

## ITW Terms and Conditions of Purchase NORTH AMERICA

1. **Acceptance.** The Illinois Tool Works Inc. ("ITW") division, affiliation or subsidiary (the "Affiliate") identified on the purchase order ("Order"), or if no such entity is identified, the Buyer hereunder is herein referred to as ("ITW"), and the company selling products ("Products") or services ("Services") from ITW is referred to as ("Seller"). These terms and conditions of sale ("Terms"), any ITW purchase order ("Order") and all documents incorporated by specific reference herein ("ITW Documents," together with these Terms, the "Agreement"), constitute the complete terms governing the purchase of Products and Services. ITW HEREBY REJECTS ANY ADDITIONAL OR DIFFERENT TERMS OR CONDITIONS PROPOSED BY SELLER, WHETHER CONTAINED IN ANY FORMS OR ON SELLER'S WEBSITE, AND ANY SUCH ADDITIONAL OR DIFFERENT TERMS WILL BE OF NO EFFECT. No site usage agreement or any other click through agreement on a website will have any binding effect whether or not ITW clicks on an "ok," "I accept," or any similar acknowledgment. Delivery of a purchase order acknowledgment by Seller, commencement of any work by Seller or Seller's shipment of the Products will manifest Seller's assent to the Agreement. Additional or different terms may be specified in the body of an ITW Document or agreed to in writing by the parties. In the event of a conflict, the following order of precedence will apply: (a) terms agreed to in writing and executed by an authorized representative of ITW; (b) ITW Document terms; (c) these Terms.
2. **Affiliates.** ITW shall have no liability for purchases by its Affiliates, nor will ITW be regarded as a guarantor under the Agreement. Seller waives any right to assert liens, claims or security interests against ITW or any other Affiliate for the obligations of another Affiliate. However, for the purposes of calculating volume discounts or rebates, if any, purchases made by Affiliates will count towards ITW's aggregate purchases.
3. **Invoicing, Pricing and Payment Terms.** All prices are firm and shall not be subject to change. Prices are complete and no additional charges may be added without ITW's written consent. Such charges include all labor, supervision, materials, overhead and other costs associated with the manufacture, sale and delivery of the Products and Services, including all excise, value added, sales and use taxes. ITW shall pay for all Products purchased hereunder within 60 days after receipt of an undisputed invoice. All invoices for the Products must reference the Order number, amendment or release number, Buyer's part number, Seller's part number where applicable, quantity of pieces in the shipment, number of cartons or containers in the shipment, bill of lading number, and other information required by Buyer. If Seller breaches any provision of the Agreement, or if any person or entity asserts a claim or lien against ITW relating to Seller's breach, ITW may withhold from any payments due or to become due to Seller an amount sufficient to protect ITW from all claims, losses, damages and expenses. Seller warrants that the prices charged for the Products or Services or similar products or services are the lowest prices charged by Seller to any other customer under similar conditions. If Seller charges any other customer a lower price for such similar products or services, Seller must notify ITW and apply that price to the Products and Services ordered hereunder.
4. **Forecasts and Product Shortages.** Any forecast provided by ITW is non-binding and not a commitment by ITW to purchase such quantities of the Products. Seller shall promptly notify ITW of any Product shortages or any pending disputes or litigation which may jeopardize Seller's ability to perform under the Agreement.
5. **Cancellation or Modification.** ITW may cancel any Order, in whole or in part, by providing Seller written or electronic notice of cancellation: (a) with respect to Products that have not been custom designed to ITW's proprietary specifications, at any time prior to Seller's shipment of such Products without further obligation or liability to Seller; or (b) with respect to Services, at any time prior to completion and ITW will only be liable either (i) for the Services actually performed up to the date of termination or (ii) if payment of fees is dependent upon delivery of deliverables, for the conforming deliverables actually delivered up to the date of termination. ITW may make changes in specifications, materials, packaging, method of transportation and time and place of delivery at any time by notifying Seller. Seller must give ITW prompt notice if the changes affect the price or delivery schedule. If ITW proceeds with the changes, the parties will negotiate an adjustment to the price or delivery schedule consistent with the Agreement. Seller will make no changes to the Product, including the specifications, design, materials, manufacturing location, or processes, without ITW's prior written consent.
6. **Delivery.** Incoterms 2010 will apply to all shipments except those entirely in the USA. Unless otherwise indicated on the Order, all Products shall be delivered FCA ITW's designated delivery point (Incoterms 2010). Seller shall use the carrier designated by Buyer and ship and mark the packaging in accordance with the carrier's or Buyer's instructions. Title and risk of loss for the Products shall transfer to Buyer upon delivery and acceptance of the Products at the named place of delivery in accordance with the applicable Order. If, in order to comply with ITW's required delivery date, it becomes necessary for Seller to ship by a more expensive way than specified in an Order, any increased transportation costs shall be paid for by Seller, unless the necessity for such rerouting or expedited handling was caused solely by ITW. If delivery of Products is not or will not be completed by the date indicated on the Order, ITW may cancel the Order by notice effective when received by Seller, purchase substitute Products elsewhere, and charge Seller for any loss incurred. 100% on-time delivery is required. If Seller fails to deliver the Products by the delivery date, the purchase price will be reduced by an amount equal to 1% of the original price for each business day that the failure continues. . ITW is not obligated to accept early deliveries, late deliveries, partial deliveries or excess deliveries.
7. **Packaging; Marking; Shipping.** Seller will: (a) properly pack, mark, and ship Supplies according to the requirements of Buyer, the involved carriers and the country of destination; (b) route the shipments according to Buyer's instructions; (c) label or tag each package according to Buyer's instructions; (d) provide papers with each shipment showing the Order number, amendment or release number, Buyer's part number, Seller's part number (where applicable), number of pieces in the shipment, number of containers in the shipment, Seller's name and number, and the bill of lading number; and (e) promptly forward the original bill of lading or other shipment receipt for each shipment according to Buyer's instructions and carrier requirements. Seller will provide all special handling instructions that are needed to advise carriers, Buyer, and their employees how to take appropriate measures while handling, transporting, processing, using or disposing of the Supplies, containers, and packing.
8. **Inspection / Non-Conforming Shipments.** Payment for Products delivered hereunder or acceptance of delivery will not constitute acceptance by ITW of such Products. ITW may inspect 100% or a sample of Products, at ITW's option, and may reject all or any portion of a shipment if ITW determines a Product to be defective or nonconforming. Products rejected and Products supplied in excess of quantities called for under an Order may be returned to Seller at Seller's expense. ITW will not be required to make any payment for such Products.
9. **Warranty.** Seller warrants that all Products shall: (a) conform to all ITW specifications; (b) conform to any sample or model; (c) be free from defects in design, workmanship and materials; (d) be new and free from liens or encumbrances; (e) be adequately packaged, marked, and labeled in accordance with ITW's requirements and all applicable laws; (f) be merchantable and fit for the intended purpose, and (g) not infringe on the Intellectual Property (as defined below) of any third party. Inspection, testing, acceptance or use of the Products will not affect Seller's obligations under this warranty. Seller's warranty will run to ITW, its successors, assigns and customers and users of the Products. With respect to Services, Seller warrants that (a) it will perform Services in a timely, competent and professional manner and in accordance with industry standards; (b) its employees and agents providing Services will have the proper skill, training and background so as to be able to perform the Services in a competent and professional manner, and where applicable, shall be certified, licensed or

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otherwise authorized as necessary to perform the Services; (c) the Services and any deliverables shall conform to any applicable specifications or statement of work.

10. **Remedies.** If the Products do not comply with the Product warranty (such Products referred to as “Nonconforming Products”), Seller shall, at ITW’s sole discretion, promptly repair or replace any Nonconforming Products free of charge, or grant ITW a credit or full refund in an amount equal to the purchase price of the Products. Seller is responsible for all costs incurred by ITW in connection with the nonconformity, including costs associated with the unpacking, sorting, examining, repacking and reshipping. Seller shall pay for all recall costs arising out of or in connection with the Nonconforming Products. If Seller is unable to remedy such nonconformity within ITW’s required time frame, ITW may take steps to remedy the nonconformity, and in such case, Seller shall reimburse ITW for any costs incurred by ITW.

11. **Limitation of Liability.** ITW SHALL NOT BE LIABLE, AND SELLER WAIVES ALL CLAIMS AGAINST ITW, FOR INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, DOWN TIME, LOST PROFITS OR COMMERCIAL LOSSES, WHETHER OR NOT BASED UPON ITW’S NEGLIGENCE, BREACH OF WARRANTY, STRICT LIABILITY IN TORT AND/OR ANY OTHER CAUSE OF ACTION. ITW’S LIABILITY IN CONNECTION WITH THE AGREEMENT OR THE PURCHASE OF PRODUCTS OR SERVICES SHALL NOT EXCEED THE PURCHASE PRICE OF THE SPECIFIC PRODUCTS OR SERVICES FOR WHICH THE CLAIM IS MADE.

12. **Ownership of Intellectual Property.** All rights to and in any and all intellectual property existing prior to the date of the Order and embodied in the Products designed and/or manufactured by Seller are the sole and exclusive property of Seller, including but not limited to patent rights, trademarks and service marks, copyright rights and trade secrets (“Intellectual Property”), except with respect to the specifications and all other materials and information provided to Seller by ITW which shall remain the exclusive property of ITW. Seller acknowledges that ITW and its suppliers own all rights in ITW’s names, trademarks and service marks and agrees that Seller has no right and will not use such names or marks in any manner. Seller hereby grants to ITW all right, title and interest in and to any and all Intellectual Property and other materials, ideas, inventions, methods, processes, data, databases and other information created, produced or composed by Seller or any of Seller’s representatives, suppliers, or affiliates specifically for ITW in the course of or pursuant to the performance of work under the Order and any similar previous oral or written agreements with ITW. Seller agrees that such materials are “works made for hire” under applicable copyright laws (“Work Product”), and as such, ITW is considered the author of such works. To the extent any such works are not considered “works made for hire,” Seller hereby waives any rights under the U.S. Copyright Act, 17 U.S.C. § 101, et seq., to terminate this transfer, as well as any moral rights that may exist in the work, including but not limited to the right of attribution and the right of integrity. ITW grants to Seller the right to use the Intellectual Property and the Work Product solely for the purposes of performing under the Order.

13. **Confidential Information.** All information furnished or made available by ITW to Seller in connection with the Products or Services shall be held in confidence by Seller. Seller will not use (directly or indirectly), or disclose to others, such information without ITW’s prior written consent. These obligations will not apply to any information that: (a) at the time of disclosure was or thereafter becomes generally available to the public by publication or otherwise through no breach by Seller of any obligation herein; (b) Seller can show by written records was in Seller’s possession prior to disclosure by ITW; or (c) is legally made available to Seller by or through a third party having no direct or indirect confidentiality obligation to ITW with respect to such information. Seller agrees that it will not make use of, either directly or indirectly, any of the Confidential Information that it receives or has received from ITW, other than for the purpose for which the Confidential Information has been disclosed.

14. **No Publicity.** Seller will not advertise, publish or disclose to third parties (other than to Seller’s professional advisors on a need-to-know basis) in any manner the fact that Seller has contracted to furnish Buyer the Products covered by the Order or the terms of the Order, or use any trademarks or trade names of Buyer in any press release, advertising or promotional materials, without first obtaining Buyer’s written consent.

15. **Indemnification.** Seller agrees to defend and indemnify ITW, its suppliers, customers, users, and licensors, and each of their affiliates, employees, shareholders, officers, directors and agents (“Indemnified Parties”), from and against any and all loss, liability, demand, claim, damage, injury, loss of profits or expense (including attorneys’ fees) arising out of or relating to: (a) any breach of Seller’s representations, warranties or obligations; (b) any act or omission by Seller, its officers, employees or agents (including Seller’s subcontractors and their employees and agents); (c) any claim of infringement or misappropriation of any third-party intellectual or proprietary right, including claims for royalties or license fees, in connection with the purchase, use or sale of the Products; and (d) death or any bodily injury, damage to property or any other damage or loss resulting or claimed to result in whole or in part from the Products. Each Indemnified Party may, at its option, be represented by its own counsel in any action, the expenses of which shall be borne by Seller.

16. **Insurance.** Seller will maintain, at its own expense, the following insurance policies: (a) Commercial General Liability in an amount of not less than \$5,000,000 each occurrence and in the aggregate for bodily injury and property damage and \$5,000,000 any one person or organization for personal and advertising injury for premises operation, products/completed operations, blanket contractual liability, and broad form property damage; (b) Workers’ Compensation in full compliance with the laws of any applicable state and/or country, at not less than statutory limits; (c) Commercial Automobile Liability for owned, hired and non-owned motor vehicles in an amount not less than \$5,000,000 combined single limit; and (d) Employer’s Liability and Occupational Disease in an amount of not less than \$5,000,000 each accident for bodily injury and \$5,000,000 each employee and in the aggregate for disease. The limits of coverage required may be satisfied by a combination of primary and excess or umbrella insurance policies. Except for Workers’ Compensation, Seller shall include ITW and its affiliates as an Additional Insured on all required insurance policies described above. Upon ITW’s request, Seller shall provide ITW a certificate of insurance evidencing such coverage and requiring no less than 30 days’ advance notice to ITW before any cancellation of such coverage

17. **Spare Parts and Special Tooling.** Seller will maintain the capability to supply and provide technical support for spare parts for a period of seven years after the delivery of the Products or for such longer period as may be required by law. Seller will give ITW a last time buy option at the end of such seven year period, and shall offer any follow on products that are compatible with the Products. Seller will notify ITW 90 days in advance prior to Seller’s withdrawal of any Product(s). ITW may provide patterns, dies, fixtures, molds, jigs or other tools or directly or indirectly pay for tools for use in making Products (“Special Tooling”). Unless approved in writing by ITW, Seller shall not (i) remove or relocate any Special Tooling, make any changes to Special Tooling; (ii) use the Special Tooling for any other products or any other customer other than for those Products provided to ITW under this Order; (iii) make any changes to Special Tooling; or (iv) reverse engineer any Special Tooling. Seller shall use all Special Tooling solely for manufacturing Products as specified by ITW in writing. Special Tooling shall remain ITW’s property, be segregated from Seller’s property, and be individually marked as ITW’s property. Seller shall maintain Special Tooling in good condition and repair or replace it at Seller’s cost if lost, damaged, destroyed, or otherwise rendered unfit for use. Upon ITW’s request, Seller shall transfer possession of the Special Tooling to ITW free and clear of liens and encumbrances and at the time and place designated by ITW.

18. **Consignment.** Buyer may notify Seller that it wishes to have Products sold to a location on a consignment basis (a “Consignment Location”). Buyer will deliver to each Consignment Location the quantity and type of Products ordered by Buyer (“Consignment Products”). Buyer will notify Seller monthly of its use

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of the Consignment Products, and Seller may bill ITW for such use of the Consignment Products. Title to Consignment Products passes to Buyer only after Buyer uses the Consignment Products. Buyer may, at any time upon written notice to Seller, terminate further purchases of Consignment Products for any Consignment Location and Buyer may purchase some or all of the remaining Consignment Products. Any Consignment Products not purchased by Buyer will be returned to Seller at Seller's cost and risk of loss. All other provisions of the Agreement apply to Consignment Products, except to the extent this section conflicts with any other provision of the Agreement.

19. **Software.** In the event the Products include or incorporate Software developed, owned or licensed by Seller ("Software"), Seller hereby authorizes ITW to sell, resell and or license the Software to ITW's customers. Use of the Software by ITW's end user customers shall be subject to Seller's End User License Agreement, if applicable (the "EULA"). In the event Seller's end user customer reasonably objects to any provisions of the EULA, Seller shall cooperate in good faith with ITW in making commercially reasonable modifications to the EULA. In the event of a conflict between these Terms and the EULA, these Terms shall govern.

20. **Compliance.** Seller agrees to comply with all federal, state, local and foreign rules, regulations, ordinances and laws applicable to Seller's obligations hereunder and Seller's manufacture and sale of the Products and Services, including import/export laws, labor laws, and anti-corruption laws. Seller also agrees to comply with all applicable environmental, health and safety laws, and laws against slavery, human trafficking and child labor.

21. **Conflict Minerals.** Upon request of ITW, Seller shall determine whether any Products contain tin, tantalum, tungsten, gold or any other material that is designated under applicable rules of the Securities and Exchange Commission ("SEC") as a "conflict mineral." If no Product contains one or more conflict minerals that are necessary to the functionality or production of such Product within the meaning of applicable SEC rules and interpretations, Seller shall, upon request, certify to ITW that none of the Products contains such conflict minerals. If any Product contains one or more such conflict minerals, Seller shall certify to ITW the country of origin of any such conflict mineral or that the conflict mineral came from recycled or scrap sources within the meaning of those terms under applicable SEC rules. If Seller is unable to identify the country of origin, and the conflict mineral(s) in question did not come from recycled or scrap sources, Seller shall in good faith conduct an inquiry of its relevant suppliers as to the country of origin of such conflict minerals, and such inquiry shall comply with then-existing standards under SEC rules for the conduct of a reasonable country of origin inquiry. In the event that Seller is or becomes aware that any conflict minerals that are necessary to the functionality or production of any Products originated from a "covered country" within the meaning of the SEC's conflict minerals rules and did not come from recycled or scrap sources, Seller shall make a good faith effort to determine whether such conflict minerals came from a processing facility certified as conflict free by a recognized industry group that requires an independent private sector audit of the smelter or from an individual processing facility that has obtained an independent private sector audit that is publically available, and to provide written documentation of such determination. Seller shall also take such additional actions and provide such additional information requested by ITW as may be necessary in order for ITW to be or remain compliant with applicable laws, rules and regulations relating to conflict minerals.

22. **Customs.** The Seller shall make available to the ITW and any party designated by ITW any and all documents and data necessary to effect customs clearance, including the importer security filing and shall provide any assistance deemed necessary by ITW.

23. **Quality Requirements.** Seller will conform to the quality control standards and inspection system that are established or directed by ITW. Seller will also participate in supplier quality and development programs of Buyer or as directed by ITW. Upon ITW's request, Seller will participate in and comply with all Supplier Manuals and supplier performance evaluations. Seller acknowledges ITW's reliance upon Seller's expertise. In the event that any of ITW's specifications or other requirements may result in any negative impact to the Product, Seller shall immediately notify ITW in writing of all ramifications of such direction. Any reviews, audits, inspections, acceptance quality levels, approved vendor lists, bill of materials, or approvals by ITW will not relieve Seller of its obligations.

24. **Audit.** Seller shall maintain complete and accurate records, books of account, reports and other data necessary for the proper administration of the Agreement on a generally recognized accounting basis. Such materials shall include any rebate programs and any other special pricing program extended to Seller. ITW may audit and inspect Seller's books and records. If any audit or inspection reveals an error or irregularity in the computation of prices or any other costs, an appropriate adjustment shall be made by Seller. Further, if such audit or inspection demonstrates that an error or irregularity occurred and caused the prices to be computed in Seller's favor, then Seller shall pay all costs and expenses incurred by ITW with respect to such audit or inspection. Seller shall, at ITW's request, permit ITW or a third party designated by ITW to have reasonable access to designated areas within its facilities directly relating to the production and packaging of the Products for the purpose of performing production and quality audits. ITW shall conduct any such audit only during Seller's normal working hours.

25. **Relationship of the Parties.** Nothing in the Agreement or the course of dealing of the parties may be construed to constitute the parties hereto as partners, joint venturers or as agents for one another or as authorizing either party to obligate the other in any manner.

26. **Force Majeure.** If the performance by either party or any obligation under the Agreement is prevented, restricted or interfered with by any act of God, fire or other casualty, embargo, power or supplies, war or violence, acts of terrorism, or any law, order, proclamation, ordinance, demand or requirement of any governmental agency or similar event beyond such party's reasonable control (each, an "Event of Force Majeure"), such party shall promptly give the other party written notice of the Event of Force Majeure. Delays caused by labor disputes, changes in cost or availability of raw materials or components based on market conditions, or scheduled downtime for maintenance shall not constitute an Event of Force Majeure. No later than 48 hours after the occurrence, Seller will provide written notice describing such delay and assurance of when the delay will be cured. During the delay, ITW may at its option: (a) cancel any Orders and purchase Products or Services from third parties without liability; (b) to the extent available, require Seller to deliver all finished goods, work in process, tooling, and parts and materials produced or acquired for work under the Order; or (c) have Seller provide Products or Services from other sources and at the price set forth in the Order.

27. **Assignment; Binding Effect.** No assignment of any rights or interest or delegation of any obligation of Seller under the Agreement may be made without the prior written consent of ITW. Any attempted assignment will be void. Buyer may assign the Agreement or otherwise transfer its rights and/or obligations under the Agreement. The Agreement will inure to the benefit of and be binding upon each of the parties hereto and their respective permitted successors and assigns.

28. **Remedies and Waiver.** Except as specifically set forth herein, all rights and remedies under the Agreement are cumulative, and the exercise of any right or remedy herein provided shall be without prejudice to the right to exercise any other right or remedy provided by the Agreement, by law or in equity. If ITW fails to insist upon strict compliance with the Agreement, ITW's actions will not constitute a waiver of Seller's default or any other existing or future default, or affect ITW's legal remedies.

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29. Bankruptcy. If either party becomes insolvent, is unable to pay its debts when due, files for or is the subject of involuntary bankruptcy, has a receiver appointed or has its assets assigned, the other party may cancel any unfulfilled obligations hereunder without liability for such cancellation.
30. Dispute Resolution. Any dispute arising out of or related to the Agreement will be governed by and construed according to the laws of the State of Illinois and litigated exclusively in a state or federal court located in Cook County, Illinois. The parties hereto expressly release and waive any and all rights to a jury trial and consent to have any dispute heard solely by a court of competent jurisdiction. The parties agree that the United Nations Convention on Contracts for the International Sale of Goods will not apply to the Agreement. If either party commences litigation concerning any provision of the Agreement or if the parties agree to alternative dispute resolution, the prevailing party is entitled, in addition to the relief granted, to a reasonable sum for their attorney's fees in such litigation or mutually agreed upon alternative dispute resolution, provided if each party prevails in part, such fees will be allocated in the manner as the court or mediator determines to be equitable in view of the relative merits and amounts of the parties' claims.
31. Survival. Any provisions in the Terms which, by their nature, extend beyond the termination or expiration of any sale of Products or Services, will remain in effect until fulfilled.
32. Severability. If any provision herein is held to be unlawful or unenforceable, the remaining provisions herein will remain in effect.
33. Integration and Modification. The Agreement constitutes the entire agreement between ITW and Seller with respect to the Products and Services, and supersedes any prior agreements, understandings, representations and quotations with respect thereto. No modification hereof will be of any effect unless in writing and signed by the party to be bound thereby.