

## **TERMS AND CONDITIONS OF PURCHASE**

### **APPLIED INDUSTRIAL TECHNOLOGIES, INC. AND ITS SUBSIDIARIES ("BUYER")**

**THIS ORDER IS SUBJECT EXCLUSIVELY TO THE TERMS AND CONDITIONS OF PURCHASE APPEARING HEREIN. ANY ADDITIONAL, DIFFERENT OR CONFLICTING TERMS AND CONDITIONS ARE EXPRESSLY REJECTED BY BUYER.**

1. Buyer's order number (including letters) and ordering location name must appear on all invoices, packing lists, shipping cartons and correspondence. A packing list must accompany all shipments.
2. Unless otherwise specified, Buyer's purchases are for resale and no sales or use taxes shall be charged. Seller is responsible for requesting any required certification from Buyer.
3. Use Buyer designated carrier only. Do not purchase transportation insurance unless requested. Freight over-payments or over-charge will be deducted from the invoice payment.
4. A copy of the invoice must be sent to the ordering location within five days of shipment for all merchandise delivered to our customers or to a destination other than the ordering location.

1. **Acceptance of Contract.** All orders for goods, materials, work or services to be performed ("goods") become a contract subject exclusively to the terms and conditions set forth herein when accepted by acknowledgment or commencement of performance by Seller and such terms and conditions constitute the entire agreement between the parties. No change in such terms and conditions shall be valid unless agreed to in writing by an authorized corporate officer of Buyer.

2. **Delivery.** Time is of the essence. Failure to deliver by the required delivery date specified in Buyer's order may result in substantial damages to Buyer due to commitments to its customers. In addition to its other remedies, Buyer may cancel an order in whole or in part without liability if delivery is not made within the time specified on the order.

3. **Transportation and Packaging.** Damage and/or loss resulting from improper packaging, preparation or loading shall be charged to Seller.

4. **Title, Risk of Loss, Inspection, and Acceptance of Goods.** Title to and risk of loss shall pass and acceptance of the goods shall take place when such goods have been delivered to Buyer's specified destination and have passed Buyer's inspection and tests. In no event shall payment be deemed to constitute acceptance.

5. **Prices.** Buyer is liable only for the price indicated on this order. If the price is omitted from the order, Seller shall invoice at the price last quoted to Buyer or paid by Buyer for such goods in equal quantities. Seller warrants that the prices for the goods are not less favorable than those currently extended to any other customer for the same or like goods under conditions similar to those specified in Buyer's order. If Seller establishes or offers a lower price for the sale of such goods in such quantities, Seller agrees to reduce the prices hereof correspondingly. No additional charges of any kind will be allowed unless specifically agreed to in writing in advance by Buyer.

#### **6. Warranties.**

(a) Buyer shall have the right to all Buyer's remedies and Seller's warranties to the fullest extent provided under the Uniform Commercial Code, including, but not limited to, warranties of merchantability and fitness, and such remedies and warranties shall survive inspection, tests, acceptance and payment. To the extent that Seller offers a longer express warranty, Buyer shall also have the right to such longer warranty.

(b) Seller represents and warrants that all goods delivered are free of liens or other claims of ownership. Seller further represents and warrants that all goods sold to Buyer shall be designed and manufactured in accordance with industry standards and meet Buyer's specifications, Buyer's quality policies and all applicable U.S. legal and regulatory requirements (collectively referred to herein as "Legal Requirements").

(c) Unless Buyer specifies in writing otherwise, Seller shall deliver only new goods to Buyer. No counterfeit or suspect counterfeit goods are to be delivered. Seller shall procure the goods directly from the original component or equipment manufacturer (OEM) or through the OEM's authorized distributor. Documentation must be available that authenticates traceability to the applicable OEM. If Seller becomes aware or suspects it has furnished counterfeit goods, Seller shall immediately notify Buyer. Seller agrees that if counterfeit goods are found to have been furnished to Buyer, those items will not be returned to Seller, and Seller may be liable for all costs relating to impoundment, removal and replacement.

(d) Seller represents and warrants that, for a period of twenty-four (24) months from delivery to Buyer or Buyer's customer, all work and services will be performed with reasonable skill and care, in a competent, professional and workmanlike manner, free from defects, and in accordance with all specifications and the best professional practices in the industry.

7. **Indemnification.** Seller shall indemnify and hold Buyer harmless against all liability, cost and expense (including, without limitation, Buyer's costs of testing and inspection, court costs and reasonable attorney's fees) on account of all claims, liabilities, damages, or judgments arising out of or related in any way to this agreement, or goods or services provided hereunder, except to the extent solely resulting from the intentional or willful misconduct of Buyer.

8. **Insurance** Seller shall maintain, at its sole cost and from reputable insurance companies reasonably acceptable to Buyer, the following insurance with the minimum limits indicated: (i) workers' compensation insurance with statutory limits in accordance with the laws of the state in which the work or any portion of the work is performed; (ii) commercial general liability insurance, including products and completed operations coverage and contractual liability with a minimum combined single limit of \$2 million each occurrence; (iii) automobile liability insurance covering owned, hired and non-owned vehicles with a limit of not less than \$2 million per occurrence; (iv) where applicable, professional liability insurance with a limit of not less than \$1 million each claim; and (v) any other insurance required by law or as reasonably requested by Buyer. Commercial general liability and automobile liability policies must name Buyer, its directors, officers, employees and agents as additional insureds and, to the extent permitted by law, Seller and its insurance carriers agree to waive all rights of recovery against Buyer and its directors, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance required herein. Seller shall furnish Buyer with evidence of insurance reasonably acceptable to Buyer showing compliance with these insurance requirements prior to the start of work and within ten (10) business days of each new policy period. Insurance policies shall not be materially changed, cancelled or altered without Buyer receiving at least 30 days' prior written notice. Seller shall also ensure that any party performing work on Seller's behalf, including any subcontractor or assignee, shall maintain the same insurance required herein. Seller's insurance shall be primary and non-contributory to any other insurance maintained by Buyer. The coverage and limits required hereunder shall not be deemed as a limitation on Seller's liability hereunder or as a representation by Buyer that the insurance coverage and limits required of Seller under this Agreement are adequate to protect Seller. In the event of Seller's breach of this provision, Buyer shall have the right to procure the required insurance and charge the associated cost to the Seller.

9. **Patent/Copyright.** Except when Buyer supplies all drawings and specifications for the goods, Seller shall defend, protect and save Buyer, its successors, assigns, customers and users harmless from all claims, liability, costs or expense (including, without limitation, court costs and reasonable attorney's fees), whether in law or in equity, arising out of or existing

because of the infringement or alleged infringement of any patent or copyright for or on account of the manufacture, sale or use of any goods furnished hereunder. Each party will retain exclusive interest in and ownership of its intellectual property developed before this agreement or outside the scope of this agreement. Seller hereby grants to Buyer a non-exclusive, world-wide, and royalty-free license to use Seller's pre-existing intellectual property solely for the purpose of providing the goods.

If any intellectual property is developed under this agreement, whether by Seller on its own or jointly-developed by both parties, the parties shall cooperate to execute a separate agreement regarding the ownership of and any licenses regarding that newly-developed Intellectual Property.

10. **Excess Quantities/Non-Conforming Goods/Substitutions.** Goods in excess of those specified, non-conforming goods or unauthorized substitutions will not be accepted by Buyer and any such goods will be held at Seller's risk, and all transportation charges, both to and from the original destination, shall be paid by Seller.

11. **Manufacture and Material Commitments.** Seller shall not make commitment for materials nor fabricate in advance of time necessary to permit shipment on delivery dates unless authorized in writing by the Buyer.

12. **Cancellation.** Buyer shall have the right by written notice to cancel, suspend or modify the goods and services to be furnished by Seller under Buyer's order. Buyer shall only be liable to Seller for the agreed upon price for goods accepted by Buyer and for Seller's costs for reasonable materials and actual work performed up to the time of cancellation not otherwise usable or saleable by Seller, net of salvage value.

13. **Limitation of Liability. Regardless of cause, fault or grounds: (a) in no event shall Buyer be liable for indirect, special, incidental or consequential damages of any kind, including, without limitation, punitive or economic damages or lost profits, regardless of whether Buyer had reason to know or in fact knew of the possibility of such damages; and (b) in no event shall Buyer's total liability exceed the purchase price paid by Buyer for the specific goods giving rise to the claim under this order.**

14. **Default.** Buyer reserves the right, by written notice to cancel any order without liability to Buyer in the event of (i) Seller's insolvency, (ii) Seller's filing of a voluntary Petition of Bankruptcy, (iii) the filing of an involuntary petition to have Seller declared Bankrupt, (iv) the appointment of a Receiver or Trustee or Seller, or (v) the execution by Seller of an Assignment for the Benefit of Creditors. If Seller fails to perform, or breaches any of the terms, Buyer reserves the right immediately upon such failure of performance or breach, and without any liability to Buyer (i) to cancel the order in whole or in part by written notice to Seller, or (ii) after notifying Seller of such failure or breach and of Buyer's intent to exercise such right, to obtain the goods from another source, with any excess costs resulting therefrom chargeable to Seller. Seller shall be liable for Buyer's damages in connection with such breach or failure to perform including consequential damages reasonably foreseeable by Seller or of which Seller has appraised by Buyer, provided, however, the Seller shall not be responsible for delays or defaults occasioned by fires, acts of God, wars or riots, but in the event of such occurrence, Buyer reserves the right to cancel the order without liability of any kind.

15. **Setoff.** Buyer shall be entitled at all times to setoff any amount owing from Seller to Buyer against any amount payable by Buyer pursuant to Buyer's order.

16. **Compliance with Laws; Supplier Code of Conduct.** Seller shall fully comply with all applicable laws and regulations, including, without limitation, Federal, state and local laws and regulations, export and import laws and regulations, applicable data protection laws and regulations, the U.S. Foreign Corrupt Practices Act and similar anti-bribery laws, the Walsh-Healey Act, 41 U.S.C.A. §§35-45, the Occupational Safety and Health Act of 1970, 29 U.S.C.A. §§651-678, the Fair Labor Standards Act of 1938, 29 U.S.C.A. §§201-219, as amended, 48 CFR 252.204-7012 Safeguarding Covered Defense Information and Cyber Reporting, Buyer's Supplier Code of Conduct, Buyer's Code of Business Ethics, and the regulations set forth in paragraph 20, 21 and 22 below, and shall indemnify and hold Buyer harmless from any liability cost or expense (including, without limitation, Buyer's court costs and reasonable attorney's fees) resulting from Seller's failure of compliance. Seller agrees upon request to furnish Buyer with a certification of compliance with respect to any or all such laws, regulations, and with Buyer's Supplier Code of Conduct, and Buyer's Code of Business Ethics, in such form as Buyer may require.

17. **Inspection and Audit.** Buyer and its customers shall be permitted to inspect facilities in which the products are developed, produced and stored upon reasonable advance written notice to Seller, during business hours at times reasonably convenient to both parties. Upon thirty (30) business days' written notice, Buyer shall, at a time and place mutually agreeable to the parties, have the right to audit and inspect Seller's facilities and/or records relating to Seller's obligations under this agreement and with respect to the products. Notwithstanding the foregoing, if Buyer has a reasonable belief that Seller is violating a term of this agreement or any Legal Requirements, Buyer shall be permitted to inspect Seller's facilities during normal business hours without advance notice to Seller. Seller will also grant access to Buyer, its customers, and any government entity demanding access to any Seller facility pursuant to said demand, so long as said demand is legal.

18. **Remedies.** The remedies provided Buyer herein shall be cumulative and in addition to any other remedies provided by law or equity. A waiver of a breach of any provision hereunder shall not constitute a waiver of any other breach. The invalidity in whole or in any part of any provision hereof shall not affect the validity of any other provision.

19. **Governing Law.** The contract resulting from the acceptance of Buyer's order shall be governed by and construed according to the laws of the State of Ohio, excluding choice of law statutes to the contrary. The United Nations Convention on Contracts for the International Sale of Goods is hereby excluded. Any dispute or claim arising out of or in connection with this Agreement shall be brought exclusively in any state or Federal court with jurisdiction and venue over Cuyahoga County, Ohio and the dispute or claim being brought, unless all such courts refuse to accept jurisdiction and/or venue.

20. **Equal Employment; Government Orders. This Seller and any Seller-subcontractor shall abide by the requirements of 41 C.F.R. §60-300.5(a) and 41 C.F.R. §60-741.5(a). These regulations prohibit discrimination against (1) qualified protected veterans and (2) qualified individuals on the basis of disability, and require affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans and qualified individuals with disabilities.** The contract provisions set forth in Section 202 of Executive Order 11246 (equal opportunity), as amended, and the regulations promulgated thereunder (41 C.F.R. Part 60741) and Executive Order 11625 (utilization of minority business enterprises) as amended, to the extent same are applicable to Buyer's order, are incorporated by reference herein as if fully rewritten with respect thereto. Seller agrees, upon request, to furnish Buyer a certification of compliance with such Executive Orders in such form as Buyer may require. Additional Terms and Conditions for Government Contracts, available at Buyer's website, are incorporated herein by reference for applicable government orders.

21. **Hazard Communication/Right-To-Know.** Seller shall comply with the OSHA Hazard Communication Standard (29 C.F.R. Section 1910-1200), all state and local right-to-know laws, and all other Federal, state and local laws regulations relating to hazardous chemicals, including without limitation, the safety data sheet and product labeling requirements.

22. **Conflict Minerals**. Seller shall have made, and agrees to continue to make, good faith inquiries reasonably designed to determine whether any conflict mineral, as defined in the Securities and Exchange Commission's final rule on conflict minerals, 17 C.F.R. Parts 240 and 249(b), that is included in any good delivered to Buyer, originated in the Democratic Republic of the Congo or an adjoining country, or is from recycled or scrap sources, all as defined in the rule. Seller agrees that all inquiries and diligence performed shall be consistent with the rule's requirements and Buyer's policies. Seller further agrees to respond promptly to each inquiry by Buyer from time to time by certifying in writing to Buyer whether Seller is complying with this paragraph.