the ultimate end user. Supplier warrants and guarantees that the Products shall be free from manufacturing defects, will be manufactured in accordance with agreed specifications and samples; and will be merchantable and fit for the purposes for which the Products are intended to be used.

a) In-warranty returns: **[type in terms]**

b) Supplier will provide 100% reimbursement for all Products returned for Product failures, recalls and corrective actions.

c) Warranty Re-imbusement

Terms: **[type in terms]**

Frequency: **[type in terms (e.g. to be paid monthly / quarterly / annually)]**

Form of Collection: **[type in terms (e.g. credit memo / check / debit)]**

Warranty Period: **[type in terms (e.g. January through December)]**

Comments: **[type in any additional terms not listed above]**

d) Supplier will immediately notify SLC in writing and by e-mail of any potential or actual stop sale, Product recall or corrective action on a Product distributed by SLC, and consult with SLC prior to undertaking any action. Supplier will, upon request, and subject to the attached purchase order terms and conditions, immediately reimburse SLC for all business interruption costs, exclusive of lost profits and/or lost business opportunities, associated with the stop sale, Product recall, and reasonable internal customer related costs associated with identification and notification of customers, and the processing of a recall through our system (including labor and materials for the repair and replacement of Products, freight and handling charges, customer service, administration, etc.).

11. **INSURANCE, CUSTOMS AND ORIGIN CRITERIA REQUIREMENTS**

a) For the term specified on the first page of this Agreement, Supplier will maintain occurrence-based commercial general liability insurance, including products coverage, vendor's coverage and contractual indemnity coverage, which (i) names SLC and its Distribution Associates as an additional insured to provide defense and indemnification protection to SLC and its Distribution Associates, (ii) is issued by insurers with an A.M. Best's Rating of at least "A- VII" and that are otherwise acceptable to SLC, (iii) provides coverage for bodily injury and property damage liability with "each occurrence" limits of an amount not less than specified on the first page of this Agreement, and (iv) is maintained for the period specified on the first page of this Agreement despite the termination, cancellation, or expiration of this Agreement. Supplier's liability is not limited by the limits of such insurance policies. Supplier will furnish SLC with certificates of insurance annually. All policies of insurance procured or maintained hereunder (a) shall provide that coverage thereunder shall not be terminated, cancelled or non-renewed without at least ninety (90) days' written notice to SLC, (b) shall be primary and non-contributory to any insurance carried by SLC or any Distribution Associate, and (c) shall remain in effect for one (1) year after termination.

b) SLC shall be responsible for applicable U.S. customs duties unless otherwise agreed to. Supplier shall be responsible for obtaining any import or export licenses, visas, and quotas and paying any fees therefore. Supplier's invoices shall contain all information necessary to clear U.S. Customs. In the event of commencement of any antidumping investigation, Supplier agrees to reasonably cooperate with the U.S. government and SLC,

including promptly providing any required information on the sale of the Supplier's Products (prices, quantities, terms of sale, etc.) in its home market.

c) As instructed, Supplier shall mark all Products and/or packaging with their country of manufacture (origin) as instructed and provide Harmonized Tariff codes and Export Commodity Control Numbers (ECCN's). Supplier will promptly notify SLC of any changes in the status of the origin designation supplied. If the Products are eligible for preferential duty program, such as Generalized System of Preferences (GSP), Supplier shall furnish all documentation to establish eligibility of the Products. The supplier must provide a certificate of origin for each product annually when requested by the buyer.

d) Compliance with GSA Schedule contract obligations mandates that SLC deliver products manufactured in the United States or transformed in a Trade Agreements Act designated country (see attached TAA listing of compliant countries). To the extent Supplier provides SLC an end product that is offered for sale to the US Government, SLC will provide Supplier with a list of that item(s) and Supplier hereby agrees to provide only products compliant with this obligation (See FAR 52.225-5). For each end product supplied for sale to the US Government, Supplier certifies the product supplied is manufactured in the United States or, alternatively, the product and country of manufacture (origin) is identified in the Attachment \_\_\_\_ List of International End Products. During the period of this Agreement, supplier agrees to update Attachment \_\_\_\_ or otherwise provide written notice of any change in country of origin status. Not all suppliers will need to meet this requirement; it only applies to those that provide product(s) to SLC that are offered for sale to the US Government.

e) **ELIGIBILITY STATUS**

Supplier certifies that it is neither debarred, suspended or otherwise ineligible to receive contracts or orders from a federal agency. Supplier agrees to provide written notice if its eligibility status changes at any time during the period of this Agreement.

12. **HAZARDOUS PRODUCT LABELING**

Supplier shall label all hazardous materials as defined by applicable United States federal, state and local statutes, laws, propositions, and regulations, ("Laws") as required by such laws. Supplier agrees to comply with all Laws relating to the environment including those relating to the packaging, labeling, and distribution of Products that contain hazardous materials, including but not limited to California Proposition 65 and the Hazardous Communication Standards promulgated by the United States Occupational Safety and Health Administration. Supplier agrees to provide timely, complete, accurate and up-to-date information as required by applicable Laws.

13. **PACKAGING SPECIFICATIONS FOR DCs**

For USA - Supplier shall package all Products according to the SLC Packaging Specifications.  
For others - *[type in specifications]*

14. **PACKAGING SPECIFICATIONS FOR PLANTS**

Supplier shall package all Products according to the P.O. Specifications.

15. **PRIVATE LABEL BRANDING REQUIREMENTS**

Supplier will comply with SLC Brandmark Guidebook for all private label requirements.

16. **PRODUCT TERMINATION AND DISCONTINUANCE OBLIGATIONS**

Either party shall have the right to immediately terminate this Agreement if: (a) the other party breaches this Agreement and does not completely remedy the breach within thirty (30) days after receiving notification from the other party; (b) the other party becomes insolvent or bankrupt, files for reorganization or a receiver or trustee is appointed; or (c) the other party merges, is acquired or effects a substantial change in asset, ownership or management. In any event, either party shall have the right to terminate this Agreement for convenience, without cause, upon ninety (90) days prior written notice. Upon termination by either party, Supplier shall deliver all completed Products to SLC that were ordered by an accepted purchase order. SLC shall have the right, with appropriate documentation, to set-off any payments due Supplier against claims against the Supplier by a third party.

17. **CONTINUING OBLIGATIONS UNDER TERMINATION**

The following are the Supplier's continuing obligations when either Supplier or SLC discontinues and/or terminates selling some or all Products purchased by SLC under this Agreement (as applicable):

a) Rebates/Marketing Funds will be paid to SLC through the final shipment of discontinued Products.

- b) Supplier must notify SLC immediately regarding any potential or actual stop sales, Product recall or corrective action on a Product distributed by SLC for a period of five (5) years from date of last shipment. Refer to Supplier Warranty section of this Agreement for additional information regarding stop sales and recalls.
- c) Supplier will immediately notify SLC of any regulatory issues, rulings and changes affecting discontinued Products for five (5) years after your last shipment to SLC; and
- d) Supplier will continue to support SLC replacement parts requirements for all Products being discontinued for a period of three (3) years for national branded items and five (5) years for private label items, unless otherwise negotiated between both parties.

18. **PRODUCT AND DISCONTINUANCE RIGHTS**

SLC shall for any reason have the right upon ninety (90) days prior written notice to discontinue purchases of Products from Supplier. If SLC decides to exercise right and/or terminate this Agreement, Supplier will be required to promptly comply with the request to minimize the exposure. In the case of private label Products, SLC, at its option, may repurchase at cost from Supplier all name plates, Operating Instructions and Parts Manuals (OIPM), cartons, dies, and other private label related materials or may require Supplier destroy above referenced materials, and certify to SLC that the Supplier has destroyed such materials. All notices shall be communicated in writing to the names and addresses listed in the Agreement. Such notices shall be effective immediately.

19. **MODIFICATION**

No modification of this Agreement shall be binding upon either party unless it is in writing, and is signed by an authorized representative of each party.

20. **ENTIRE AGREEMENT**

This Agreement contains the entire understanding between SLC and the Supplier, and supersede and terminate all previous agreements and understandings, verbal or otherwise, at any time existing between SLC, any of its subsidiaries, divisions or affiliates, and the Supplier.

21. **COUNTERPARTS**

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall be considered one and the same Agreement. All references herein to Articles and Sections shall be deemed references to such parts of this Agreement, unless the context shall otherwise require. All references to singular or plural shall include the other as the context may require.

Please acknowledge acceptance of this Agreement by signing below and return it to my attention no later than **[mm/dd/yyyy]**. We look forward to working with you.

The person signing this Agreement is duly authorized and agrees to the terms and conditions of this Agreement.

Company: **[supplier name]** \_\_\_\_\_

**Snap-on Logistics Company**  
Subsidiary of Snap-on Incorporated

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Required signed documents:**

- Mutual Confidentiality Agreement
- Supplier Product Pricing Quotation
- Above, SA

**Reference documents**

- Supplier Code of Business Conduct
- SLC Purchase Order Terms and Conditions
- SLC Freight Policy
- TAA listing of compliant countries
- SLC Packaging Specifications
- SLC Brandmark Guidelines