

Stanley Engineered Fastening Purchase Order Terms and Conditions

FEBRUARY 2014

NOTE

THE PURCHASING BUSINESS IS REFERRED TO HEREIN AS "BUYER". THE SUPPLIER OF GOODS OR SERVICES UNDER THIS CONTRACT OF SALE IS REFERRED TO HEREIN AS "SELLER". BUYER'S PURCHASE ORDER IS BUYER'S OFFER TO SELLER TO PURCHASE THE GOODS AND SERVICES DESCRIBED HEREIN AND IS NOT BINDING ON BUYER UNTIL ACCEPTED BY SELLER. ACCEPTANCE OF ALL TERMS AND CONDITIONS OF BUYER'S PURCHASE ORDER SHALL TAKE PLACE, AT THE ELECTION OF BUYER, EITHER BY EXECUTION AND RETURN OF THE SIGNED ACKNOWLEDGEMENT COPY OR BY PART PERFORMANCE OF BUYER'S PURCHASE ORDER. ANY ADDITIONAL OR DIFFERENT TERMS OR CONDITIONS SET FORTH IN ANY ACKNOWLEDGEMENT, ACCEPTANCE OR INVOICE OF SELLER OR IN ANY SIMILAR COMMUNICATION ARE HEREBY REJECTED AND SHALL NOT BE BINDING OR EFFECTIVE UNLESS EXPRESSLY ASSENTED TO IN WRITING BY AN AUTHORIZED REPRESENTATIVE OF BUYER.

1. Applicable Terms

The following terms and conditions, together with the applicable Purchase Order and any schedule, exhibit or attachment referenced therein or herein shall constitute the contract of sale between the parties (the "Contract"). Acceptance of this Contract by acknowledgment, shipment of all or a portion of the Goods or other performance by Seller shall be unqualified, unconditional and subject to and expressly limited to the terms and conditions of this Contract. All previous offers by Seller are hereby rejected. Buyer shall not be bound by terms additional to or different from those in this Contract that may appear in Seller's quotations or bids, acknowledgments, invoices or in any other communications from Seller unless such terms are expressly agreed to in a separate writing signed by Buyer. Any acceptance of any portion of this Contract shall be deemed an acceptance by Seller of all of these terms as written, without alteration.

2. Changes

- (a) Buyer may at any time prior to shipment of products by Seller, by written change order, change the design (including materials, drawings, and specifications), processing, method of packing and shipping, and the place of delivery, of the products and services.
- (b) If the change affects cost or timing, Buyer shall adjust the purchase price and delivery schedules equitably. Any claims by Seller for upward adjustment of price or time requirements must be asserted within thirty (30) days after Seller's receipt of notice of the change from Buyer.
- (c) Seller shall not make any change in the design, processing, method of packing or shipping, or place of delivery of the products and services without the written consent of Buyer.
- (d) No modification of this agreement shall be binding upon Buyer unless made in writing and signed by Buyer's authorized representative.

3. Shipping Instructions and Releases

- (a) See face of Buyer's purchase order. If Seller fails to follow shipping instructions, Seller shall be responsible for all additional transportation charges incurred. If delivery dates are not specified on the face of Buyer's purchase order, Seller shall ship goods only as authorized in shipment releases issued to Seller by Buyer. Buyer may return overshipments to Seller at Seller's expense. Buyer from time to time and with reasonable notice may change or temporarily suspend shipping schedules specified in Buyer's purchase order or shipment releases.
- (b) Premium Shipments.

If, for any reason, Seller is unable to meet Buyer's delivery requirements Seller shall immediately notify Buyer in writing of its expected duration of the delay and the reasons for such delay. Neither such notification nor an acknowledgment by Buyer shall constitute a waiver of the applicable delivery schedule or any of Buyer's rights under this Contract. If Buyer requires a more expeditious method of transportation for the Goods other than the

transportation method originally specified by Buyer because of Seller's failure or inability to meet the specified delivery schedule, Seller shall, at Buyer's option, (a) promptly reimburse Buyer the difference in cost which may be incurred by Buyer between the more expeditious method and the original method, (b) allow Buyer to reduce its payment of Seller's invoices by such difference, or (c) ship the Goods as expeditiously as possible at Seller's expense and invoice Buyer for the amount which Buyer would have paid for normal shipment. Seller shall also be liable for any direct and/or consequential damages incurred by Buyer resulting from any delay caused by Seller.

4. Delivery; Title, Risk of Loss

Seller shall deliver Goods which are in accordance with the specifications provided by Buyer and Seller is not authorized to unilaterally deviate from Buyer's specifications without written approval from Buyer. In case of ambiguity in the specifications, drawings or other requirements of the Agreement, before proceeding, it is Seller's obligation to seek clarification from Buyer, whose written interpretation shall be final. Delivery must be made within the time and at the specific quantity stated on the face of Buyer's purchase order or shipment release, but neither party shall be liable for any default due to acts of God or the public enemy, acts of the United States Government or any agency thereof, fire, flood, epidemic or quarantine, restrictions, third party strikes and freight embargoes, or to other causes beyond its control and without fault or negligence. In all other cases, if delivery is not made as requested, Buyer reserves the right, at its option, to purchase elsewhere and charge Seller with any loss incurred as a result thereof (including any incidental and consequential damages), and to cancel the order, and to have the goods shipped air freight at Seller's cost. Acceptance by Buyer of a late delivery of either the whole or a part of the order shall not constitute a waiver of Buyer's claim for any damage that the late delivery may have caused. Goods shipped to Buyer in advance of delivery schedule may be returned to Seller at Seller's expense. At its sole discretion, Buyer may accept or refuse any early or late delivery of Goods without waiving its right to exercise any other remedies hereunder or under applicable law. Seller shall deliver all Goods free and clear of all liens and encumbrances. If requested by Buyer, Seller agrees to furnish to Buyer, as a condition precedent to final payment, a complete release of all liens, together with a certificate by Seller that the release contains the signatures of all those who performed services or furnished materials under this Contract. With each delivery Seller shall submit a packing list in duplicate. Title and risk of loss and damage to material purchased by Buyer under this Contract shall vest in Buyer when the material has been delivered at the DDP (Incoterms 2010) point specified in Buyer's Purchase Order, unless Buyer and Seller execute a consignment Contract pursuant to which Seller shall maintain title to the Goods following delivery to Buyer's facility until removed from consignment by Buyer, at which time, Buyer shall assume title and risk of loss. Further, title to Goods purchased by Buyer under this Contract shall immediately vest in Buyer at any point where Buyer tenders to Seller both (1) payment for the Goods and (2) written notice of Buyer's desire to take title to the Goods.

5. Price

If price is not stated in Buyer's purchase order or in any other agreement between Buyer and Seller, it is agreed that Seller's price shall be the lowest prevailing market price. The selling price for the goods or services purchased hereunder shall at no time exceed the lowest price at which those goods or services are offered to any of Seller's other customers purchasing in like quantities. In the event that prior to the final shipment under Buyer's purchase order Seller sells or offers to sell to others goods substantially of the same kind as ordered herein at lower prices and or on terms more favorable to a third party than those stated in Buyer's purchase order, Seller shall notify Buyer of the same and the prices and or terms herein shall be deemed automatically revised to equal the lowest price and or most favorable terms at which Seller shall have sold or shall have offered such goods and payments shall be made accordingly. In the event Buyer shall become entitled to such lower prices but shall have made payment at any price in excess thereof, Seller shall promptly refund the difference in price to Buyer. Price is to cover purchased goods or services in their entirety and, where purchase is by weight, net weight of material. No charges of any kind, including but not limited to charges for boxing, packaging, loading, bracing or cartage, will be allowed unless authorized by Buyer in writing.

6. Discount and Settlement of Invoices

Unless otherwise agreed by Buyer and Seller, for payments made to Buyer's North American entities, the payment terms hereunder shall be net 120 days; for payments made to Buyer's Asian entities, the payment terms hereunder shall be net 105 days; and for payments made to Buyer's European entities, the payment terms shall be in accordance with local laws. Buyer shall be entitled to a 2% discount for payments that it makes within 90 days of its receipt of an invoice from Seller, or receipt of merchandise, whichever is later. Invoices shall be paid in accordance with the terms stated in the Contract and due dates for payment of invoices shall be computed from the date of

receipt of both the Goods and invoices by Buyer. Invoices shall be provided to Buyer at the address specified in Buyer's Purchase Order for such Goods or as Buyer may otherwise specify from time to time during the term of this Contract. Payment of invoices will not constitute acceptance of Goods and will in no way be considered a waiver of any right of Buyer with respect to its remedies under this Contract. The Seller shall in addition on dispatch of the Goods send detailed advice notes (which shall accompany the Goods) and invoices, send by the 7th day of each month a statement of all invoices rendered during the previous month and mark the Buyer's order numbers and any part numbers on all invoices, advice notes, statements, correspondence, packages and packing. Any adjustments in Seller's invoice due to shortage, late delivery, rejection or other failure to comply with Buyer's purchase order, shall be made before payment. All invoices shall be deemed paid on the date that either a check is mailed to Seller by Buyer or an electronic wire of the payment is initiated by Buyer. If the payment due date, calculated in accordance with this Section 6, falls on a day other than a business day, Buyer shall make any payment due hereunder on the next business day, and such payment shall not be deemed to be late. Without prejudice to any other remedy the Buyer may have at law or under this Contract, the Buyer may delay payment if the Seller fails to comply with the provisions of this Clause 6.

7. Packing; Traceability

All correspondence must include the Purchase Order number, Release/Batch number and Vendor Identification number. All shipments must include packing slips indicating, quantity part number or description, Purchase Order number, Release/Batch number and Vendor Identification number. When multiple packages comprise a single shipment, the package containing the packing slip must be marked, "Packing Slip Inside." Any transportation charges paid by Seller, to which Seller is entitled to reimbursement, shall be added to Seller's invoice as a separate item and the receipted freight bill shall be attached thereto. Seller warrants that Seller's system of production and packaging shall be such as will permit traceability of each lot of Goods, and shall include bar coding if so requested by Buyer. Seller warrants that the packaging of the Goods ordered herein shall be in compliance with all laws relating to packaging of such Goods and shall be adequate for the transit of the Goods undamaged so long as the integrity of the container is maintained.

8. Rescheduling; Cancellation

Buyer may, at no cost or charge, reschedule or modify Purchase Order by notifying Seller on or before the scheduled shipment date. Buyer may, in Buyer's sole discretion, elect to cancel this Contract or any part thereof at no cost to Buyer in the event of Seller's Default as hereinafter described. Seller's Default shall include, without limitation: (a) Seller's failure to comply with the specifications, delivery requirements or terms and conditions of this Contract; (b) Seller's failure to deliver Goods ordered herein in accordance with the delivery and timing requirement or in accordance with Buyer's specifications; or (c) Seller's threatened or actual refusal to deliver Goods for any reason ("Seller's Default"). In the event of Seller's Default under (b) above, the parties acknowledge and agree that such default by Seller will cause Buyer irreparable harm and damage and accordingly Buyer shall be entitled to any and all legal and equitable rights and remedies available to it against Seller to remedy such default, including, without limitation, injunctive relief prohibiting Seller from refusing to deliver the Goods. Buyer's right to cancel hereunder shall be in addition to all other rights and remedies available to Buyer under this Contract or otherwise and Buyer shall have no obligation for payment to Seller for work in progress or otherwise incomplete Goods. In no event shall Buyer be liable for any incidental or consequential damages, including without limitation, loss of profits or business, or damages arising out of Buyer's cancellation of orders or the termination of business relations with Buyer, even if Buyer has been advised of the possibility of such damages.

9. Termination For Convenience

Buyer, in addition to all other rights and remedies it may have under this Contract or otherwise, shall have the right to terminate this Contract or any Purchase Order, in whole or in part, without cause, upon notice in writing to Seller. Seller shall thereupon, as directed, cease work and deliver to Buyer all completed and partially completed Goods or materials and work in process, and Buyer shall pay Seller the following, which in no event shall exceed the total price provided for herein: (a) the applicable price provided in the Purchase Order for all Goods which have been completed prior to termination and which are accepted by Buyer, or (b) to the extent commercially reasonable, the actual expenditures on the uncompleted portion of the Purchase Order, including cancellation charges paid by the Seller on account of commercially reasonable commitments made under the terminated Purchase Order. Seller warrants that it will take all steps reasonably calculated to mitigate and minimize the cost to Buyer of such termination.

10. Warranty and Indemnity

(a) Seller expressly warrants that all goods, material and workmanship will conform to applicable drawings, specifications, samples, or other descriptions given, will be new and not used or reconditioned, merchantable and fit for the purpose intended, and will be free from defects. Seller further warrants that it shall be solely liable for all claims of a defect in material, merchantability, workmanship, warning requirements and design of the Good, and from failure to meet any such specifications. All goods delivered and services performed will be subject to test and inspection by Buyer at the place of manufacture or at destination or at both. Buyer's approval of designs furnished by Seller or acceptance of Product shall not relieve Seller of its obligations under this Contract. These warranties extend to the future performance of the Goods. All warranties shall survive inspection, acceptance and payment and shall continue, at a minimum, for the longer of thirty-six (36) months or such period as Buyer has warranted such Goods, or other items of which the Goods are a component, to its customer, notwithstanding any termination or cancellation of this Contract. With advance notice, Buyer reserves the right itself and for its customer or customer representative and regulatory agencies to inspect all facilities involved with this order. Seller's inspection and manufacturing processes and all applicable records are subject to review. Any of the goods found at any time to be damaged (including goods damaged due to unsatisfactory packaging by Seller) or defective or not in conformity with Buyer's purchase order may be corrected by Buyer at Seller's expense or rejected and returned at Seller's expense. If Buyer elects to return such goods to Seller at any time and the goods are factored products or component parts, Buyer shall be entitled to a credit equal to the purchase price of the goods or services, plus 15% of the purchase price of the goods or services. If Buyer elects to return such goods to Seller at any time and the goods are conversion materials or raw materials, Buyer shall be entitled to a credit equal to the purchase price of the goods or services, plus Buyer's actual costs related to containment and sorting of such goods. However, Buyer's inspection or failure to inspect shall in no way relieve Seller of responsibility hereunder.

(b) To the fullest extent permitted by law, Seller agrees to indemnify and hold harmless Buyer from and against any and all liabilities, losses, damages, judgments, awards, costs, fees, and expenses, including all incidental and consequential damages (including, but not limited to, attorneys' fees and costs of investigation) incurred by Buyer resulting from or relating to any claim, notice, allegation, complaint, demand, action, lawsuit, investigation, proceeding, or other process or procedure of any kind (including, but not limited to, those based in whole or part on patent, trademark or copyright infringement, negligence, product liability, willful misconduct, breach of express or implied warranties, strict liability, deceptive or unfair trade practices, advertising liability, governmental statute or regulation, and the like) between Buyer and any third party, parties or any other entity and arising out of or in any way resulting from the goods, materials, products, or services provided, shipped, furnished or delivered or services performed by Seller to, for, or on behalf of Buyer. The obligations of Seller under this Section 6(b) shall survive cancellation or termination of each purchase order agreement. The obligations of Seller under this Section 6(b) are independent and do not in any way limit or satisfy the obligations of Seller to Buyer under any other provision of this agreement.

(c) In the event that Buyer becomes subject to any investigation or report to a governmental agency or voluntary standards organization (whether of the United States, Canada or other government, whether a government, legislative, executive, judicial body, agency or voluntary standards organization, including without limitation the U.S. Consumer Product Safety Commission, the U.S. Food and Drug Administration, the U.S. Department of Transportation, the U.S. Department of Health and Human Services, the U.S. Environmental Protection Agency, Health Canada, Underwriters Laboratories Inc., CSA International, and any other federal, state, county, municipal or other governmental or voluntary standards organizations which now have or in the future may acquire authority concerning like matters) relating to compliance with safety regulations or product safety, or becomes subject to any corrective action plan, consent agreement or order requiring corrective action (including without limitation notice, recall, retrofit, repair, replacement or the refund of purchase price of said products or services, whether at the wholesale, retail or consumer distribution level), whether such corrective action plan, consent agreement or order is voluntary or is a mandate of any governmental agency or voluntary standards organization, or becomes subject to Buyer's own investigation relating to compliance with safety regulations or product safety, as the result of, arising from or in any way related to the goods, materials, products or services provided, shipped, furnished or delivered or services performed by Seller to, for, or on behalf of Buyer, Seller agrees to defend, protect, indemnify and hold harmless Buyer from any and all expenses and liabilities (including without limitation attorneys' fees and expenses, administrative costs and expenses, costs of investigation, notice, corrective action, recall, repair, replacement or the refund of the purchase price) which may be incurred in connection with any such investigation, corrective action plan, consent agreement or order requiring corrective action, or in assuring compliance or aiding or

assisting compliance with such mandates. The obligations of Seller under this Section 6(c) shall survive cancellation or termination of each purchase order and/or agreement.

11. Quality Assurance

If Seller supplies Goods for use in production under ISO9000, AS9000, VDA 6.1, TS16949 or any other quality assurance system specified by Buyer or its customers, Seller shall comply with such quality system standard for such Goods covered by any Purchase Order. Seller agrees to permit Buyer or its customers to review Seller's procedures, practices, processes and related documents including test data to determine such acceptability. This requirement is in addition to any special quality assurance provisions which may be incorporated elsewhere in this Contract. Records of all inspection work by Seller shall be kept complete and available to Buyer or its customers during the this Contract and for such longer period and in such manner as may be specified by Buyer or required by. The goods shall conform to the latest drawing and / or specification provided by Buyer.

12. Inspection, Rejection of Goods

All Goods furnished hereunder and all records to be furnished therewith shall be subject to inspection at destination, notwithstanding any previous inspection, and Seller shall be given notice in writing of any defects other than latent defects within a reasonable time after receipt of the Goods. Buyer may reject or require the prompt correction, in place or otherwise, of any Goods which are defective in material, workmanship, design (unless manufactured to a design furnished through Buyer) or which otherwise fail to meet the requirements of the applicable Purchase Order. Buyer may, in addition to any rights it may have by law, prepare for return shipment and return the Goods to Seller or require Seller to remove them, and the expense of any such action, including, transportation both ways, if any, shall be borne by Seller. If Seller fails promptly to remove such Goods or to proceed promptly to replace or correct them, Buyer may replace or correct such Goods at the expense of Seller, including any excess cost. Payment for any or all of the Goods or services supplied hereunder shall not constitute acceptance by Buyer. Nothing in this clause shall in any way limit Buyer's rights under the clauses hereof entitled "Warranty" or "Indemnification".

13. Right of Inspection

Buyer shall have the right from time to time to send to Seller's manufacturing facilities its personnel for obtaining samples of material or Goods and performing tests upon the material or Goods covered by any Purchase Order to ascertain that specified quality standards are being maintained and complied. Supplier shall provide reasonable assistance for the safety and convenience of Buyer's personnel in retrieving the samples. Buyer's personnel shall have the privilege of visiting all places within the various facilities where raw materials, components or equipment are stored or where manufacturing is being accomplished incidental to fulfilling any Purchase Order. Buyer's personnel shall also have the privilege of using Seller's test equipment for the purpose of performing necessary tests. No inspection or test or omission to inspect or test shall constitute acceptance of the Goods or affect the liability of the Seller hereunder. The Buyer shall have the right to reject the Goods on the basis of sample inspection irrespective of whether all or only part of a batch may be defective.

14. Confidential Information and Design Rights

All drawings, specifications, technical information, pricing information, data, designs, and other information furnished to Seller by Buyer in connection with the purchase of goods or services covered by Buyer's purchase order shall remain the property of Buyer and shall be maintained in confidence by Seller. Seller may disclose such information only to its employees on a need-to-know basis, but except as required by law (and then only with prior written notice to Buyer) shall not disclose the same to any third party, or publish, release, duplicate or use it at any time in any manner, without the express prior written consent of Buyer.

The obligations set forth in the immediately preceding subparagraph shall not apply to such information which Seller can establish by tangible evidence (a) was rightfully known or possessed by Seller at the time of its disclosure by Buyer to Seller, (b) is or becomes known to the public through disclosure in a printed publication without breach of Seller's obligations hereunder, or (c) is subsequently received by Seller from a third party having a lawful right to disclose it without restriction.

Seller expressly agrees to, and hereby does, assign and transfer to Buyer all right, title and interest that Seller may have or to which it may be entitled, (a) in and to all copyrights in any work authored, directly or indirectly, with regard to goods specially manufactured for Buyer, including all designs, drawings, graphics, pictures, sculptures, text, specifications, technical information, and data, and (b) in and to all inventions, whether or not patentable (and to any patents or other protective rights including trade dress rights thereon), conceived or first

reduced to practice, directly or indirectly, with regard to goods specially manufactured for Buyer. Seller agrees to execute such further confirmatory assignments, not inconsistent with this Paragraph 7, as are deemed necessary or desirable by Buyer when presented by Buyer for execution by Seller, without charge. Seller expressly agrees and hereby does, grant to Buyer and its domestic and foreign subsidiaries and other affiliated companies, a nonexclusive, royalty-free, irrevocable worldwide license (a) under each and every copyright of Seller in any work authored prior to Buyer's purchase order that is in any manner applicable to any work produced in response to Buyer's purchase order and to any later modification thereof, and (b) to use and sell goods purchased hereunder anywhere in the world under each and every patent of Seller.

15. Supplementary Information

Any specifications, drawings, notes, instructions, engineering notices, technical data, or terms and conditions of Buyer's customer referred to in the Contract shall be deemed to be incorporated herein by reference as if fully set forth. In case of any discrepancies or questions, refer to Buyer's purchasing department for decision or instruction or for interpretation.

16. Proprietary Property of Buyer

All specifications, blueprints, technical documents, instructions, molds, models, casts, formulas, sketches, drawings, manufacturing processes, know-how, software and software protocols, electronic commerce system information, inventory management system information, and other business information supplied to Seller under this Contract or prepared for Buyer under this Contract shall be proprietary to Buyer ("Buyer's Proprietary Property") and shall remain the sole property of Buyer, except that exclusive designs developed by Seller prior to the placement of a Purchase Order shall remain the property of Seller. Buyer's Proprietary Property shall be confidential, shall not be used by Seller, its agents, representative or employees for any purpose except in connection with the work to be done by Seller for Buyer under this Contract, and shall not be used disclosed or made available to any other third party by Seller or its agents, representative or employees. Breach of this provision will constitute an infringement of the Buyer's copyright and of any relevant patents or registered designs. Unless otherwise agreed to by Buyer in writing Buyer's Proprietary Property shall be returned to Buyer immediately upon completion of production or processing or earlier pursuant to a termination of this Contract, upon Buyer's written demand.

17. Proprietary Rights; Infringement

Seller represents and warrants that there are no pending or threatened legal actions or proceedings before any court or enforcement agencies that may adversely affect Seller's ability to perform its obligations in accordance with this Contract. Sellers represents and warrants that its Goods, services or processes rendered to Buyer under this Contract do not infringe or violate any patent, copyright or other intellectual property right of any third party. Seller undertakes and agrees to indemnify, hold harmless and, if requested by Buyer, defend, at Seller's own expense all suits, actions or proceedings brought against Buyer, its affiliates, associate companies and subsidiaries or any of Buyer's directors, officers, employees, agents, dealers, customers, or the users of any of the Goods, services or processes rendered under this Contract for actual or alleged infringement of any intellectual property right including, but not limited to, copyright, trademark, trade secret, United States or foreign letters patent or other proprietary rights of any third party on account of the use or sale of any such Goods alone or in combination with other Goods or materials and Seller expressly waives any claim against Buyer that such infringement arose out of compliance with Buyer's or its customers' specifications and Seller further agrees to pay and discharge any and all judgments or decrees which may be rendered in any such suit, action or proceeding against any indemnified party.

18. Work on Buyer's Premises

In addition to other terms contained herein, if this Purchase Order requires Seller to perform any services upon property (real or personal) owned or controlled by Buyer, the following shall apply:

(a) Seller agrees to furnish to Buyer, as a condition precedent to final payment, a complete release of all liens, together with a certificate by Seller that the release contains the signatures of all those who performed services or furnished materials under this Purchase Order.

(b) Seller agrees to indemnify, defend and hold harmless Buyer, and its directors, officers, employees and agents, from and against any and all claims and demands (including costs, litigation expenses and counsel fees incurred in connection therewith) arising out of injury to, or death of, any person whatsoever or injury or damage to property of any kind by whomsoever owned, or the environment, arising out of the performance by Seller, Seller's subcontractors or Seller's agents of any work which is the subject of the Purchase Order.

19. Waiver and Assignment

Each of the remedies reserved to Buyer herein shall be cumulative and in addition to all other or further remedies provided herein or by law. The failure of either party at any time to enforce any right or remedy available to it under this Contract or otherwise with respect to any breach or failure by the other party shall not be construed to be a waiver of such right or remedy with respect to any other breach or failure by the other party. Seller may not assign any of its rights or delegate any of its duties hereunder without Buyer's prior written consent.

20. Buyer's Property

Any raw material furnished by Buyer in connection with Buyer's purchase order shall be deemed to be held by Seller upon consignment, and Seller agrees to pay for all such material spoiled or not otherwise satisfactorily accounted for. Buyer will specify acceptable scrap allowance, if any, and any amount in excess of this will be paid for by Seller at Buyer's cost. All tools, gauges, patterns, dies, and other material and equipment furnished to Seller by Buyer shall remain the property of Buyer. It shall be plainly identified by Seller as "Property of **Stanley Engineered Fastening** and shall be safely stored and not used except in filling Buyer's orders. The property, while in Seller's custody, shall be maintained in good condition at Seller's expense and shall be kept insured by Seller at Seller's expense in an amount equal to the replacement cost, with loss payable to Buyer. Seller shall furnish to Buyer a certificate of insurance evidencing Seller's compliance with the provisions of this Section 8. Buyer's property may be removed by Buyer at any time. Notwithstanding anything to the contrary in Buyer's purchase order, Seller shall not use any trademark, trade name or trade dress right of Buyer in any manner other than for the benefit of Buyer and only upon Buyer's prior written request and in strict accordance with Buyer's written instructions.

21. Insurance

Seller shall procure and maintain (a) Commercial General Liability insurance, and on occurrence basis, including but not limited to, premises operations, broad form property damage, Products/completed operations, contractual liability, independent contractors, and personal injury, with limits of at least \$2,000,000 for each occurrence (b) Automobile Liability, Comprehensive Form, with limits of at least \$1,000,000 combined single limit for each occurrence (c) Umbrella/Excess Liability with limits of at least \$5,000,000 combined single limit for each occurrence (d) Worker's Compensation Insurance as required by Law and Employer's with limits of not less than \$1,000,000 per occurrence. Seller shall name Stanley Black & Decker, Inc. as an additional insured on Commercial General Liability and Excess Liability insurance policy and such insurance shall be primary and non-contributory to any other insurance available to Stanley Black & Decker, Inc. Please refer to the attached insurance Schedule A for details and other applicable insurance requirements.

Seller will provide Buyer with a certificate of such insurance at least seven (7) days prior to the start of work on Buyer's premises and shall require the insurer to provide notice in writing to Buyer at least 30 days prior to any cancellation or non-renewal. Seller shall annually, and more frequently upon request of Buyer, furnish to Buyer certificates of insurance evidencing Seller's compliance with the provisions of this Section 21. The obligations of Seller under this Section 21 are independent and do not in any way limit or satisfy the obligations of Seller to Buyer under any other provision of this agreement.

22. Compliance with Laws

The Seller undertakes that the Goods are safe and without risk to health when properly used and comply in all respects with all relevant statutes, regulations, by-laws and standards in force at the date of delivery. Seller shall comply with all applicable federal, state, and local laws, rules, and regulations. Without limiting the generality of the foregoing, Seller agrees that the goods and services rendered pursuant to Buyer's purchase order will be produced and rendered in accordance with (i) the requirements of the applicable provisions of the Fair Labor Standards Act of 1938, as amended, and all invoices covering such goods and services will contain (or will be deemed without further action of Buyer or Seller to contain) the following clause or a substantially similar clause: "The goods and services covered by this invoice will be or have been produced and rendered in compliance with the requirements of the applicable provisions of the Fair Labor Standards Act of 1938, as amended," (ii) the Occupational Safety and Health Act of 1970, as amended, and applicable regulations thereunder, which are in effect as of the date of delivery of the goods or services, (iii) the Equal Employment Opportunity Clause referred to in Executive Order No. 11246, as amended, and the implementing rules and regulations which are incorporated herein by specific reference, and (iv) Section 503 of the Public Law 93-112 (The Rehabilitation Act of 1973) and the provisions of 41 CFR 60-250, as amended (the Affirmative Action for Disabled Veterans and Veterans of Vietnam Era), which are hereby incorporated by reference. Seller represents and warrants that (i) Seller and all suppliers, subcontractors and agents

involved in the production or delivery of goods and services purchased pursuant to Buyer's purchase order strictly adhere to all applicable federal, state and local laws, regulations and prohibitions of the United States, its territories and all countries in which the goods and services are produced or delivered with respect to the operation of their production facilities and their other business and labor practices, including laws, regulations and prohibitions governing the working conditions, wages, hours and minimum age of the workforce, (ii) the goods and services have not been and shall not be produced or manufactured, in whole or in part, by child labor or by convict or forced labor, and (iii) the goods and services shall not have been transhipped for purposes of avoiding compliance with labor laws. Seller further agrees to furnish such documentation as may be required by Buyer to evidence compliance with the foregoing. Buyer or a third party designated by Buyer shall have the right, at any time while Seller is supplying goods or services to Buyer, upon reasonable notice, to inspect Seller's and its subcontractors' and agents' production facilities to verify the representations and warranties in this paragraph. Seller acknowledges that Buyer may serve from time to time as contractor for the United States Government. Seller agrees to comply with all federal laws, rules, and regulations applicable to subcontractors of government contractors. All contract clauses required by the Government in such circumstances are incorporated herein by reference.

23. Conflict Minerals

Seller acknowledges that Buyer is, and certain of Buyer's customers may be, subject to the annual disclosure obligations set forth in section 1502 of the United States Dodd Frank Act (the "Act") relating to Conflict Minerals. Seller shall promptly provide Buyer with such information and access as Buyer may from time to time request during the term of this Agreement to allow Buyer and Buyer's customers to comply with the requirements set forth in the Act. Seller acknowledges and agrees that Buyer shall have the right to audit Seller and Seller's supply chain to confirm the accuracy of the information provided at Buyer's expense.

In addition to any other rights Buyer may have, Buyer shall have the right to terminate this Agreement and to cancel any open purchase orders hereunder, with no further obligation to Seller, in the event Seller (i) fails to provide information requested in a timely manner; (ii) provides inaccurate information, or (iii) supplies Products to Buyer that contain Conflict Minerals (as defined in the Act) that come from Covered Countries (as defined in the Act).

24. Export/Import

For each international shipment, Seller shall include a priced invoice with the master packing slip and upon request shall furnish all other required documents. The invoice shall include (i) the Seller's name, contact person, address, telephone, and facsimile number, (ii) the "sold to" address or billing address, (iii) the "ship to" address or destination address, including a contact person at the receiving location, (iv) the number of cartons and total number of pieces for each item, (v) the total net weight for each part number, (vi) the Buyer's part number, (vii) the specific description for the part in English (if multi-tool kits are being shipped, an attached breakdown with cost must be included. Value of consigned inventory must also be included on the invoice or in an attachment), (viii) the HTS Code, (ix) the country of manufacture/origin (country of origin is not determined by country of export, but by the country of manufacture), (x) the unit price for each component, (xi) the extended total (unit price multiplied by number of units/pieces), (xii) any freight or insurance incurred that is not included in the unit price, (xiii) the total value of the invoice, identifying the type of currency, (xiv) the total weight, including the weight of the outer packaging, and (xv) the terms of sale. Export credits shall belong to Buyer. Seller, upon request, shall furnish all documents required to obtain NAFTA qualification, export credits and customs drawbacks and shall identify the country of origin of the materials used in the goods and the value added thereto in each country. Seller shall ensure that the proper country of origin is marked on the goods and/or their container as required by U.S. Customs regulations.

25. Environmental

Seller warrants compliance with all Federal, state and local environmental laws and regulations for each material constituting or contained in goods sold or otherwise transferred to the Buyer under Buyer's purchase order, and specifically that the materials, goods, labels and containers (1) and accompanying material safety data sheets comply with the Occupational Safety and Health Act and regulations, including 29 CFR § 1910.1200; (2) comply with and are registered under the Toxic Substances Control Act and regulations; (3) comply with laws, regulations and Federal Trade Commission Guidelines governing ozone-depleting substances, recycling, and recycled content, for every jurisdiction where the goods or goods into which they will be incorporated will be distributed; (4) and associated transport vehicles comply with laws and regulations governing hazardous materials

transportation, including 49 CFR Parts 171 and 172; (5) comply with all requirements, including manifesting and labeling, imposed by the Resource Conservation and Recovery Act and implementing regulations; and (6) offered for sale in the State of California shall comply with all warning requirements of the California Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65) whether or not said requirements are the obligation of the manufacturer, and Seller further warrants and guarantees that it shall place all such warnings directly on any materials, goods, labels and containers which will be offered for sale in the State of California.

26. Applicable Law

Buyer's purchase order shall be governed by the laws of the country, or if Buyer is located in the United States, the state where Buyer is located, and litigation arising out of or in connection with Buyer's purchase order shall be brought only in such country, or if the Buyer is located in the United States, a Federal District Court located in the state where Buyer is located, or in a court of such state. Seller hereby submits to the jurisdiction of any such court.

27. Insolvency

If Seller ceases to conduct its operations in the normal course of business, including inability to meet its obligations as they mature, or if any proceeding under the bankruptcy or insolvency laws is brought against Seller or commenced by Seller on its own behalf, or if a receiver for Seller is appointed or applied for, or if an assignment for the benefit of creditors is made by Seller, Buyer may terminate this Contract without liability, except for deliveries previously made or for Goods covered by this Contract then completed and subsequently delivered in accordance with the terms of this Contract.

28. Force Majeure

The obligations of the parties hereto, except the obligation to pay monies when due hereunder, shall be subject to all acts of God; riots and insurrections; interference by civil, military or naval authorities; governmental actions; accidents; storms, fire or other casualty; shortages and inability to obtain labor, energy, components, raw materials or supplies; and other similar events of force majeure which are beyond the reasonable control of the party obligated to perform hereunder (provided that such affected party uses good faith and diligent efforts to perform its obligations despite the occurrence of such event), and such performance obligation shall be suspended during the period of such force majeure; provided that if any party intends to rely on an event of force majeure to suspend its obligation to perform hereunder, such party shall provide written notice to the other party of its intent to rely on such a force majeure event and identify specifically such event.

29. Set-Off; Credits

Buyer may set off against amounts payable under Buyer's purchase order all present and future indebtedness of the Seller to Buyer arising from this or any other transaction whether or not related thereto. Seller agrees that any credit balance will be paid in cash to Buyer upon written request. If Buyer terminates its relationship with Seller, all balances due to Buyer shall be paid in cash to Buyer within 10 days of notification to Seller of such termination.

30. Validity

No finding that a part of Buyer's purchase order is invalid or unenforceable shall affect the validity of any other part hereof.

31. Entire Agreement

Buyer's purchase order and these Conditions of Purchase constitute the entire agreement and understanding between the parties in respect of the matters set forth therein and herein, and all prior negotiations, writings and understandings relating to the subject matter of the Agreement. Other than as set forth in Buyer's purchase order and these Conditions of Purchase, no representations, warranties, covenants, agreements or conditions, express or implied, whether by statute or otherwise, have been made by Buyer.

32. Binding Agreement and Successors

These Conditions of Purchase shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns; provided, however, that these Conditions of Purchase and the rights of the parties thereunder may not be assigned, and the obligations of the parties thereunder may not be delegated, in whole or in part, without the prior written consent of the other party hereto.

33. No Third Party Beneficiaries

Nothing in these Conditions of Purchase is intended to confer upon any person other than the parties any rights or remedies.

34. Notices

Any notice, request, instruction or other document or communication required or permitted to be given under these Conditions of Purchase shall be in writing and shall be deemed to be given upon delivery in person or upon being deposited in the mail, postage prepaid, for mailing by certified or registered mail or upon being deposited with an overnight courier, charges prepaid, to the addresses set forth beneath the signatures of the parties on the Agreement, or to such other address or addresses as may be specified in writing at any time or from time to time by either party to the other party.

35. Further Assurances

The parties each agree to execute, make, acknowledge, and deliver such instruments, agreements and other documents as may be reasonably required to effectuate the purposes of these Conditions of Purchase and to consummate the transactions contemplated hereby and thereby.

36. Section Headings

The Section headings contained in these Conditions of Purchase are for convenience of reference only and shall not limit or otherwise affect the meaning or interpretation of these Conditions of Purchase.

37. Construction

As used in these Conditions of Purchase, any reference to the masculine, feminine or neuter gender shall include all genders, the plural shall include the singular, and the singular shall include the plural. With regard to each and every term and condition of these Conditions of Purchase and any and all agreements and instruments subject to the terms thereof, the parties understand and agree that the same have or has been mutually negotiated, prepared and drafted, and that if at any time the parties desire or are required to interpret or construe any such term or condition, no consideration shall be given to the issue of which party actually prepared, drafted or requested such term or condition.

38. Relationship of Parties

Neither party shall have any authority to obligate, or to otherwise act as representative of, or agent for, the other party for any purpose, and neither party shall make any representations or hold itself out as having such authority.

39. Assignment and Subletting

The Seller shall not assign or without the written consent of the Buyer sublet this Contract in whole or in part and it shall be a condition of any such consent to any subletting of this Contract that the Seller shall ensure and be responsible for the compliance by any subcontractor with the terms of this Contract, include in the subcontract provisions consistent with these terms and conditions for the benefit of, and enforceable by the Buyer and furnish the Buyer with copies of any subcontract upon the Buyer's written request at any time.

40. Holidays

If any documents or notices to be delivered on specific days of the week hereunder fall on a legal holiday or other day on which Buyer is closed for business, then such notice or document shall be delivered on the next business day thereafter.

Schedule A

Stanley Black & Decker VENDORS INSURANCE REQUIREMENTS EFFECTIVE February 1st , 2014

Corporate guidelines mandate that the following coverage's, policy limits, terms and conditions must be evidenced by vendors, contractors, consultants, suppliers providing any type of products, services, or materials to Stanley Black & Decker Business Units.

General and Product Liability:

- Per Occurrence (Claims made policies are not acceptable)
\$ 2 Million Each Occurrence
\$2 Million General Aggregate
\$2 Million Products-Completed Operations Aggregate
 - Independent Contractors, Contractual Liability Coverage
 - Broad Form Property Damage

Umbrella Liability:

- \$5 Million Each Occurrence
 - Coverage under the Umbrella policy at least as broad as underlying policies and no more restrictive

Auto Liability Insurance:

- **\$ 1 Million Each Accident** – Combined Single Limit (Bodily Injury and Property Damage)

Workers Compensation:

- Evidence Statutory Requirements
 - With "alternate employer" endorsement for vendors permanently on site
- Employers Liability
 - \$1 Million Bodily Injury per Accident- Each Accident
 - \$1 Million Bodily Injury per Disease- Each Employee
 - \$1 Million Bodily Injury by Disease- Policy Limit

Professional Liability:

- Applicable to vendors providing professional or design services. For example: architect, electrical, mechanical, plumbing, fire/sprinkler, attorney, CPA.
 - \$2 Million per claim/aggregate

Cyber Liability- Privacy and Network Security Coverage:

- Applicable to vendors who store Personally Identifiable Information (PII) of Stanley Black & Decker, Inc employees, customers, or consumers. Also applies to vendors who store other confidential/proprietary business information of SBD, Inc.
 - Coverage for Network Security Breaches, including but not limited to transmission of malicious code and denial of access attacks.
 - Coverage should not exclude coverage for non-electronic data, including paper records.
 - \$5 Million per claim/aggregate

Crime Insurance:

- Vendor or Contractor shall purchase crime insurance when handling Stanley Black & Decker, Inc's money, securities or other identified valuable property.
 - Coverage for employee theft, forgery or alteration, burglary, computer fraud, counterfeit, funds transfer fraud or any other similar risk covered by most crime insurance policies.
 - \$1 Million per claim/aggregate

Environmental Liability:

- Applicable only to vendors doing environmental work
 - \$2 Million per claim/occurrence/aggregate

Additional requirements:

- Stanley Black & Decker, Inc and subsidiaries must be added as additional insured as our interests appear with respect to the General Liability, Product Liability and Auto Liability policies. A copy of the additional insured endorsement must accompany the Certificate of Insurance.
- Any coverage provided as Additional Insured must be primary and non-contributory to any other valid and collectible insurance
- Vendors shall provide a Waiver of Subrogation in favor of Stanley Black & Decker, Inc. and subsidiaries indicating that the carriers shall waive all of its rights of recovery, under subrogation or otherwise, against Stanley Black & Decker, et al, and all engaged by them.
- Certificates of insurance shall provide notice of cancellation in accordance with policy provisions.
- Certificates of insurance shall be provided prior to the start of any work/services to be performed and with the signed vendor's agreement when involving purchased product.
- Coverage shall be placed with carriers authorized to do business in the state where work/services are being performed.
- Carrier shall maintain an A.M. Best rating of at least an "A- XV"
- Where the use of a subcontractor is required, the vendor/contractor/consultant/supplier shall be responsible for ensuring each subcontractor maintains insurance in conformance with the type/limits identified by Stanley Black & Decker
- Insurance shall be kept in place for 2 years following the expiration of the contract term, and certificates of insurance will be issued to Stanley Black & Decker and subsidiaries annually upon renewal of insurance policies.
- Failure of customer to maintain insurance policies as required by this contract, does not alleviate their responsibility or obligation of liability under the contract. This can be considered a material breach in contract and be considered due cause for non-payment of outstanding invoices until the situation is resolved.
- Customer is responsible for all deductibles and Self insured retentions they choose to elect under their insurance programs.