



## Vendor Managed Inventory Agreement

### THE TERMS

#### 1. GENERAL

- 1.1. The purpose of this Agreement is to provide specific stocking arrangements under which RS will hold the Products ready for purchase by the Customer to enable more efficient supply.
- 1.2. The Products will be held in stock in the location set out in the Cover Sheet.
- 1.3. All orders are separate binding contracts, formed at the point RS confirms the order in accordance with clause 4 (Ordering), subject to the relevant local RS company's standard conditions of sale as may be updated from time to time.  
  
("RS Conditions of Sale") and the terms of this Agreement, to the exclusion of any standard terms of purchase of the Customer. Where there is a conflict between this Agreement and the RS Conditions of Sale, this Agreement will take precedence.
- 1.4. The Customer will only be charged for Products at the point they are shipped to the Customer as part of this Agreement, or as otherwise set out in these terms.

#### 2. TERM

- 2.1. This Agreement will commence on the Commencement Date and, unless terminated earlier in accordance with clause 12 (Termination), remain in force for the Term.
- 2.2. The Initial Term, together with any Extended Term shall be the "Term" of this Agreement.

#### 3. PRICES

- 3.1. Unless otherwise set out in this Agreement, Products will be sold at the prices set out in Schedule 1 for the Initial Term. At the end of the Initial Term, or any Extended Term, RS may review the pricing and update Schedule 1. All prices exclude VAT, which RS will add at the rate applicable at the date of despatch.
- 3.2. Products will be held under a min/max stock arrangement (as defined in Schedule 1). At the beginning of each Extended Term RS will undertake a commercial review in conjunction with the Customer and reserves the right to vary the prices detailed in Schedule 1.
- 3.3. In the event of a Significant Increase of product cost, RS reserve the right to adjust prices upon prior written notice to the Customer. Such adjusted price shall either apply to the next replenishment order or for the remaining duration of the Term. For the purpose of this clause "Significant Increase" shall mean an increase of product costs due to external factors by more than 5%.

#### 4. ORDERING

- 4.1. The Customer will place orders for the required Products with RS as and when required by the Customer. Alternatively, the Customer shall be entitled to place a blanket order for the quantities set out in Schedule 1 followed by periodical call-off requests for the required Product.

#### 5. DELIVERY

- 5.1. Provisions in the RS Conditions of Sale relating to delivery shall not apply to this Agreement. RS will deliver Products in a reasonable timeframe and will inform the Customer of any delivery charges prior to delivery.

- 5.2. The Customer shall inspect the Products on delivery and shall notify RS within two days of delivery of any defect, shortage in quantity, damage, or failure to comply with description. Failing this, the Customer shall be deemed to have accepted the Products.

#### 6. COMMITMENT

- 6.1. The Customer acknowledges that RS is holding the Products up to the maximum stock levels set out in Schedule 1 for the Customer to purchase during the Term. The Customer therefore agrees that it will purchase such amount of stock holding of Products RS holds as at the end of the Term, up to the maximum stock levels set out in Schedule 1, plus any Products ordered by RS from its suppliers which are non-cancellable (together the "Stock Holding") within the Term. For the avoidance of doubt, this includes any outstanding stock which is held at the end of the Term.
- 6.2. Where the Customer fails to purchase any quantity of the Stock Holding during the Term it agrees to purchase any outstanding Stock Holding at the end of the Term. Accordingly, RS shall be entitled, on the date of termination of the Agreement, to issue an invoice for the price of all Products remaining in the RS stocking point as well as any other Stock Holding which shall be payable by the Customer in accordance with the terms of this Agreement.
- 6.3. The provisions of this clause shall survive termination of this Agreement.

#### 7. CANCELLATIONS AND RETURNS

- 7.1. The Customer may not cancel or return any Products delivered under this Agreement. However, if a Product is faulty or damaged the standard warranty set out in the RS Conditions of Sale will apply.



## 8. CHANGES TO STOCK LEVELS

- 8.1. The Stock Holding will be based on the Customer's demand and Product supplier's requirements regarding minimum order value and/or quantity, subject to both parties' agreement.
- 8.2. If demand increases, the new Stock Holding quantity will be agreed between the parties, taking into account the Product suppliers' lead-times.
- 8.3. Non-moving and excess Stock Holding will be reviewed on a periodical basis against original Customer's forecast. Excess products stocked for more than nine months will be billed to the Customer.
- 8.4. Once service or receipt of a termination notice, RS will stop replenishing stock and any remaining Stock Holding on the date of termination or expiry will be billed to the Customer.
- 8.5. Where Customer wishes to amend the list of Products in scope for this Agreement, the parties shall discuss and amend Schedule 1 as agreed.

## 9. RISK AND TITLE

- 9.1. Risk in the Products shall pass to the Customer on delivery of the Products. RS shall retain title and ownership of the Products until payment in full and cleared funds for each purchase has been received by RS, at which point title and ownership shall transfer to the Customer.
- 9.2. The Customer shall not be entitled to pledge or in any way charge by way of security for any indebtedness any of the Products or any other products supplied by RS which remain the property of RS, but if the Customer does so all monies owed by the Customer to RS shall (without prejudice to any other right or remedy which may be available to RS) immediately become due and payable.

## 10. PAYMENT

- 10.1. Customer shall pay in accordance with the payment term indicated on the Cover Sheet by electronic fund transfer to RS.
- 10.2. RS reserves the right to amend the payment term in the event of that Customer does not pay in accordance with the payment term indicated on the Cover sheet.
- 10.3. A late payment fee of 0.5% per month (6% per annum) will be charged to Customer on any unpaid balances.

## 11. DISCONTINUED PRODUCTS

- 11.1. From time to time suppliers will notify RS of a Product change or give RS notice that a Product is no longer available. In such circumstances, RS will offer the Customer an appropriate alternative product to take the place of the relevant Product, which may be sold at a different price.
- 11.2. Should the alternative product not be acceptable to the Customer, the Customer may terminate this Agreement in relation to such products as soon as the entire residual Stock Holding of relevant Products has run out.

## 12. TERMINATION

- 12.1. Either Party may terminate this Agreement at any time on three months' written notice to the other party, subject to clause 6 (Commitment).
- 12.2. RS and the Customer shall discuss whether they wish to extend the Term no less than three months before the end of the Term. If no party wishes to extend the Term, RS shall stop replenishing stock upon receipt of the Customer's written notice to terminate.
- 12.3. This Agreement may be terminated immediately on written notice by either Party if the other Party:

12.3.1. commits a material breach of this Agreement, provided that where such breach is capable of remedy the breaching Party has been advised in writing of the breach and has not rectified it within thirty (30) days of receipt of such notice;

12.3.2. ceases to trade, is unable to pay its debts, goes into administration, bankruptcy, winding-up, enters into an arrangement with its creditors, makes a debt application before any court, or any similar procedure, whether voluntary or involuntary in any jurisdiction).

12.4. Termination of this Agreement (regardless of its cause) shall not relieve the Customer of its obligations pursuant to this Agreement which arose before the date of such termination.

## 13. LIABILITY

13.1. Subject to the remainder of this clause, the provisions of the RS Conditions of Sale shall apply to this Agreement.

13.2. Subject to the RS Conditions of Sale, RS' liability under or arising out of this Agreement shall be limited to an amount equal to the total value of all Products purchased by the Customer in the twelve (12) months preceding the event giving rise to liability. RS shall not be liable for any indirect or consequential loss or damage; loss of revenue; loss of profits; loss of productivity; loss of production; loss of business or expected future business; economic loss; or damage to reputation or goodwill.

13.3. Nothing in this Agreement limits the Customer's liability to pay the charges for the Products .

## 14. FORCE MAJEURE

14.1. Neither Party shall be deemed to be in breach of this Agreement, or otherwise liable to the other, by reason of any delay in performance or non-performance of any of its obligations under this Agreement to the extent that such delay or non-performance is due to any circumstances beyond that Party's reasonable control.

## 15. GENERAL

15.1. This Agreement sets out the entire agreement and understanding between the Parties in respect of the subject matter of this Agreement. Each Party acknowledges that it has entered into this Agreement in reliance only upon the representations, warranties and promises specifically contained or incorporated in this Agreement and, save as expressly set out in this Agreement, neither Party shall have any liability in respect of any other representation, warranty or promise made prior to the date of this Agreement unless it was made fraudulently.

15.2. Nothing in this Agreement shall create, or be deemed to create, a partnership between the Parties.

15.3. This Agreement shall be binding on and enure for the benefit of the successors in title of the Parties and shall not be assignable by any Party without the prior written consent of the other.

15.4. No purported variation of this Agreement shall be effective unless it is in writing and signed by or on behalf of each of the Parties.

15.5. To the extent that any provision of this Agreement is found by any court or competent authority to be invalid, unlawful or unenforceable in any jurisdiction, that provision shall be deemed not to be a part of this Agreement, it shall not affect the enforceability of the remainder of this Agreement nor shall it affect the validity, lawfulness or enforceability of that provision in any other jurisdiction.

15.6. No single or partial exercise, or failure or delay in exercising any right, power or remedy by any Party shall constitute a waiver by that Party of, or impair or preclude any further exercise of, that or any right, power or remedy arising under this Agreement or otherwise.



15.7. Unless expressly provided in this Agreement, no term of this Agreement is enforceable by any person who is not a party to it.

**16. GOVERNING LAW AND JURISDICTION**

This Agreement and any dispute, claim or obligation (whether contractual or non-contractual) arising out of or in connection with it, its subject matter or formation shall be governed by the law of the country stated in the Cover Sheet under "RS Stocking Point Address, Country" section.