



**NASPO ValuePoint Master Agreement #8496
for
Facilities Maintenance and Repair & Operations (MRO) and
Industrial Supplies**

This NASPO ValuePoint Master Agreement ("Master Agreement") is between the State of Oregon, acting by and through the Department of Administrative Services, Enterprise Goods and Services, Procurement Services ("DAS PS"), as the Lead State, on behalf of the member states of the NASPO ValuePoint Cooperative Purchasing Program and other Participating Entities and W.W. Grainger, Inc. ("Contractor"). This Master Agreement is effective on the date that it has been signed by the parties and has been approved as required by applicable law ("Effective Date").

1. Master Agreement Order of Precedence

a. Any Order placed under this Master Agreement shall consist of the following documents:

(1) A Participating Entity's Participating Addendum ("PA"), substantially in the form attached hereto as Exhibit A;

(2) NASPO ValuePoint Master Agreement and its exhibits:

Terms and conditions of the Master Agreement, then its exhibits, to be interpreted in the following order:

- Exhibit C - Provisions Required by Federal Law
- Exhibit B - Description of Products, Price, and Services
- Exhibit B-1 - Percentage Off Discounts
- Exhibit E - Contractor Branch and Distribution Center Listings
- eMarket Center Addendum
- Exhibit D - NASPO ValuePoint Detailed Sales Data Report Form
- Exhibit A - Sample Participating Addendum
- Exhibit F - Sustainability and Environmental Policy

(3) A Purchase Order issued against the Master Agreement;

(4) Any terms and conditions provided electronically or online or as part of Product materials or descriptions or guidelines; and

(5) Any Contractor's online or third party terms and conditions.

b. These documents shall be read to be consistent and complementary. Any conflict among these documents shall be resolved by giving priority to these documents in the order listed above.

2. Definitions

Acceptance means a written notice from a Purchasing Entity to Contractor advising Contractor that the Product has passed its Acceptance Testing. Acceptance of a Product for which acceptance testing is not required shall occur following the completion of delivery, installation, if required, and a reasonable time for inspection of the Product, unless the Purchasing Entity provides a written notice of rejection to Contractor.

Acceptance Testing means the process for ascertaining that the Product meets the standards set forth in the section titled Standard of Performance and Acceptance, prior to Acceptance by the Purchasing Entity.

Contract means any Order or Purchase Order or other agreed upon ordering instrument issued by a Purchasing Entity under this Master Agreement, together with the terms and conditions of this Master Agreement.

Contractor means the person or entity delivering Products or performing services under the terms and conditions set forth in this Master Agreement.

Embedded Software means one or more software applications which permanently reside on a computing device.

Environmentally Preferable Product means products and services that have a lesser or reduced effect on human health and the environment when compared to competing products or services that serve the same purpose.

Intellectual Property means any and all patents, copyrights, service marks, trademarks, trade secrets, trade names, patentable inventions, or other similar proprietary rights, in tangible or intangible form, and all rights, title, and interest therein.

Lead State means the State centrally administering any resulting Master Agreement(s).

Master Agreement means the underlying agreement executed by and between the Lead State, acting on behalf of the members of the NASPO ValuePoint Cooperative Purchasing Program, and the Contractor, as now or hereafter amended.

NASPO ValuePoint is the NASPO Cooperative Purchasing Organization LLC, doing business as NASPO ValuePoint, a 501(c)(3) limited liability company that is a subsidiary organization the National Association of State Procurement Officials (NASPO), the sole member of NASPO ValuePoint. NASPO ValuePoint facilitates administration of the NASPO cooperative group contracting consortium of state chief procurement officials for the benefit of state departments, institutions, agencies, and political subdivisions and other eligible entities (i.e., colleges, school districts, counties, cities, some nonprofit organizations, etc.) for all states, the District of Columbia, and territories of the United States. NASPO ValuePoint is identified in the Master Agreement as the recipient of reports and may perform contract

administration functions relating to collecting and receiving reports as well as other contract administration functions as assigned by the Lead State.

Order or Purchase Order means any purchase order, sales order, contract or other document used by a Purchasing Entity to order the Products.

Participating Addendum means a bilateral agreement executed by a Contractor and a Participating Entity incorporating this Master Agreement and any other additional Participating Entity specific language or other requirements, e.g. ordering procedures specific to the Participating Entity, other terms and conditions.

Participating Entity means a state, or other legal entity, properly authorized to enter into a Participating Addendum.

Participating State means a state, the District of Columbia, or one of the territories of the United States that is listed in the Request for Proposal as intending to participate. Upon execution of the Participating Addendum, a Participating State becomes a Participating Entity; however, a Participating State listed in the Request for Proposals is not required to later participate in the Master Agreement.

Product means any equipment, software (including embedded software), supplies, materials, commodities, goods, documentation or other deliverable supplied, offered, or created by the Contractor pursuant to this Master Agreement as described on Exhibits B and B-1. The term Products, supplies, and products are used interchangeably in this Master Agreement.

Purchasing Entity or Customer means a state (as well as the District of Columbia and U.S territories), city, county, district, other political subdivision of a State, and a nonprofit organization under the laws of some states if authorized by a Participating Addendum, who issues a Purchase Order against the Master Agreement and becomes financially committed to the purchase.

Services means installation and additional services as defined in the Master Agreement.

3. Term of the Master Agreement; Non-exclusivity

a. The initial term of this Master Agreement is for one (1) year. This Master Agreement may be extended beyond the original contract period for four (4) additional years at the Lead State's discretion and by mutual agreement and upon review of requirements of Participating Entities, current market conditions, and Contractor performance.

b. This Master Agreement is not exclusive. Purchasing Entities retain the right to contract for Products or Services or both through any selection process authorized by law, or to perform the Services themselves. Neither NASPO ValuePoint nor the Lead State guarantees that any specific number of Contracts will be issued or that any specific amount of Products or Services will be required.

4. Amendments

The terms of this Master Agreement shall not be waived, altered, modified, supplemented or amended in any manner whatsoever without prior written approval of the Lead State and Contractor.

5. Participants and Scope

a. Contractor may not deliver Products and Services under this Master Agreement until a Participating Addendum acceptable to the Participating Entity and Contractor is executed. The NASPO ValuePoint Master Agreement Terms and Conditions are applicable to any Order by a Participating Entity (and other Purchasing Entities covered by their Participating Addendum), except to the extent altered, modified, supplemented or amended by a Participating Addendum. By way of illustration and not limitation, this authority may apply to unique delivery and invoicing requirements, confidentiality requirements, defaults on Orders, governing law and venue relating to Orders by a Participating Entity, indemnification, and insurance requirements. Statutory or constitutional requirements relating to availability of funds may require specific language in some Participating Addenda in order to comply with applicable law. The expectation is that these alterations, modifications, supplements, or amendments will be addressed in the Participating Addendum or, with the consent of the Purchasing Entity and Contractor, may be included in the ordering document (e.g. purchase order or contract) used by the Purchasing Entity to place the Order.

b. Use of specific NASPO ValuePoint cooperative Master Agreements by state agencies, political subdivisions and other Participating Entities (including cooperatives) authorized by individual state's statutes to use state contracts are subject to the approval of the respective State Chief Procurement Official. Issues of interpretation and eligibility for participation are solely within the authority of the respective State Chief Procurement Official.

c. Obligations under this Master Agreement are limited to those Participating Entities who have signed a Participating Addendum and Purchasing Entities within the scope of those Participating Addenda. States or other entities permitted to participate may use an informal competitive process to determine which Master Agreements to participate in through execution of a Participating Addendum. Financial obligations of Participating Entities who are states are limited to the orders placed by the departments or other state agencies and institutions having available funds. Participating Entities who are states incur no financial obligations on behalf of other Purchasing Entities. Contractor shall email a fully executed PDF copy of each Participating Addendum to PA@naspovaluepoint.org to support documentation of participation and posting in appropriate data bases.

d. NASPO Cooperative Purchasing Organization LLC, doing business as NASPO ValuePoint, is not a party to the Master Agreement. It is a nonprofit cooperative purchasing organization assisting states in administering the NASPO cooperative purchasing program for state government departments, institutions, agencies and political subdivisions (e.g., colleges, school districts, counties, cities, etc.) for all 50 states, the District of Columbia and the territories of the United States.

e. Participating Addenda shall not be construed to amend the following provisions in this Master Agreement between the Lead State and Contractor that prescribe NASPO ValuePoint

Program requirements: Term of the Master Agreement; Amendments; Participants and Scope; Administrative Fee; NASPO ValuePoint Summary and Detailed Usage Reports; NASPO ValuePoint Cooperative Program Marketing and Performance Review; NASPO ValuePoint eMarketCenter; Right to Publish; Price and Rate Guarantee Period; and Individual Customers. Any such language shall be void and of no effect.

f. Participating Entities who are not states may under some circumstances sign their own Participating Addendum, subject to the consent to participation by the Chief Procurement Official of the state where the Participating Entity is located. Coordinate requests for such participation through NASPO ValuePoint. Any permission to participate through execution of a Participating Addendum is not a determination that procurement authority exists in the Participating Entity; they must ensure that they have the requisite procurement authority to execute a Participating Addendum.

g. **Resale.** "Resale" means any payment in exchange for transfer of tangible goods, software, or assignment of the right to services. Subject to any specific conditions included in the solicitation or Contractor's proposal as accepted by the Lead State, or as explicitly permitted in a Participating Addendum, Purchasing Entities may not resell Products (the definition of which includes services that are deliverables). Absent any such condition or explicit permission, this limitation does not prohibit: payments by employees of a Purchasing Entity for Products; sales of Products to the general public as surplus property; and fees associated with inventory transactions with other governmental or nonprofit entities and consistent with a Purchasing Entity's laws and regulations. Any sale or transfer permitted by this subsection must be consistent with license rights granted for use of intellectual property.

6. Administrative Fees

a. The Contractor shall pay to NASPO ValuePoint, or its assignee, a NASPO ValuePoint Administrative Fee of one-quarter of one percent (0.25% or 0.0025) no later than sixty (60) days following the end of each calendar quarter. The NASPO ValuePoint Administrative Fee shall be submitted quarterly and is based on all sales of products and services under the Master Agreement (less any charges for taxes or shipping). The NASPO ValuePoint Administrative Fee is not negotiable. This fee is to be included as part of the pricing submitted with proposal.

b. Additionally, some states may require an additional fee be paid directly to the state only on purchases made by Purchasing Entities within that state. For all such requests, the fee level, payment method and schedule for such reports and payments will be incorporated into the Participating Addendum that is made a part of the Master Agreement. The Contractor may adjust the Master Agreement pricing accordingly for purchases made by Purchasing Entities within the jurisdiction of the state. All such agreements shall not affect the NASPO ValuePoint Administrative Fee percentage or the prices paid by the Purchasing Entities outside the jurisdiction of the state requesting the additional fee. The NASPO ValuePoint Administrative Fee in subsection 6a shall be based on the gross amount of all sales (less any charges for taxes or shipping) at the adjusted prices (if any) in Participating Addenda.

7. NASPO ValuePoint Summary and Detailed Usage Reports

In addition to other reports that may be required by this solicitation, the Contractor shall

provide the following NASPO ValuePoint reports:

a. Summary Sales Data. The Contractor shall submit quarterly sales reports directly to NASPO ValuePoint using the NASPO ValuePoint Quarterly Sales/Administrative Fee Reporting Tool found at <http://www.naspo.org/WNCPO/Calculator.aspx>. Any/all sales made under this Master Agreement shall be reported as cumulative totals by state. Even if Contractor experiences zero sales during a calendar quarter, a report is still required. Reports shall be due no later than thirty (30) days following the end of the calendar quarter (as specified in the reporting tool).

b. Detailed Sales Data. Contractor shall also report detailed sales data by: (1) state; (2) entity/customer type, e.g. local government, higher education, K12, non-profit; (3) Purchasing Entity name; (4) Purchasing Entity bill-to and ship-to locations; (4) Purchasing Entity and Contractor Purchase Order identifier/number(s); (5) Purchase Order Type (e.g. sales order, credit, return, upgrade, determined by industry practices); (6) Purchase Order date; (7) Ship Date; (8) and line item description, including product number if used. The report shall be submitted in any form required by the solicitation. Reports are due on a quarterly basis and must be received by the Lead State and NASPO ValuePoint Cooperative Development Team no later than thirty (30) days after the end of the reporting period. Reports shall be delivered to the Lead State and to the NASPO ValuePoint Cooperative Development Team electronically through a designated portal, email, CD-ROM, flash drive or other method as determined by the Lead State and NASPO ValuePoint. Detailed sales data reports shall include sales information for all sales under Participating Addenda executed under this Master Agreement. The format for the detailed sales data report is in shown in Exhibit D.

c. Reportable sales for the summary sales data report and detailed sales data report includes sales to employees for personal use where authorized by the solicitation and the Participating Addendum. Report data for employees should be limited to ONLY the state and entity they are participating under the authority of (state and agency, city, county, school district, etc.) and the amount of sales. No personal identification numbers, e.g. names, addresses, **social security numbers or any other numerical identifier**, may be submitted with any report.

d. Contractor shall provide the NASPO ValuePoint Cooperative Development Coordinator with an executive summary each quarter that includes, at a minimum, a list of states with an active Participating Addendum, states that Contractor is in negotiations with and any Participating Addendum roll out or implementation activities and issues. NASPO ValuePoint Cooperative Development Coordinator and Contractor will determine the format and content of the executive summary. The executive summary is due thirty (30) days after the conclusion of each calendar quarter.

e. Timely submission of these reports is a material requirement of the Master Agreement. The recipient of the reports shall have exclusive ownership of the media containing the reports. The Lead State and NASPO ValuePoint shall have a perpetual, irrevocable, non-exclusive, royalty free, transferable right to display, modify, copy, and otherwise use reports, data and information provided under this section.

8. NASPO ValuePoint Cooperative Program Marketing, Training, and Performance Review

a. Contractor agrees to work cooperatively with NASPO ValuePoint personnel. Contractor agrees to present plans to NASPO ValuePoint for the education of Contractor's contract administrator(s) and sales/marketing workforce regarding the Master Agreement contract, including the competitive nature of NASPO ValuePoint procurements, the Master agreement and participating addendum process, and the manner in which qualifying entities can participate in the Master Agreement.

b. Contractor agrees, as Participating Addendums become executed, if requested by ValuePoint personnel to provide plans to launch the program within the participating state. Plans will include time frames to launch the agreement and confirmation that the Contractor's website has been updated to properly reflect the contract offer as available in the participating state.

c. Contractor agrees, absent anything to the contrary outlined in a Participating Addendum, to consider customer proposed terms and conditions, as deemed important to the customer, for possible inclusion into the customer agreement. Contractor will ensure that its sales force is aware of this contracting option.

d. Contractor agrees to participate in an annual contract performance review at a location selected by the Lead State and NASPO ValuePoint, which may include a discussion of marketing action plans, target strategies, marketing materials, as well as Contractor reporting and timeliness of payment of administration fees.

e. Contractor acknowledges that the NASPO ValuePoint logos may not be used by Contractor in sales and marketing until a logo use agreement is executed with NASPO ValuePoint.

f. The Lead State expects to evaluate the utilization of the Master Agreement at the annual performance review. Lead State may, in its discretion, cancel the Master Agreement pursuant to section 28, or not exercise an option to renew, when Contractor utilization does not warrant further administration of the Master Agreement. The Lead State may exercise its right to not renew the Master Agreement if Contractor fails to record or report revenue for three consecutive quarters, upon 60-calendar day written notice to the Contractor. Cancellation based on nonuse or under-utilization will not occur sooner than two years after award (or execution if later) of the Master Agreement. This subsection does not limit the discretionary right of either the Lead State or Contractor to cancel the Master Agreement pursuant to section 28 or to terminate for default pursuant to section 30.

g. Contractor agrees, within 30 days of the effective date, to notify the Lead State and NASPO ValuePoint of any contractual most-favored-customer provisions in third-part contracts or agreements that may affect the promotion of this Master Agreements or whose terms provide for adjustments to future rates or pricing based on rates, pricing in, or Orders from this master agreement. Upon request of the Lead State or NASPO ValuePoint, Contractor shall provide a copy of any such provisions.

9. NASPO ValuePoint eMarket Center

a. In July 2011, NASPO ValuePoint entered into a multi-year agreement with SciQuest, Inc. (doing business as JAGGAER) whereby JAGGAER will provide certain electronic catalog hosting and management services to enable eligible NASPO ValuePoint's customers to access a central online website to view and/or shop the goods and services available from existing NASPO ValuePoint Cooperative Contracts. The central online website is referred to as the NASPO ValuePoint eMarket Center.

b. The Contractor will have visibility in the eMarket Center through Ordering Instructions. These Ordering Instructions are available at no cost to the Contractor and provide customers information regarding the Contractors website and ordering information. The Contractor is required at a minimum to participate in the eMarket Center through Ordering Instructions.

c. At a minimum, the Contractor agrees to the following timeline: NASPO ValuePoint eMarket Center Site Admin shall provide a written request to the Contractor to begin Ordering Instruction process. The Contractor shall have thirty (30) days from receipt of written request to work with NASPO ValuePoint to provide any unique information and ordering instructions that the Contractor would like the customer to have.

d. If the solicitation requires either a catalog hosted on or integration of a punchout site with eMarket Center, or either solution is proposed by a Contractor and accepted by the Lead State, the provisions of the eMarket Center Appendix to these NASPO ValuePoint Master Agreement Terms and Conditions apply.

10. Right to Publish

Throughout the duration of this Master Agreement, Contractor must secure from the Lead State prior approval for the release of information that pertains to the potential work or activities covered by the Master Agreement. This limitation does not preclude publication about the award of the Master Agreement or marketing activities consistent with any proposed and accepted marketing plan. The Contractor shall not make any representations of NASPO ValuePoint's opinion or position as to the quality or effectiveness of the services that are the subject of this Master Agreement without prior written consent. Failure to adhere to this requirement may result in termination of the Master Agreement for cause.

11. Price and Rate Guarantee Period

All prices and rates set forth in Exhibits B and B-1 (and the online catalog) must be guaranteed for the initial term of the Master Agreement. Following the initial Master Agreement period, any request for price or rate adjustment must be for an equal guarantee period, and must be made at least (30) days prior to the effective date. Requests for price or rate adjustment must include sufficient documentation supporting the request. Any adjustment or amendment to the Master Agreement shall not be effective unless approved by the Lead State. No retroactive adjustments to prices or rates will be allowed.

Contractor shall apply the appropriate discounts as set forth on Exhibit B-1.

12. Individual Customers

Except to the extent modified by a Participating Addendum, each Purchasing Entity shall follow the terms and conditions of the Master Agreement and applicable Participating Addendum and will have the same rights and responsibilities for their purchases as the Lead State has in the Master Agreement, including but not limited to, any indemnity or right to recover any costs as such right is defined in the Master Agreement and applicable Participating Addendum for their purchases. Each Purchasing Entity will be responsible for its own charges, fees, and liabilities. The Contractor will apply the charges and invoice each Purchasing Entity individually.

Administration of Orders

13. Ordering

a. Master Agreement order and purchase order numbers shall be clearly shown on all acknowledgments, shipping labels, packing slips, invoices, and on all correspondence.

b. Purchasing Entities may define entity or project-specific requirements and informally compete the requirement among companies having a Master Agreement on an "as needed" basis. This procedure may also be used when requirements are aggregated or other firm commitments may be made to achieve reductions in pricing. This procedure may be modified in Participating Addenda and adapted to the Purchasing Entity's rules and policies. The Purchasing Entity may in its sole discretion determine which Master Agreement Contractors should be solicited for a quote. The Purchasing Entity may select the quote that it considers most advantageous, cost and other factors considered.

c. Each Purchasing Entity will identify and utilize its own appropriate purchasing procedure and documentation. Contractor is expected to become familiar with the Purchasing Entities' rules, policies, and procedures regarding the ordering of supplies and/or services contemplated by this Master Agreement.

d. Contractor shall not begin work without a valid Purchase Order or other appropriate commitment document under the law of the Purchasing Entity.

e. Orders may be placed consistent with the terms of this Master Agreement during the term of the Master Agreement.

f. All Orders pursuant to this Master Agreement, at a minimum, shall include:

- (1) The Products, Services or Supplies being delivered;
- (2) The place and requested time of delivery;
- (3) A billing address;
- (4) The name, phone number, and address of the Purchasing Entity representative;
- (5) The price per hour or other pricing elements consistent with this Master Agreement and the contractor's proposal;
- (6) A ceiling amount of the order for services being ordered; and
- (7) The Master Agreement identifier.

g. All communications concerning administration of Orders placed shall be furnished solely to the authorized purchasing agent within the Purchasing Entity's purchasing office, or to such other individual identified in writing in the Order.

h. Orders must be placed pursuant to this Master Agreement prior to the termination date thereof, but may have a delivery date or performance period up to 120 days past the then-current termination date of this Master Agreement. Contractor is reminded that financial obligations of Purchasing Entities payable after the current applicable fiscal year are contingent upon agency funds for that purpose being appropriated, budgeted, and otherwise made available.

i. Notwithstanding the expiration, cancellation or termination of this Master Agreement, Contractor agrees to perform in accordance with the terms of any Orders then outstanding at the time of such expiration or termination. Contractor shall not honor any Orders placed after the expiration, cancellation or termination of this Master Agreement, or otherwise inconsistent with its terms. Orders from any separate indefinite quantity, task orders, or other form of indefinite delivery order arrangement priced against this Master Agreement may not be placed after the expiration or termination of this Master Agreement, notwithstanding the term of any such indefinite delivery order agreement.

14. Shipping and Delivery

a. The prices are the delivered price to any Purchasing Entity. All deliveries shall be F.O.B. destination, freight pre-paid, with all transportation and handling charges paid by the Contractor. Responsibility and liability for loss or damage shall remain the Contractor's until final inspection and acceptance when responsibility shall pass to the Purchasing Entity except as to latent defects, fraud and Contractor's warranty obligations. The minimum shipment amount, if any, will be found in the special terms and conditions. Any order for less than the specified amount is to be shipped with the freight prepaid and added as a separate item on the invoice. Any portion of an Order to be shipped without transportation charges that is back ordered shall be shipped without charge.

b. All deliveries will be "Inside Deliveries" as designated by a representative of the Purchasing Entity placing the Order. Inside Delivery refers to a delivery to other than a loading dock, front lobby, or reception area. Specific delivery instructions will be noted on the order form or Purchase Order. Any damage to the building interior, scratched walls, damage to the freight elevator, etc., will be the responsibility of the Contractor. If damage does occur, it is the responsibility of the Contractor to immediately notify the Purchasing Entity placing the Order.

c. All products must be delivered in the manufacturer's standard package. Costs shall include all packing and/or crating charges. Cases shall be of durable construction, good condition, properly labeled and suitable in every respect for storage and handling of contents. Each shipping carton shall be marked with the commodity, brand, quantity, item code number and the Purchasing Entity's Purchase Order number.

15. Laws and Regulations

Any and all Products offered and furnished shall comply fully with all applicable Federal and State laws and regulations, including the Federal Terms and Conditions set forth in Exhibit

C.

16. Inspection and Acceptance

a. Where the Master Agreement or an Order does not otherwise specify a process for inspection and Acceptance, this section governs. This section is not intended to limit rights and remedies under the applicable commercial code.

b. All Products are subject to inspection at reasonable times and places before Acceptance. Contractor shall provide right of access to the Lead State, or to any other authorized agent or official of the Lead State or other Participating or Purchasing Entity, at reasonable times, in order to monitor and evaluate performance, compliance, and/or quality assurance requirements under this Master Agreement. Products that do not meet specifications may be rejected. Failure to reject upon receipt, however, does not relieve the contractor of liability for material (nonconformity that substantially impairs value) latent or hidden defects subsequently revealed when goods are put to use. Acceptance of such goods may be revoked in accordance with the provisions of the applicable commercial code, and the Contractor is liable for any resulting expense incurred by the Purchasing Entity related to the preparation and shipping of Product rejected and returned, or for which Acceptance is revoked.

c. If any Services do not conform to contract requirements, the Purchasing Entity may require the Contractor to perform the services again in conformity with contract requirements, at no increase in Order amount. When defects cannot be corrected by re-performance, the Purchasing Entity may require the Contractor to take necessary action to ensure that future performance conforms to contract requirements; and reduce the contract price to reflect the reduced value of services performed.

d. The warranty period shall begin upon Acceptance.

e. Acceptance Testing may be explicitly set out in a Master Agreement to ensure conformance to an explicit standard of performance. Acceptance Testing means the process set forth in the Master Agreement for ascertaining that the Product meets the standard of performance prior to Acceptance by the Purchasing Entity. If Acceptance Testing is prescribed, this subsection applies to applicable Products purchased under this Master Agreement, including any additional, replacement, or substitute Product(s) and any Product(s) which are modified by or with the written approval of Contractor after Acceptance by the Purchasing Entity. The Acceptance Testing period shall be thirty (30) calendar days or other time period identified in this Master Agreement or the Participating Addendum, starting from the day after the Product is delivered or, if installed, the day after the Product is installed and Contractor certifies that the Product is ready for Acceptance Testing. If the Product does not meet the standard of performance during the initial period of Acceptance Testing, Purchasing Entity may, at its discretion, continue Acceptance Testing on a day-to-day basis until the standard of performance is met. Upon rejection, the Contractor will have fifteen (15) calendar days to cure the standard of performance issue(s). If after the cure period, the Product still has not met the standard of performance, the Purchasing Entity may, at its option: (a) declare Contractor to be in breach and terminate the Order; (b) demand replacement Product from Contractor at no additional cost to Purchasing Entity; or, (c) continue the cure period for an additional time period agreed upon by the Purchasing Entity and the Contractor. Contractor shall pay all costs related to the preparation and shipping of

Product returned pursuant to the section. No Product shall be deemed Accepted and no charges shall be paid until the standard of performance is met. The warranty period shall begin upon Acceptance.

17. Payment

Payment after Acceptance is normally made within 30 days following the date the entire order is delivered or the date a correct invoice is received, whichever is later. After 45 days the Contractor may assess overdue account charges the highest rate permitted by applicable law per month on the outstanding balance, unless a different late payment amount is specified in a Participating Addendum, Order, or otherwise prescribed by applicable law. Payments will be remitted by mail. Payments may be made via a State or political subdivision "Purchasing Card" with no additional charge.

18. Warranty

Warranty provisions govern where specified elsewhere in the documents that constitute the Master Agreement; otherwise this section governs. The Contractor warrants for a period of one year from the date of Acceptance that: (a) the Product performs according to all specific claims that the Contractor made in its response to the solicitation, (b) the Product is suitable for the ordinary purposes for which such Product is used, (c) the Product is suitable for any special purposes identified in the solicitation or for which the Purchasing Entity has relied on the Contractor's skill or judgment, (d) the Product is designed and manufactured in a commercially reasonable manner, and (e) the Product is free of defects. Upon breach of the warranty, the Contractor will repair or replace (at no charge to the Purchasing Entity) the Product whose nonconformance is discovered and made known to the Contractor. If the repaired and/or replaced Product proves to be inadequate, or fails of its essential purpose, the Contractor will refund the full amount of any payments that have been made. If Contractor is not the manufacturer of the product Contractor shall pass through all manufacturer's warranty to Purchasing Entity. The rights and remedies of the parties under this warranty are in addition to any other rights and remedies of the parties provided by law or equity, including, without limitation, actual damages, and, as applicable and awarded under the law, to a prevailing party, reasonable attorneys' fees and costs.

19. Title of Product

Upon Acceptance by the Purchasing Entity, Contractor shall convey to Purchasing Entity title to the Product free and clear of all liens, encumbrances, or other security interests. Transfer of title to the Product shall include an irrevocable and perpetual license to use any Embedded Software in the Product. If Purchasing Entity subsequently transfers title of the Product to another entity, Purchasing Entity shall have the right to transfer the license to use the Embedded Software with the transfer of Product title. A subsequent transfer of this software license shall be at no additional cost or charge to either Purchasing Entity or Purchasing Entity's transferee.

20. License of Pre-Existing Intellectual Property

Contractor grants to the Purchasing Entity a nonexclusive, perpetual, royalty-free, irrevocable, license to use, publish, translate, reproduce, transfer with any sale of tangible media or Product, perform, display, and dispose of the Intellectual Property, and its

derivatives, used or delivered under this Master Agreement, but not created under it ("Pre-existing Intellectual Property"). The Contractor shall be responsible for ensuring that this license is consistent with any third party rights in the Pre-existing Intellectual Property.

General Provisions

21. Insurance

a. Unless otherwise agreed in a Participating Addendum, Contractor shall, during the term of this Master Agreement, maintain in full force and effect, the insurance described in this section. Contractor shall acquire such insurance from an insurance carrier or carriers licensed to conduct business in each Participating Entity's state and having a rating of A, Class VII or better, in the most recently published edition of A.M. Best's Insurance Reports. Failure to buy and maintain the required insurance may result in this Master Agreement's termination or, at a Participating Entity's option, result in termination of its Participating Addendum.

b. Coverage shall be written on an occurrence basis. The minimum acceptable limits shall be as indicated below:

(1) Commercial General Liability covering premises operations, independent contractors, products and completed operations, blanket contractual liability, personal injury (including death), advertising liability, and property damage, with a limit of not less than \$1 million per occurrence/\$2 million general aggregate;

(2) Contractor must comply with any applicable State Workers Compensation or Employers Liability Insurance requirements.

c. Contractor shall pay premiums on all insurance policies. Contractor shall provide notice to a Participating Entity who is a state within five (5) business days after Contractor is first aware of expiration, cancellation or nonrenewal of such policy or is first aware that cancellation is threatened or expiration, nonrenewal or expiration otherwise may occur.

d. Prior to commencement of performance, Contractor shall provide to the Lead State a written endorsement to the Contractor's general liability insurance policy or other documentary evidence acceptable to the Lead State that (1) names Oregon, and the Participating States identified in the Request for Proposal as additional insureds, (2) provides that written notice of cancellation shall be delivered in accordance with the policy provisions, and (3) provides that the Contractor's liability insurance policy shall be primary, with any liability insurance of any Participating State as secondary and noncontributory. Unless otherwise agreed in any Participating Addendum, other state Participating Entities' rights and Contractor's obligations are the same as those specified in the first sentence of this subsection except the endorsement is provided to the applicable state.

e. Contractor shall furnish to the Lead State copies of certificates of all required insurance in a form sufficient to show required coverage within thirty (30) calendar days of the execution of this Master Agreement and prior to performing any work. Copies of renewal certificates of all required insurance shall be furnished within thirty (30) days after any renewal date to the applicable state Participating Entity. Failure to provide evidence of coverage may, at the

sole option of the Lead State, or any Participating Entity, result in this Master Agreement's termination or the termination of any Participating Addendum.

f. Coverage and limits shall not limit Contractor's liability and obligations under this Master Agreement, any Participating Addendum, or any Purchase Order.

22. Records Administration and Audit

a. The Contractor shall maintain books, records, documents, and other evidence pertaining to this Master Agreement and Orders placed by Purchasing Entities under it to the extent and in such detail as shall adequately reflect performance and administration of payments and fees. Contractor shall permit the Lead State, a Participating Entity, a Purchasing Entity, the federal government (including its grant awarding entities and the U.S. Comptroller General), and any other duly authorized agent of a governmental agency, to audit, inspect, examine, copy and/or transcribe Contractor's books, documents, papers and records directly pertinent to this Master Agreement or orders placed by a Purchasing Entity under it for the purpose of making audits, examinations, excerpts, and transcriptions. This right shall survive for a period of five (5) years following termination of this Agreement or final payment for any order placed by a Purchasing Entity against this Agreement, whichever is later, or such longer period as is required by the Purchasing Entity's state statutes, to assure compliance with the terms hereof or to evaluate performance hereunder.

b. Without limiting any other remedy available to any governmental entity, the Contractor shall reimburse the applicable Lead State, Participating Entity, or Purchasing Entity for any overpayments inconsistent with the terms of the Master Agreement or Orders or underpayment of fees found as a result of the examination of the Contractor's records.

c. The rights and obligations herein exist in addition to any quality assurance obligation in the Master Agreement requiring the Contractor to self-audit contract obligations and that permits the Lead State to review compliance with those obligations.

23. Confidentiality, Non-Disclosure, and Injunctive Relief

a. Confidentiality. Contractor acknowledges that it and its employees or agents may, in the course of providing a Product under this Master Agreement, be exposed to or acquire information that is confidential to Purchasing Entity or Purchasing Entity's clients. Any and all information of any form that is marked as confidential or would by its nature be deemed confidential obtained by Contractor or its employees or agents in the performance of this Master Agreement, including, but not necessarily limited to (1) any Purchasing Entity's records, (2) personnel records, and (3) information concerning individuals, is confidential information of Purchasing Entity ("Confidential Information"). Any reports or other documents or items (including software) that result from the use of the Confidential Information by Contractor shall be treated in the same manner as the Confidential Information. Confidential Information does not include information that (1) is or becomes (other than by disclosure by Contractor) publicly known; (2) is furnished by Purchasing Entity to others without restrictions similar to those imposed by this Master Agreement; (3) is rightfully in Contractor's possession without the obligation of nondisclosure prior to the time of its disclosure under this Master Agreement; (4) is obtained from a source other than Purchasing Entity without the obligation of confidentiality, (5) is disclosed with the written consent of Purchasing Entity or; (6) is independently developed by employees, agents or subcontractors of Contractor who can be

shown to have had no access to the Confidential Information.

b. Non-Disclosure. Contractor shall hold Confidential Information in confidence, using at least the industry standard of confidentiality, and shall not copy, reproduce, sell, assign, license, market, transfer or otherwise dispose of, give, or disclose Confidential Information to third parties or use Confidential Information for any purposes whatsoever other than what is necessary to the performance of Orders placed under this Master Agreement. Contractor shall advise each of its employees and agents of their obligations to keep Confidential Information confidential. Contractor shall use commercially reasonable efforts to assist Purchasing Entity in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the generality of the foregoing, Contractor shall advise Purchasing Entity, applicable Participating Entity, and the Lead State immediately if Contractor learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Master Agreement, and Contractor shall at its expense cooperate with Purchasing Entity in seeking injunctive or other equitable relief in the name of Purchasing Entity or Contractor against any such person. Except as directed by Purchasing Entity, Contractor will not at any time during or after the term of this Master Agreement disclose, directly or indirectly, any Confidential Information to any person, except in accordance with this Master Agreement, and that upon termination of this Master Agreement or at Purchasing Entity's request, Contractor shall turn over to Purchasing Entity all documents, papers, and other matter in Contractor's possession that embody Confidential Information. Notwithstanding the foregoing, Contractor may keep one copy of such Confidential Information necessary for quality assurance, audits and evidence of the performance of this Master Agreement.

c. Injunctive Relief. Contractor acknowledges that breach of this section, including disclosure of any Confidential Information, will cause irreparable injury to Purchasing Entity that is inadequately compensable in damages. Accordingly, Purchasing Entity may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies that may be available. Contractor acknowledges and agrees that the covenants contained herein are necessary for the protection of the legitimate business interests of Purchasing Entity and are reasonable in scope and content.

d. Purchasing Entity Law. These provisions shall be applicable only to extent they are not in conflict with the applicable public disclosure laws of any Purchasing Entity.

e. The rights granted Purchasing Entities and Contractor obligations under this section shall also extend to the cooperative's Confidential Information, defined to include Participating Addenda, as well as Orders or transaction data relating to Orders under this Master Agreement that identify the entity/customer, Order dates, line item descriptions and volumes, and prices/rates. This provision does not apply to disclosure to the Lead State, a Participating State, or any governmental entity exercising an audit, inspection, or examination pursuant to section 23. To the extent permitted by law, Contractor shall notify the Lead State of the identity of any entity seeking access to the Confidential Information described in this subsection.

24. Public Information

This Master Agreement and all related documents are subject to disclosure pursuant to the Purchasing Entity's public information laws.

25. Assignment/Subcontracts

a. Contractor shall not assign, sell, transfer, subcontract or sublet rights, or delegate responsibilities under this Master Agreement, in whole or in part, without the prior written approval of the Lead State.

b. The Lead State reserves the right to assign any rights or duties, including written assignment of contract administration duties to NASPO Cooperative Purchasing Organization LLC, doing business as NASPO ValuePoint and other third parties.

26. Changes in Contractor Representation

The Contractor must notify the Lead State of changes in the Contractor's key administrative personnel managing the Master Agreement in writing within 10 calendar days of the change. The Lead State reserves the right to approve changes in key personnel, as identified in the Contractor's proposal. The Contractor agrees to propose replacement key personnel having substantially equal or better education, training, and experience as was possessed by the key person proposed and evaluated in the Contractor's proposal.

27. Independent Contractor

The Contractor shall be an independent contractor. Contractor shall have no authorization, express or implied, to bind the Lead State, Participating States, other Participating Entities, or Purchasing Entities to any agreements, settlements, liability or understanding whatsoever, and agrees not to hold itself out as agent except as expressly set forth herein or as expressly agreed in any Participating Addendum.

28. Cancellation

Unless otherwise stated, this Master Agreement may be canceled by either party upon 60 days written notice prior to the effective date of the cancellation. Further, any Participating Entity may cancel its participation upon 30 days written notice, unless otherwise limited or stated in the Participating Addendum. Cancellation may be in whole or in part. Any cancellation under this provision shall not affect the rights and obligations attending orders outstanding at the time of cancellation, including any right of a Purchasing Entity to indemnification by the Contractor, rights of payment for Products delivered and accepted, rights attending any warranty or default in performance in association with any Order, and requirements for records administration and audit. Cancellation of the Master Agreement due to Contractor default may be immediate.

29. Force Majeure

Neither party to this Master Agreement shall be held responsible for delay or default caused by fire, riot, unusually severe weather, other acts of God, or war which are beyond that party's reasonable control. The Lead State may terminate this Master Agreement after determining such delay or default will reasonably prevent successful performance of the Master Agreement.

30. Defaults and Remedies

a. The occurrence of any of the following events shall be an event of default under this Master Agreement:

- (1) Nonperformance of contractual requirements; or
- (2) A material breach of any term or condition of this Master Agreement; or
- (3) Any certification, representation or warranty by Contractor in response to the solicitation or in this Master Agreement that proves to be untrue or materially misleading; or
- (4) Institution of proceedings under any bankruptcy, insolvency, reorganization or similar law, by or against Contractor, or the appointment of a receiver or similar officer for Contractor or any of its property, which is not vacated or fully stayed within thirty (30) calendar days after the institution or occurrence thereof; or
- (5) Any default specified in another section of this Master Agreement.

b. Upon the occurrence of an event of default, the Lead State shall issue a written notice of default, identifying the nature of the default, and providing a period of 15 calendar days in which Contractor shall have an opportunity to cure the default. The Lead State shall not be required to provide advance written notice or a cure period and may immediately terminate this Master Agreement in whole or in part if the Lead State, in its sole discretion, determines that it is reasonably necessary to preserve public safety or prevent immediate public crisis. Time allowed for cure shall not diminish or eliminate Contractor's liability for damages, including liquidated damages to the extent provided for under this Master Agreement.

c. If Contractor is afforded an opportunity to cure and fails to cure the default within the period specified in the written notice of default, Contractor shall be in breach of its obligations under this Master Agreement and the Lead State shall have the right to exercise any or all of the following remedies:

- (1) Exercise any remedy provided by law; and
- (2) Terminate this Master Agreement and any related Contracts or portions thereof; and
- (3) Impose liquidated damages as provided in this Master Agreement; and
- (4) Suspend Contractor from being able to respond to future bid solicitations; and
- (5) Suspend Contractor's performance; and
- (6) Withhold payment until the default is remedied.

d. Unless otherwise specified in the Participating Addendum, in the event of a default under a Participating Addendum, a Participating Entity shall provide a written notice of default as described in this section and shall have all of the rights and remedies under this paragraph regarding its participation in the Master Agreement, in addition to those set forth in its Participating Addendum. Unless otherwise specified in a Purchase Order, a Purchasing Entity shall provide written notice of default as described in this section and have all of the rights and remedies under this paragraph and any applicable Participating Addendum with respect to an Order placed by the Purchasing Entity. Nothing in these Master Agreement Terms and Conditions shall be construed to limit the rights and remedies available to a Purchasing Entity under the applicable commercial code.

31. Waiver of Breach

Failure of the Lead State, Participating Entity, or Purchasing Entity to declare a default or

enforce any rights and remedies shall not operate as a waiver under this Master Agreement or Participating Addendum. Any waiver by the Lead State, Participating Entity, or Purchasing Entity must be in writing. Waiver by the Lead State or Participating Entity of any default, right or remedy under this Master Agreement or Participating Addendum, or by Purchasing Entity with respect to any Purchase Order, or breach of any terms or requirements of this Master Agreement, a Participating Addendum, or Purchase Order shall not be construed or operate as a waiver of any subsequent default or breach of such term or requirement, or of any other term or requirement under this Master Agreement, Participating Addendum, or Purchase Order.

32. Debarment

The Contractor certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction (contract) by any governmental department or agency. This certification represents a recurring certification made at the time any Order is placed under this Master Agreement. If the Contractor cannot certify this statement, attach a written explanation for review by the Lead State.

33. Indemnification

a. The Contractor shall defend, indemnify and hold harmless NASPO, NASPO Cooperative Purchasing Organization LLC (doing business as NASPO ValuePoint), the Lead State, Participating Entities, and Purchasing Entities, along with their officers and employees, from and against third-party claims, damages or causes of action including reasonable attorneys' fees and related costs for any death, injury, or damage to tangible property arising from act(s), error(s), or omission(s) of the Contractor, its employees or subcontractors or volunteers, at any tier, relating to the performance under the Master Agreement.

b. Indemnification – Intellectual Property. The Contractor shall defend, indemnify and hold harmless NASPO, NASPO Cooperative Purchasing Organization LLC (doing business as NASPO ValuePoint), the Lead State, Participating Entities, Purchasing Entities, along with their officers and employees ("Indemnified Party"), from and against claims, damages or causes of action including reasonable attorneys' fees and related costs arising out of the claim that the Product or its use, infringes Intellectual Property rights ("Intellectual Property Claim") of another person or entity.

(1) The Contractor's obligations under this section shall not extend to any combination of the Product with any other product, system or method, unless the Product, system or method is:

(a) provided by the Contractor or the Contractor's subsidiaries or affiliates;

(b) specified by the Contractor to work with the Product; or

(c) reasonably required, in order to use the Product in its intended manner, and the infringement could not have been avoided by substituting another reasonably available product, system or method capable of performing the same function; or

(d) It would be reasonably expected to use the Product in combination with such product, system or method.

(2) The Indemnified Party shall notify the Contractor within a reasonable time after receiving notice of an Intellectual Property Claim. Even if the Indemnified Party fails to provide reasonable notice, the Contractor shall not be relieved from its obligations unless the Contractor can demonstrate that it was prejudiced in defending the Intellectual Property Claim resulting in increased expenses or loss to the Contractor. If the Contractor promptly and reasonably investigates and defends any Intellectual Property Claim, it shall have control over the defense and settlement of it. However, the Indemnified Party must consent in writing for any money damages or obligations for which it may be responsible. The Indemnified Party shall furnish, at the Contractor's reasonable request and expense, information and assistance necessary for such defense. If the Contractor fails to vigorously pursue the defense or settlement of the Intellectual Property Claim, the Indemnified Party may assume the defense or settlement of it and the Contractor shall be liable for all costs and expenses, including reasonable attorneys' fees and related costs, incurred by the Indemnified Party in the pursuit of the Intellectual Property Claim. Unless otherwise agreed in writing, this section is not subject to any limitations of liability in this Master Agreement or in any other document executed in conjunction with this Master Agreement.

34. No Waiver of Sovereign Immunity

In no event shall this Master Agreement, any Participating Addendum or any contract or any Purchase Order issued thereunder, or any act of the Lead State, a Participating Entity, or a Purchasing Entity be a waiver of any form of defense or immunity, whether sovereign immunity, governmental immunity, immunity based on the Eleventh Amendment to the Constitution of the United States or otherwise, from any claim or from the jurisdiction of any court.

This section applies to a claim brought against the Participating Entities who are states only to the extent Congress has appropriately abrogated the state's sovereign immunity and is not consent by the state to be sued in federal court. This section is also not a waiver by the state of any form of immunity, including but not limited to sovereign immunity and immunity based on the Eleventh Amendment to the Constitution of the United States.

35. Governing Law and Venue

a. The procurement, evaluation, and award of the Master Agreement shall be governed by and construed in accordance with the laws of the Lead State sponsoring and administering the procurement. The construction and effect of the Master Agreement after award shall be governed by the law of the state serving as Lead State. The construction and effect of any Participating Addendum or Order against the Master Agreement shall be governed by and construed in accordance with the laws of the Participating Entity's or Purchasing Entity's State.

b. Unless otherwise specified in the RFP, the venue for any protest, claim, dispute or action relating to the procurement, evaluation, and award is in the Lead State. Venue for any claim, dispute or action concerning the terms of the Master Agreement shall be in the state serving as Lead State. Venue for any claim, dispute, or action concerning any Order placed against the Master Agreement or the effect of a Participating Addendum shall be in the Purchasing

Entity's State.

c. If a claim is brought in a federal forum, then it must be brought and adjudicated solely and exclusively within the United States District Court for (in decreasing order of priority): the Lead State for claims relating to the procurement, evaluation, award, or contract performance or administration if the Lead State is a party; a Participating State if a named party; the state where the Participating Entity or Purchasing Entity is located if either is a named party.

36. Assignment of Antitrust Rights

Contractor irrevocably assigns to a Participating Entity who is a state any claim for relief or cause of action which the Contractor now has or which may accrue to the Contractor in the future by reason of any violation of state or federal antitrust laws (15 U.S.C. § 1-15 or a Participating Entity's state antitrust provisions), as now in effect and as may be amended from time to time, in connection with any goods or services provided in that state for the purpose of carrying out the Contractor's obligations under this Master Agreement or Participating Addendum, including, at the Participating Entity's option, the right to control any such litigation on such claim for relief or cause of action.

37. Contract Provisions for Orders Utilizing Federal Funds

Pursuant to Appendix II to 2 Code of Federal Regulations (CFR) Part 200, Contract Provisions for Non-Federal Entity Contracts Under Federal Awards, Orders funded with federal funds may have additional contractual requirements or certifications that must be satisfied at the time the Order is placed or upon delivery. These federal requirements may be proposed by Participating Entities in Participating Addenda and Purchasing Entities for incorporation in Orders placed under this Master Agreement.

38. Leasing or Alternative Financing Methods

The procurement and other applicable laws of some Purchasing Entities may permit the use of leasing or alternative financing methods for the acquisition of Products under this Master Agreement. Where the terms and conditions are not otherwise prescribed in an applicable Participating Addendum, the terms and conditions for leasing or alternative financing methods are subject to negotiation between the Contractor and Purchasing Entity.

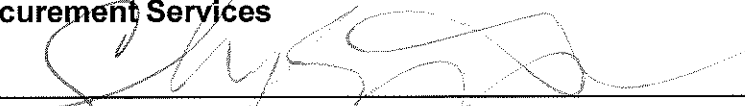
Authorized Signatures:

Contractor: Grainger _____

By:  _____

Title: Sr. Government Sales Manager _____ Date: April 25, 2018 _____

The State of Oregon acting by and through its Department of Administrative Services, Enterprise Goods and Services, Procurement Services

By:  _____

Title: State Procurement Analyst Date: 4/25/18

Approved pursuant to ORS 291.047

Oregon Department of Justice
By: Karen Johnson via email
Sr. Assistant Attorney General

Date: April 24, 2018

eMarket Center Appendix to NASPO ValuePoint Master Agreement

a. This Appendix applies whenever a catalog hosted by or integration of a punchout site with eMarket Center is required by the solicitation or either solution is proposed by a Contractor and accepted by the Lead State.

b. Supplier's Interface with the eMarket Center. There is no cost charged by JAGGAER to the Contractor for loading a hosted catalog or integrating a punchout site.

c. At a minimum, the Contractor agrees to the following:

(1) Implementation Timeline: NASPO ValuePoint eMarket Center Site Admin shall provide a written request to the Contractor to begin enablement process. The Contractor shall have fifteen (15) days from receipt of written request to work with NASPO ValuePoint and JAGGAER to set up an enablement schedule, at which time JAGGAER's technical documentation shall be provided to the Contractor. The schedule will include future calls and milestone dates related to test and go live dates. The contractor shall have a total of Ninety (90) days to deliver either a (1) hosted catalog or (2) punch-out catalog, from date of receipt of written request.

(2) NASPO ValuePoint and JAGGAER will work with the Contractor, to decide which of the catalog structures (either hosted or punch-out as further described below) shall be provided by the Contractor. **Whether hosted or punch-out, the catalog must be strictly limited to the Contractor's awarded contract offering (e.g. products and/or services not authorized through the resulting cooperative contract should not be viewable by NASPO ValuePoint Participating Entity users).**

(a) Hosted Catalog. By providing a hosted catalog, the Contractor is providing a list of its awarded products/services and pricing in an electronic data file in a format acceptable to JAGGAER, such as Tab Delimited Text files. In this scenario, the Contractor must submit updated electronic data [Insert Time Frame Here] to the eMarket Center for the Lead State's approval to maintain the most up-to-date version of its product/service offering under the cooperative contract in the eMarket Center.

(b) Punch-Out Catalog. By providing a punch-out catalog, the Contractor is providing its own online catalog, which must be capable of being integrated with the eMarket Center as a. Standard punch-in via Commerce eXtensible Markup Language (cXML). In this scenario, the Contractor shall validate that its online catalog is up-to-date by providing a written update every six months to the Lead State stating they have audited the offered products/services and pricing listed on its online catalog. The site must also return detailed UNSPSC codes (as outlined in line 3) for each line item. Contractor also agrees to provide e-Quote functionality to facilitate volume discounts.

d. Revising Pricing and Product Offerings: Any revisions to product/service offerings (new products, altered SKUs, new pricing etc.) must be pre-approved by the Lead State and shall be subject to any other applicable restrictions with respect to the frequency or amount of such revisions. However, no cooperative contract enabled in the eMarket Center may include price changes on a more frequent basis than once per quarter. The following conditions apply with respect to hosted catalogs:

(1) Updated pricing files are required by the 1st of the month and shall go into effect in the eMarket Center on the 1st day of the following month (i.e. file received on 1/01/13 would be effective in the eMarket Center on 2/01/13). Files received after the 1st of the month may be delayed up to a month (i.e. file received on 11/06/09 would be effect in the eMarket Center on 1/01/10).

(2) Lead State-approved price changes are not effective until implemented within the eMarket Center. Errors in the Contractor's submitted pricing files will delay the implementation of the price changes in eMarket Center.

e. Supplier Network Requirements: Contractor shall join the JAGGAER Supplier Network (SQSN) and shall use JAGGAER's Supplier Portal to import the Contractor's catalog and pricing, into the JAGGAER system, and view reports on catalog spend and product/pricing freshness. The Contractor can receive orders through electronic delivery (cXML) or through low-tech options such as fax. More information about the SQSN can be found at: www.sciquest.com or call the JAGGAER Supplier Network Services team at 800-233-1121.

f. Minimum Requirements: Whether the Contractor is providing a hosted catalog or a punch-out catalog, the Contractor agrees to meet the following requirements:

(1) Catalog must contain the most current pricing, including all applicable administrative fees and/or discounts, as well as the most up-to-date product/service offering the Contractor is authorized to provide in accordance with the cooperative contract; and

(2) The accuracy of the catalog must be maintained by Contractor throughout the duration of the cooperative contract; and

(3) The Catalog must include a Lead State contract identification number; and

(4) The Catalog must include detailed product line item descriptions; and

(5) The Catalog must include pictures when possible; and

(6) The Catalog must include any additional NASPO ValuePoint and Participating Addendum requirements. Although suppliers in the SQSN normally submit one (1) catalog, it is possible to have multiple contracts applicable to different NASPO ValuePoint Participating Entities. For example, a supplier may have different pricing for state government agencies and Board of Regents institutions. Suppliers have the ability and responsibility to submit separate contract pricing for the same catalog if applicable. The system will deliver the appropriate contract pricing to the user viewing the catalog.

g. Order Acceptance Requirements: Contractor must be able to accept Purchase Orders via fax or cXML. The Contractor shall provide positive confirmation via phone or email within 24 hours of the Contractor's receipt of the Purchase Order. If the Purchasing Order is received after 3pm EST on the day before a weekend or holiday, the Contractor must provide positive confirmation via phone or email on the next business day.

h. UNSPSC Requirements: Contractor shall support use of the United Nations Standard

Product and Services Code (UNSPSC). UNSPSC versions that must be adhered to are driven by JAGGAER for the suppliers and are upgraded every year. NASPO ValuePoint reserves the right to migrate to future versions of the UNSPSC and the Contractor shall be required to support the migration effort. All line items, goods or services provided under the resulting statewide contract must be associated to a UNSPSC code. All line items must be identified at the most detailed UNSPSC level indicated by segment, family, class and commodity.

i. Applicability: Contractor agrees that NASPO ValuePoint controls which contracts appear in the eMarket Center and that NASPO ValuePoint may elect at any time to remove any supplier's offering from the eMarket Center.

j. The Lead State reserves the right to approve the pricing on the eMarket Center. This catalog review right is solely for the benefit of the Lead State and Participating Entities, and the review and approval shall not waive the requirement that products and services be offered at prices (and approved fees) required by the Master Agreement.

k. Several NASPO ValuePoint Participating Entities currently maintain separate JAGGAER eMarketplaces, these Participating Entities do enable certain NASPO ValuePoint Cooperative Contracts. In the event one of these entities elects to use this NASPO ValuePoint Cooperative Contract (available through the eMarket Center) but publish to their own eMarketplace, the Contractor agrees to work in good faith with the entity and NASPO ValuePoint to implement the catalog. NASPO ValuePoint does not anticipate that this will require substantial additional efforts by the Contractor; however, the supplier agrees to take commercially reasonable efforts to enable such separate JAGGAER catalogs.

(August 2017)

Exhibit A to NASPO ValuePoint Master Agreement

SAMPLE PARTICIPATING ADDENDUM

MASTER AGREEMENT # 8496
Exhibit ___
FORM PARTICIPATING ADDENDUM

NASPO ValuePoint
PARTICIPATING ADDENDUM



Facilities Maintenance and Repair &
Operations (MRO) and Industrial Supplies
Lead by the State of Oregon

Master Agreement #: 8496

Contractor: **W.W. Grainger, Inc. (Contractor)**

Participating Entity: **State of XXXXX**

The following Goods or services are included in this Addendum:

- Removable Example: All Goods and accessories listed on the Contractor page of the NASPO ValuePoint website.

The following Goods or services are not included in this Addendum:

- Removable Example: Product modifications.
- Removable Example: Installation services.

Master Agreement Terms and Conditions:

1. Scope: This addendum covers the **Maintenance and Facilities Repair & Operations and Industrial Supplies** led by the State of Oregon for use by state agencies and other entities located in the Participating State *[or State Entity]* authorized by that State's statutes to utilize State contracts with the prior approval of the State's Chief Procurement Official.

[Removable Instruction: Participating States should ensure that paragraph 2 properly defines the scope of participation. The model language in paragraph enables participation by all political subdivisions, institutions of higher education, and other entities included in the state's statewide contract program.]

2. Participation: This NASPO ValuePoint Master Agreement may be used by all state agencies, institutions of higher institution, political subdivisions and other entities authorized to use statewide contracts in the State of *[xxxxxxx]*. Issues of interpretation and eligibility for participation are solely within the authority of the State Chief Procurement Official.

3. Primary Contacts: The primary contact individuals for this Participating Addendum are as follows (or their named successors):

Contractor

Name:
Address:
Telephone:
Fax:
Email:

Participating Entity

Name:
Address:
Telephone:
Fax:
Email:

4. Participating Entity Modifications Or Additions To The Master Agreement

These modifications or additions apply only to actions and relationships within the Participating Entity.

Participating Entity must check one of the boxes below.

No changes to the terms and conditions of the Master Agreement are required.

The following changes are modifying or supplementing the Master Agreement terms and conditions.

[Removable Instruction: Insert text here to address specific changes to the terms and conditions. Indicate which section numbers of the Master Agreement are modified. If no changes are required, check the box above and delete this paragraph.]

5. Lease Agreements: *[If applicable, insert a statement about whether or not equipment lease agreement terms and conditions included in the Master Agreement have been approved for use by the Participating State and any restrictions or requirements for the use of the lease agreement language in the Master Agreement. If not applicable, mark Section 4 as "Reserved".]*

6. Subcontractors: All contactors, dealers, and resellers authorized in the State of [xxxxxx], as shown on the dedicated Contractor (cooperative contract) website, are approved to provide sales and service support to participants in the NASPO ValuePoint Master Agreement. The contractor's dealer participation will be in accordance with the terms and conditions set forth in the aforementioned Master Agreement.

7. Orders: Any order placed by a Participating Entity or Purchasing Entity for a product and/or service available from this Master Agreement shall be deemed to be a sale under (and governed by the prices and other terms and conditions) of the Master Agreement unless

the parties to the order agree in writing that another contract or agreement applies to such order.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date of execution by both parties below.

Participating Entity:	Contractor:
Signature:	Signature:
Name:	Name:
Title:	Title:
Date:	Date:

[Additional signatures may be added if required by the Participating Entity]

For questions on executing a participating addendum, please contact:

NASPO ValuePoint

Cooperative Development Coordinator: Shannon Berry
Telephone: 775-720-3404
Email: sberry@naspovaluepoint.org

[Please email fully executed PDF copy of this document to PA@naspovaluepoint.org to support documentation of participation and posting in appropriate data bases.]

Exhibit B to NASPO ValuePoint Master Agreement

Description of Products, Price, and Services

1. Products: Contractor may provide Products and Services from the following categories:

- Janitorial Equip. & Supplies (does not include Sanitation Cleaning Chemicals)
- Sanitation Cleaning Chemicals (does not include Janitorial Equipment & Supplies)
- Fasteners
- Material Handling
- Plumbing
- Power Sources
- Outdoor Garden
- Lamps, Lighting, Ballasts
- HVAC
- Hand Tools
- Power Tools (excluding automotive related tools and products)
- Electrical
- Paint
- Security
- Safety (does not include any public safety equipment)

Purchasing Entities may access Contractor's catalog for above products at link:
www.grainger.com

2. Services:

2.1 ESB/MBE/WBE/DV & DBE Programs;
Contractor has successful experience offering ESB/MBE/WBE/DV & DBE companies opportunities through two core programs.

2.1.1 Contractor's Small and Diverse Supplier Program affords the Purchasing Entity with access to ESB/MBE/WBE/DV & DBE manufacturers and suppliers through our catalogs and distribution channels. Products provided by Contractor ESB/MBE/WBE/DV & DBE manufacturers and suppliers are identified as part of the supplier diversity program with the following symbol.

2.1.2 Contractor's Distributor Alliance Program enables ESB/MBE/WBE/DV & DBE companies to assist government agencies to meet their MRO product and service requirements. In the Distributor Alliance reseller program, Participating Entity can leverage these companies' experience and expertise to meet ESB/MBE/WBE/DV & DBE goals. Contractor has actively supported diversity spend programs for more than 10 years and currently is contractually partnered with more than 60 certified resellers across the country.

2.2 Growth Incentives:

Contractor's pricing includes contract incentives, a fixed category discount structure, market basket pricing that is firm for 12 months, pre-paid standard ground shipping, product warranties, and inventory management solutions.

2.2.1 Contract Reference Price ("CRP"): is market-based and lower than Contractor's historic List Price. CRP is stable and only subject to change three times per year. Pricing proposal is tied to CRP. CRP is found on Grainger.com when Purchasing Entity logs into their Grainger.com account. The CRP at the time of purchase will be the price to which any contract discounts will be applied.

2.2.2 Customized Contract Incentives: Depending on factors such as contract commitments, single award status, and market competition, Contractor may offer contract incentives, administrative fees and discounts that may include the following options:

- Participating State Administrative Fee Structure
- Annual Growth incentives
 - ✓ Incremental Sales Growth Incentives
 - ✓ Annual Green/Sustainability Growth Incentives
 - ✓ Annual Grainger Choice Product Growth Incentives
 - ✓ eCommerce Growth Incentives
 - ✓ Additional Category Discounts

2.2.3 Customer Specific Pricing ("CSP"): Contractor recognizes the importance of providing the Purchasing Entity with relevant pricing for specific products in special circumstances. As a value-add to the Master Agreement, deeper discounted pricing can be sought in the form of CSP as it relates to a specific opportunity.

2.2.4 Additional Discounting: Contractor recognizes the operational importance of providing the Purchasing Entity access to MRO products that fall outside the market basket pre-defined categories awarded. Contractor offers a 5% discount off of CRP on products that fall outside the market basket and pre-defined categories listed above.

2.2.5 Participating State Custom Market Baskets: Each Participating State has the ability to define a custom market basket that consists of products that the Participating State most frequently procures. Contractor's Government Sales Managers will work with each Participating State to identify this product list and price these products accordingly based on volume procured.

2.2.6 Large Order Discounts: Contractor will continue to work with the Purchasing Entity to leverage additional discounts for large, single orders, based on size and scope.

2.3 The quality and availability of recycling or other sustainability programs, including products or services offered:
Contractor will work with Purchasing Entity to better enable the State to achieve sustainability goals established by the State.

2.4 The quality and availability of recycling or other sustainability environmental conservation programs, including products and/or services offered:

Contractor will work closely with the Purchasing Entity to identify and implement environmental conservation programs.

2.5 The number of available green environmentally preferable products that meet the solicitation's specifications available, showing a robust supply of green/sustainable products:

Contractor currently offers 72,000 green products that are available to Participating States and Purchasing Entity.

In terms of other products, Contractor coordinates with its valued supplier/manufacturer partners to ensure that applicable items meet various environmental compliance standards, such as but not limited to: RoHS (Restriction of Hazardous Substances), WEEE (Waste Electrical and Electronic Equipment), ELV (End-of-Life Vehicles), Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH), or Substances of Concern (SOC).

2.6 Contractor's Standard Return Policy: Returns for Contractor catalog products can be made up to **one (1) year** from the date of purchase. Returned product must be in original packaging, unused, undamaged and in saleable condition. Proof of purchase is required. Contractor will either replace the product or issue a credit for the product purchase price.

The above represents Contractor's policy, however, in practice Contractor attempts to put the Purchasing Entity first and in many instances Contractor may accept returns that do not meet all of the above criteria. For assistance with returns, the Purchasing Entity should

call Grainger Customer Care at 800-GRAINGER (800-472-4643).

2.7

Distribution points:

Contractor's Government Inside and Outside Sales Staff are solely dedicated to the public sector market across all Participating States, Washington D.C., US Territories. Contractor created this government-dedicated sales team to better serve this sector, to understand specific challenges of the Participating Entity and to drive overall savings in procuring products.

Sales Staff Per State					
State	#	State	#	State	#
Alabama	17	Louisiana	13	Ohio	19
Alaska	10	Maine	7	Oklahoma	14
Arizona	18	Maryland	26	Oregon	12
Arkansas	10	Massachusetts	19	Pennsylvania	25
California	80	Michigan	15	Rhode Island	8
Colorado	18	Minnesota	18	South Carolina	15
Connecticut	13	Mississippi	9	South Dakota	9
Delaware	7	Missouri	18	Tennessee	13
Florida	47	Montana	6	Texas	54
Georgia	23	Nebraska	8	Utah	10
Hawaii	16	Nevada	12	Vermont	6
Idaho	8	New Hampshire	6	Virginia	29
Illinois	32	New Jersey	30	Washington	28
Indiana	10	New Mexico	21	West Virginia	8
Iowa	9	New York	46	Wisconsin	13
Kansas	11	North Carolina	21	Wyoming	7
Kentucky	13	North Dakota	7	District of Columbia	15

Grainger US Distribution Centers				
Location	SKU's	Square Feet	Inventory Value	Employees
Kansas City, MO	131,000	1,300,000	\$ 50,100,000	265
Greenville, SC	305,000	1,100,000	\$113,400,000	492
Patterson, CA	269,000	820,000	\$ 91,100,000	358
Minooka, IL	464,000	1,100,000	\$174,100,000	632
Bordentown, NJ	283,000	1,300,000	\$115,400,000	574
Denver, CO	73,000	45,000	\$ 6,700,000	30
Plymouth, MN	89,000	35,000	\$ 8,000,000	34
Seattle, WA	88,000	56,000	\$ 10,400,000	46
Mira Loma, CA	133,000	345,000	\$ 46,400,000	181
Cleveland, OH	134,000	395,000	\$ 44,600,000	218
Dallas, TX	150,000	560,000	\$ 66,400,000	322
Jacksonville, FL	119,000	230,000	\$ 35,400,000	145
Southaven, MS	111,000	230,000	\$ 32,800,000	144

2.8 Scope of geographical coverage offered:

Contractor covers all (50) states throughout the United States and internationally.

2.9 Accurate and meaningful marking of green products in the on-line catalog when applicable:

Contractor display's product information on the website to display the appropriate green symbol next to the products that meet environmental sustainability requirements.

3. Additional Services:

3.1 Contract Management Retail Store/Will Call Availability:

Contractor branches are open 8:00am to 5:00pm Monday through Friday, local time. See Exhibit E Contractor's listing of branches and distribution centers incorporated by reference.

Contractor has trained and capable employees that will interact with the Purchasing Entity and has regional, senior, and executive management responsible for supporting the Participating Entity and the purchasing Entities.

3.2 Reporting Capabilities Disaster Recovery Plan:

Contractor will provide reporting/analysis. Contractor will work with the

Purchasing Entity to provide access to their order information, through various history reports, spend analysis, pricing audit, and various other reports.

Given the importance of data for information and reporting, it is critical that Contractor stores this information well. Contractor shall backup Data and transaction logs so that information can be restored in the event of hardware or other failure.

3.3 Web based ordering System:

Contractor's website at www.grainger.com offers the Purchasing Entity the opportunity to browse products, search through lists, favorites, and order history (both online and branch). The website is available from a traditional browser and via a mobile app for use by the Purchasing Entity that may be away from an office. Contractor offers punch out solutions to the Purchasing Entity that requires them.

3.4 Contractors point of contact information:

Contractor can be contacted at:
Toll Free: 800-472-4643 (800-GRAINGER)
Email: Customersupport@Grainger.com
Website: <https://www.grainger.com/content/naspo>
FAX: 855-281-3749
Remit to:
W. W. Grainger, Inc.
100 Grainger Parkway
Lake Forest, IL 60045

3.5 E- Commerce and Web Catalog Capabilities:

(1) Display contract pricing and multiple search options from narrow options to specific search criteria;

Contractor allows the Purchasing Entity to search and filter by the following attributes:

- Keyword(s)
- NASPO ValuePoint Market Basket items
- Manufacturer/brand
- Manufacturer model number
- National Stock Number (NSN)
- Grainger item number
- NASPO Member part number
- Supplier Diversity products
- Green products (Logo for green)
- Categories or product index

(2) On-line ordering capability:

Ordering 24/7: The Purchasing Entity can submit orders 24 hours per day, 7 days a week, and 365 days per year on Grainger.com and mobile applications. This allows for quick and easy ordering for each Purchasing Entity anytime, anywhere.

(3) Order status and order tracking capabilities:

The Purchasing Entity can use Grainger.com to track the status of any pending order, regardless of ordering channel (online, phone, fax, e-mail). The Purchasing Entity can determine shipment status, backorder status, and partial order shipments, will call order pick-ups and order cancellations for orders placed within the past 36 months by clicking on the Order History link at the top of any Grainger.com page.

(4) Order history:

The innovative **Home Page** on Grainger.com includes relevant user information such as order history, invoices, and other useful information in support of efficient procurement management. Order history can be accessed for 36 months.

(5) Allow users to develop personal lists and profiles, and a secure means for storing procurement card information:

Personal Lists and Profiles: The Purchasing Entity can create "Personal Lists" on Grainger.com and punch-out integrations for frequently purchased items. Multiple personal lists can be created and shared among other Participating Entities using the same Grainger account to streamline the acquisition process. This functionality allows the Purchasing Entities to:

- Create lists by product category, service location, usage, or specifications and then organize those lists in folders
- Order directly from their list by clicking "Add to Order" next to any item
- Assign a location to a list allowing for easy access of that list from the Grainger Mobile app
- Add min/max quantities, bin locations, and print labels of the items in your list for easy inventory tracking
- Share lists with other people on the same account, so they can view and order from other Members' Personal Lists
- Add or delete products on the list, combine lists or organize lists in multiple folders
- Shared usage of these easy-to-access lists can assist the Participating Entity in consolidating product orders, avoiding duplication and driving product standardization to reduce costs
- To keep a record of previous purchases

Procurement Card Information: Grainger.com has an easy and secure means to use the Personal Profile feature allowing each Purchasing Entity to establish specific user-based profiles to view and edit contact, default payment and delivery information:

Payment Information

- Select permanent payment method for individual account users
- Establish permanent method of payment (Purchase Order or Credit Card) for all account users
- Expedite check out by enabling express checkout (requires permanent default shipping and payment options)

(6) Online help to use site should be available at minimum during normal work hours.

Click-to-Chat: Grainger offers Click-to-Chat Assistance for the Purchasing Entity on Grainger.com and punch-out integrations. Agents are available from 7 am to 5 pm, Monday – Friday, local time in all time zones to assist the Purchasing Entity with their product questions or anything related to the purchasing process. Agents in the click-to-chat function can access technical product experts to answer detailed questions on product application or specifications affording the Purchasing Entity a prompt means to get answers to their questions.

The Purchasing Entity can chat with a Customer Service Representative (“CSR”) on Grainger.com. Once “Chat Now” is clicked, a message box opens up allowing the Purchasing Entity to communicate with the CSR.

(7) Technical data, illustrations, Material Safety Data Sheets (SDS), parts availability, and access to web-based product sourcing is required:

The item listings on the website include product specification, size and other attributes, images, SDS, parts availability, web-based product sourcing, and other technical information. See SDS sheets at <http://imv.complyplus.com/granger/?redirect=sds&searchRedirect=sds&searchBar=true#>

(8) Allow viewers to view on line product availability by location:

The Purchasing Entity can determine real-time product availability by Grainger location. Participating Entity can designate a default branch within their account profile or allow Grainger.com to provide availability based on the branch closest to their location.

(9) Ability to block certain items or categories.

Upon request, Grainger can block certain items or product categories.

(10) Ability to accept "P-Card" payments.

Contractor accepts P-card payments via VISA, MasterCard and American Express as a means of payment for orders.

3.6 Electronic Data shall be stored for each Participating State in the following ways:

Contractor has implemented systems that protect, preserve, and maintain information obtained from each Purchasing Entity. Unique identifiers are assigned by Contractor allowing data to be appropriately segmented by Participating State, Participating Entity, or Purchasing Entity. Individual line level detail is captured for the Purchasing Entity allowing for complete transparency in the ordering process regardless of how the Purchasing Entity places their order, size of order, or when and where they place an order.

Contractor chose an internationally accepted information security management framework, ISO/IEC 27001. This framework provides direction for the Grainger information security program and established information security policies and procedures.

As part of the process to ensure the appropriate protection of all Grainger data, both internet-facing and critical internal systems are protected by next generation firewalls, which allow us to segment our environments as needed. Sensitive data sent using TLS encryption provides for the security of the transmission, preventing interception of the information sent in that manner. Additionally, the use of tokenization and encryption for specific data elements at rest protects the data by making the information unusable to unauthorized third-parties.

Contractor accepts credit cards as a payment method. We are required by P-card brands (Visa, MasterCard and American Express) to assess compliance against the PCI DSS standard. We perform that assessment annually and report to the card brands through our acquiring banks, as required by the standard.

3.7 Forced Substitutions:

Contractor will not force substitutions. If an item is not available, Contractor will inform the Purchasing Entity and provide the Purchasing Entity with the option to choose an alternate product or wait for delivery if the product is on back order.

3.8 Contract Management:

The Purchasing Entity will have access to approximately 3,000 Customer Service Representatives (CSRs) to address questions and resolve issues that arise. Each CSR has use of State-of-the-art technology tools needed to address inquiries and ensure the Purchasing Entities expectations are met.

Contractor will provide all training specific to contract utilization, online ordering, product delivery, product returns, EPPs and customer service processes at no additional cost.

3.9 Shipping:

All shipments are to be delivered directly to the purchasing department/division address. All shipments shall include a packing label that includes at a minimum the following information on the outside of the package:

- Purchasing Entity name;
- Delivery Address;
- Purchasing Entity and floor;
- Contact; and
- Telephone number.

A packing slip shall also be included with each shipment, which shall include at a minimum the following information in no particular order:

- Line item description;
- Date ordered;
- Quantity ordered;
- Quantity included in shipment;
- Any backordered items;
- Unit Price and extension;
- Number of parcels;
- Purchase Order Number;
- Purchasing Entity name; and
- F.O.B. Destination.

Contractor ensures that its Packing Slip references information important to the Purchasing Entity, including all of the fields identified above. Furthermore, Contractor's product descriptions and part #s on the Packing Slip match exactly those on the product labels making for simple receipt and validation processes by the Purchasing Entity. Contractor can additionally identify the Purchasing Entity's item #, a customer's P.O. line number, and other relevant information on the Packing Slip.

3.10 Reporting Capabilities:

Contractor shall provide information on all reports that are available without charge, to include a brief description of the report and the frequency. Additional Participating States may have additional reporting

requirements. Contractor commits to providing consolidated reporting to the Purchasing Entity at frequencies they require or as requested.

Reports include, but are not limited to:

- Purchase history for a specified period of time
- Each customer or sub-account, such as a using area in a VMI
- Purchase Order and/or Job-Reference Numbers
- Dates of Purchase
- Item numbers and FULL descriptions
- Customer item numbers, if applicable
- Item categories and EPP designation
- Quantities and Units of Measure
- Pricing
- Extended Pricing
- Number of times purchased
- Invoices and/or sales orders for audit validation
- Green/EPP reports
- Other information may also be available

Reports provided in Excel format unless otherwise noted. Contractor does not charge money for any reports to the Purchasing Entity, and will work with each request to try to meet the Purchasing Entities needs if the information is not already available.

The Purchasing Entity has access to orders placed via the website or through punch out on their account on the web. These orders can be reviewed by order or item category for easy reference.

3.11 Sustainability/Environmental Practices:

(1) Contractor has a corporate-wide sustainability policy. A copy of Grainger's Corporate Social Responsibility (CSR) is attached hereto as Exhibit F.

(2) Product Take Back/End of Life:

Contractor offers end of life take back and recycling options for the following product types through recycling partnerships, product portfolio and through value-added (**no-charge**) recycling programs offered by our key suppliers.

3.12 Vending Machines:

Contractor offers a non-fee MRO related solution for Vending Machines.

KeepStock® is Grainger's portfolio of inventory management solutions

that help the Purchasing Entity to better understand their inventory and reduce costs associated with managing it. **KeepStock® Secure** is an ideal choice for the Purchasing Entity who need controlled access of consumable MRO inventory. Each machine can be customized and configured to the needs of the Purchasing Entity and their supply requirements wither Coil, Carousel, Lockers, Cabinets, and Drawers.

- KeepStock® Onsite
- KeepStock® Store
- Customer-Managed Inventory (CMI) Solutions
- KeepStock® Label
- KeepStock® Scan
- KeepStock® Mobile
- KeepStock® Layout
- KeepStock® Cleanup
- KeepStock® Content

Secure Employee Access: The Purchasing Entity can access machines by either swiping a badge or entering a code on the key pad.

Control Methods: Orders are scheduled to run based on the preset day(s) determined during implementation. Restrictions by Participating Entity can be built into the program. Standard reports can be generated by date, time, item, department, cost center, etc. Sample reports are available from the Grainger sales representative to help Participating Entity see the level of detail our programs can provide.

3.13

Additional Value added solutions:

1. Grainger Safety Footwear Program & Shoemobile
2. Safety Training & Assessments
3. Managed MRO Solutions
4. Grainger Consulting Services
5. Custom Product Center

6. Energy Services:

Contractor's team may serve as Participating State's resource to help identify and implement a wide range of efficient solutions for the Purchasing Entity through its network of qualified, insured and licensed service providers. Working closely with the Purchasing Entity, Contractor's service providers can help identify and facilitate the installation of energy-saving and water conservation measures with minimal disruption to the Purchasing Entity. Contractor's service can help the Purchasing Entity secure applicable incentives and rebates for energy and water-saving projects.

7. Grainger's Energy Services:

- Lighting Projects
- HVAC Projects
- Motor and Pump Projects
- Compressed Air System Studies and Upgrade Projects
- Dust Collection System Studies and Upgrade Projects
- Electric Vehicle Charging Station Projects
- Steam Trap System Studies and Upgrade Projects
- Water Conservation Upgrade Projects

3.14 Installation, if applicable:

Contractor will support Participating State in working with manufacturers, suppliers and third party installers (“Partner Network”) for equipment, manufacturer-certified set up, training, turnkey installation, post installation services and other maintenance services. Contractor works closely with the Purchasing Entity and qualified, licensed and insured installers to identify and facilitate services and support.

Contractor’s ability to provide installation services of products or equipment that a Participating State may chose, if applicable to its State rules.

Contractor’s offerings of installation and support services of products or equipment include the following:

- Contractor’s network of installers provides turnkey and/or labor-only fixed fee installation and support services.
- Turnkey offerings include all materials, labor, recycling, rebate administration and tax deduction documentation, if applicable.
- The Purchasing Entity billing options for labor and/or turnkey installation and service support will be tailored to satisfy the Purchasing Entities needs.
- Contractor has identified 65 companies that have satisfied Contractor’s rigorous vetting process. All companies used by Contractor are licensed, insured, qualified and capable of performing in accordance with the Purchasing Entities requirements.

3.15 Sourced Products, if applicable:

3.15.1 Contractor sourced products is a product which is not currently listed in the suppliers contract catalog or on-line ordering system at the time of order receipt but is capable of being supplied through the Contractor, if applicable to a Participating State’s rules.

Contractor will leverage its buying power to provide Participating States a competitive market solution addressing product line extensions, items infrequently ordered or not yet in our catalog, or discontinued product.

3.15.2 If the Contractor is capable of supplying sourced products they must be direct line extension products which have a similar item to an

established product category and the Contractor must already have a publically recognized business partnership with the "brand," if applicable to the applicable Participating State's rules.

Contractor's beyond-the-catalog solution is a direct line extension of product to an established product category. Contractor obtains its sourced product and services similar to an item in an established product category. Items are from publically recognized businesses that have established a supplier relationship with Contractor.

3.16 Disaster Recovery:

Contractor shall provide an emergency preparedness plan to aid States during an emergency or disaster recovery with specifics as to response time, supplies availability and other goods and services that is offered.

A Participating State may request hard copy and link to Contractor's emergency preparedness plan on its website.

Contractor to provide lead state with hard copy and website link no later than July 15, 2019.

EXHIBIT B-1 to NASPO ValuePoint Master Agreement

Percentage Off Discount:

Percentage off list per awarded category

Contractor shall apply the following discount percentages to all purchases:

Category	Discount
1. Janitorial Equipment & Supplies (does not include Sanitation Cleaning Chemicals)	17%
2. Sanitation Cleaning Chemicals & Supplies (does not include Janitorial Equipment & Supplies)	22%
3. Fasteners	35%
4. Material Handling	11%
5. Plumbing	20%
6. Power Source	19%
7. Outdoor Garden	13%
8. Lamps & Lighting and Ballasts	22%
9. HVAC	17%
10. Hand Tools	14%
11. Power Tools (excluding automotive related tools and products)	11%
12. Electrical	23%
13. Paint	13%
14. Security	17%
15. Safety (does not include any public safety equipment)	19%

The Contractor's Percentage off list discount will not be reduced throughout the life of the Master Agreement except, Contractor can however provide a higher percentage off list discount by providing the Lead State a thirty (30) day notice and Lead State approving the discount.

Exhibit C to NASPO ValuePoint Master Agreement PROVISIONS REQUIRED BY FEDERAL LAW

Without limiting the generality of Section 15 of the Master Agreement, if applicable, Contractor shall comply and, as indicated, cause all subcontractors to comply with the following federal requirements. For purposes of this Master Agreement, all references to federal laws are references to federal laws as they may be amended from time to time.

1. Equal Employment Opportunity. If this Master Agreement, including amendments, is for more than \$10,000, then Contractor shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 CFR Part 60).

2. Clean Air, Clean Water, EPA Regulations. If this Master Agreement, including amendments, exceeds \$100,000 then Contractor shall comply with all applicable standards, orders, or requirements issued under Section 306 of the Clean Air Act (42 U.S.C. 1857(h)), the Federal Water Pollution Control Act as amended (commonly known as the Clean Water Act) (33 U.S.C. 1251 to 1387), specifically including, but not limited to Section 508 (33 U.S.C. 1368). Executive Order 11738, and Environmental Protection Agency regulations (40 CFR Part 15), which prohibit the use under nonexempt Federal contracts, grants or loans of facilities included on the EPA List of Violating Facilities. Violations shall be reported to the Participating Entity or Purchasing Entity, HHS and the appropriate Regional Office of the Environmental Protection Agency. Contractor shall include and cause all subcontractors to include in all contracts with subcontractors receiving more than \$100,000 in Federal Funds, language requiring the subcontractor to comply with the federal laws identified in this section.

3. Energy Efficiency. Contractor shall comply with applicable mandatory standards and policies relating to energy efficiency that are contained in the Oregon energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94163).

4. Truth in Lobbying. The Contractor certifies, to the best of the Contractor's knowledge and belief that:

4.1. No federal appropriated funds have been paid or will be paid, by or on behalf of Contractor, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.

4.2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan or cooperative agreement, the Contractor shall complete and submit Standard Form LLL,

"Disclosure Form to Report Lobbying" in accordance with its instructions.

4.3. The Contractor shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients and subcontractors shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this Master Agreement was made or entered into. Submission of this certification is a prerequisite for making or entering into this Master Agreement imposed by section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

5. HIPAA Compliance. If the work performed under this Master Agreement are covered by the Health Insurance Portability and Accountability Act or the federal regulations implementing the Act (collectively referred to as HIPAA), Contractor agrees to perform the work in compliance with HIPAA. Without limiting the generality of the foregoing, work performed under this Master Agreement is covered by HIPAA. Contractor shall comply and cause all subcontractors to comply with the following:

5.1. Privacy and Security Of Individually Identifiable Health Information. Individually Identifiable Health Information about specific individuals is confidential. Individually Identifiable Health Information relating to specific individuals may be exchanged between Contractor and Participating Entity or Purchasing Entity for purposes directly related to the provision of services to clients which are funded in whole or in part under this Master Agreement. However, Contractor shall not use or disclose any Individually Identifiable Health Information about specific individuals in a manner that would violate the Participating Entity or Purchasing Entity Privacy Rules, or the Participating Entity or Purchasing Entity Notice of Privacy Practices, if done by Participating Entity or Purchasing Entity. A copy of the most recent Participating Entity or Purchasing Entity Notice of Privacy may be obtained from Participating Entity or Purchasing Entity

5.2. Data Transactions Systems. If Contractor intends to exchange electronic data transactions with Participating Entity or Purchasing Entity in connection with claims or encounter data, eligibility or enrollment information, authorizations or other electronic transaction, Contractor shall execute an EDI Trading Partner Agreement with Participating Entity or Purchasing Entity and shall comply with the Participating Entity or Purchasing Entity EDI Rules.

5.3. Consultation and Testing. If Contractor reasonably believes that the Contractor's or the Participating Entity's or Purchasing Entity's data transactions system or other application of HIPAA privacy or security compliance policy may result in a violation of HIPAA requirements, Contractor shall promptly consult the Participating Entity's or Purchasing Entity's HIPAA officer. Contractor or Participating Entity or Purchasing Entity may initiate a request for testing of HIPAA transaction requirements, subject to available resources and the Participating Entity's or Purchasing Entity's testing schedule.

5.4. If Contractor is deemed to be a business associate of Participating Entity or Purchasing Entity under HIPAA's Privacy Rule, 45 CFR Parts 160 and 164, Contractor hereby provides Participating Entity or Purchasing Entity with satisfactory assurances that if it receives from Participating Entity or Purchasing Entity or any trading partner any protected health information of any individual, it shall maintain the security and confidentiality of such information as required by the HIPAA's Privacy Rule, and other applicable laws and regulations. Without limiting the foregoing, Contractor agrees that:

5.4.1. Contractor will not use or further disclose Protected Health Information otherwise than as permitted or required by this Master Agreement or as required by law;

5.4.2. Contractor will use appropriate safeguards to prevent use or disclosure of PHI otherwise than as provided for by this Master Agreement;

5.4.3. Contractor agrees to mitigate, to the extent practicable, any harmful effect that is known to Contractor of a use or disclosure of PHI by Contractor in violation of the requirements of the Master Agreement;

5.4.4. Contractor will report to Participating Entity or Purchasing Entity any use or disclosure of PHI not provided for by this Master Agreement of which Contractor becomes aware;

5.4.5 Contractor agrees to ensure that any agents, including subcontractors, to whom it provides PHI, agree to the same restrictions and conditions that apply to Contractor with respect to such information;

5.4.6. Contractor shall make available to Participating Entity or Purchasing Entity such information as they may require to fulfill their obligations to account for disclosures of such information;

5.4.7. Contractor shall make its internal practices, books, and records, including policies and procedures and PHI, relating to the use and disclosure of PHI received from the Participating Entity or Purchasing Entity or trading partner (or created or received by Contractor on behalf of Participating Entity or Purchasing Entity or trading partner) available to Participating Entity or Purchasing Entity and to the Secretary of the United States Department of Health and Human Services, for purposes of determining Participating Entity's or Purchasing Entity's or trading partners' compliance with HIPAA; and

5.4.8. If feasible, upon termination of this Master Agreement, Contractor shall return or destroy all PHI received from Participating Entity or Purchasing Entity or trading partners (or created or received by Contractor on behalf of Participating Entity or Purchasing Entity or trading partners) that Contractor still maintains in any form, and shall retain no copies of such information or, if return or destruction is not feasible, Contractor shall continue to extend the protections of this Master Agreement to such information, and limit further use of the information to those purposes that make the return or destruction of the information infeasible.

Subject to the foregoing restrictions, Participating Entity or Purchasing Entity agrees that Contractor may use such PHI in the process of providing transaction mapping, trading partner profiling and training and mentoring services for Participating Entity or Purchasing Entity and trading partners under this Master Agreement.

6. Resource Conservation and Recovery. Contractor shall comply and cause all subcontractors to comply with all mandatory standards and policies that relate to resource conservation and recovery pursuant to the Resource Conservation and Recovery Act (codified at 42 USC 6901 et. seq.). Section 6002 of that Act (codified at 42 USC 6962) requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by the Environmental Protection Agency. Current guidelines are set forth in 40 CFR Parts 247-253.

7. Substance Abuse Prevention and Treatment. Contractor shall comply with federal rules and statutes pertaining to the Substance Abuse, Prevention, and Treatment Block Grant, including the reporting provisions of the Public Health Services Act (42 USC 300x through 300x-64).

8. Audits. Contractor shall comply and, if applicable, cause a subcontractor to comply, with the applicable audit requirements and responsibilities set forth in the Office of Management and Budget Circular A-133 entitled "Audits of States, Local Governments and Non-Profit Organizations."

9. Debarment and Suspension. Contractor shall not permit any person or entity to be a subcontractor if the person or entity is listed on the non-procurement portion of the General Service Administration's "List of Parties Excluded from Federal Procurement or Nonprocurement Programs" in accordance with Executive Orders No. 12,549 and No. 12,689, "Debarment and Suspension". (See 45 CFR part 76). This list contains the names of parties debarred, suspended, or otherwise excluded by agencies, and contractors declared ineligible under statutory authority other than Executive Order No. 12549. Subcontractors with awards that exceed the simplified acquisition threshold shall provide the required certification regarding their exclusion status and that of their principals prior to award.

10. Medicaid Compliance. To the extent Contractor performs any work whose costs are paid in whole or in part by Medicaid, Contractor shall comply with and cause its subcontractors to comply with the federal and State Medicaid statutes and regulations applicable to the work, including but not limited to:

10.1. Keeping such records as may be necessary to disclose the extent of services furnished to clients and, upon request, furnish such records or other information to Participating Entity or Purchasing Entity, the Secretary of Health and Human Services, and as otherwise directed by Participating Entity or Purchasing Entity;

10.2. Complying with all applicable disclosure requirements set forth in 42 CFR Part 455, Subpart B;

10.3. Complying with any applicable advance directive requirements specified in 42 CFR section 431.107(b)(4); and

10.4. Complying with the certification requirements of 42 CFR sections 455.18 and 455.19.

Contractor shall include and cause all subcontractors to include in all contracts with subcontractors receiving Medicaid, language requiring the subcontractor to comply with

the record keeping and reporting requirements set forth in this section and with the federal laws identified in this section.

11. Americans with Disabilities Act. Contractor shall comply and cause all subcontractors to comply with Title II of the Americans with Disabilities Act of 1990 (codified at 42 USC 12131 et. seq.) in the construction, remodeling, maintenance and operation of any structures and facilities, and in the conduct of all programs, services and training associated with the performance of work.

12. Pro-Children Act. Contractor shall comply and cause all subcontractors to comply with the Pro-Children Act of 1995 (codified at 20 USC section 6081 et. seq.).

13. Federal Tax Information. Contractor shall comply with the provisions of Section 6103(b) of the Internal Revenue Code, the requirements of IRS Publication 1075, and the Privacy Act of 1974, 5 U.S.C. §552a et. seq. related to federal tax information.

14. Educational Records. Contractor shall comply with the provisions of the Family Educational Rights and Privacy Act (FERPA) (20 U.S.C. § 1232g; 34 CFR Part 99).

**EXHIBIT D to NASPO VALUEPOINT MASTER AGREEMENT
NASPO ValuePoint DETAILED SALES DATA REPORT FORM**

Field Name	Field Description
CONTRACTOR	The awarded Contractor's name
CONTRACTOR CONTRACT NUMBER	Lead State assigned contract number (using Lead State's numbering protocol)
STATE	State postal abbreviation code (Alaska = AK, Missouri = MO, etc.)
CUSTOMER TYPE (SEGMENT)	State Gov't, Education-K12, Education-HED, Local Gov't, Medical, Other - are acceptable segments. [determined by industrial practice for each contract - uniform for each contract]
BILL TO NAME	Customer (agency) Bill to name
BILL TO ADDRESS	Customer (agency) Bill to address
BILL TO CITY	Customer (agency) Bill to city
BILL TO ZIPCODE	Zip code in standard 5-4 format [standard 5 digits is acceptable, formatted as a zip code]
SHIP TO NAME	Customer (agency) Ship to name
SHIP TO ADDRESS	Customer (agency) Ship to address
SHIP TO CITY	Customer (agency) Ship to city
SHIP TO ZIPCODE	Zip code in standard 5-4 format [standard 5 digits is acceptable, formatted as a zip code]
ORDER NUMBER	Contractor assigned order number
CUSTOMER PO NUMBER	Customer provided Purchase Order Number
CUSTOMER NUMBER	Contractor assigned account number for the purchasing entity
ORDER TYPE	Sales order, Credit/Return, Upgrade/Downgrade, etc. [determined by industrial practice for each contract - uniform for each contract]
PO DATE (ORDER DATE)	(mm/dd/ccyy)
SHIP DATE	(mm/dd/ccyy)
INVOICE DATE	(mm/dd/ccyy)
INVOICE NUMBER	Contractor assigned Invoice Number
PRODUCT NUMBER	Product number of purchased product
PRODUCT DESCRIPTION	Product description of purchased product

UNSPSC	Commodity-level code based on UNSPSC code rules (8 Digits)
LIST PRICE/MSRP/CATALOG PRICE	List Price - US Currency (\$99999.999) [determined by industrial practice for each contract - uniform for each contract]
NASPO ValuePoint PRICE	NASPO ValuePoint Price- US Currency (\$99999.999)
QUANTITY	Quantity Invoiced (99999.999)
TOTAL PRICE	Extended Price (unit price multiplied by the quantity invoiced) - US Currency (\$999999999.999)
Discount Percentage	Percent off of List Price- example=20%
NASPO ValuePoint ADMIN FEE	Administrative Fee based on Total Price - US Currency (\$999999.999)
VAR/Reseller/Distributor	If a VAR/Reseller/Distributor, name of VAR/Reseller/Distributor and state where located
Optional	More information

NASPO ValuePoint Cooperative Contract Detailed Sales Report


Contractor Name	Contract Number	State	Customer Type	Customer Name	Bill to Address	Bill to City	Bill to Zipcode	Ship to Name	Ship to Address	Ship to City	Ship to Zipcode	Order Number	Customer Number	PO Number	Ship to Order Number	Ship to City	Ship to Zipcode	PO Date	PO Type	Ship Date	Invoice Date	Invoice Number	Product Number	Product Description	UNSPSC Commodity Code	List Price/MSPP	ValuePoint Price	Quantity	Total Price	Discount Percentage	Admin Fee	VAR/Reseller/Distributor NAME																				
<div style="border: 1px solid black; padding: 5px; width: fit-content;"> <input type="checkbox"/> No Quantity Sales </div>																																																				
<div style="border: 1px solid black; padding: 5px;"> Quarter: </div>																																																				
Contractor																																																				
Contractor																																																				
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**EXHIBIT E to NASPO ValuePoint Master Agreement
Contractors Branch and Distribution Center Listings**

Exhibit E is incorporated by reference.

EXHIBIT F to NASPO VALUEPOINT MASTER AGREEMENT Sustainability and Environmental Policy



Corporate Social Responsibility 



Sustaining Our Environment

At Grainger, we are committed to conducting business in an environmentally responsible manner, while working to reduce energy use and minimize waste in our operations. To do so most effectively, we focus on the environmental challenges within the material parts of our business: our operations, our products and our supply chain.

OUR APPROACH

We work to continuously improve our environmental performance across our value chain from our suppliers through our operations and to our customers. We encourage stewardship in our operations, and seek to share the lessons we have learned with others. We partner with several third party sustainability organizations, such as the CDP (formally known as the Carbon Disclosure Project), the GreenBiz Executive Network, the U.S. Environmental Protection Agency, Smartway program, UL Inc. (formerly Underwriter's Laboratories, Inc.) and the U.S. Green Building Council to help us align our environmental investments with our stakeholders' expectations.

Our Operations

We primarily focus our efforts where we can have the most influence. Grainger's DC account for roughly 38 percent of our operations and will proportionally increase as we expand our service offering. Inherent to this footprint is an opportunity for energy management. We closely monitor our energy consumption and improve our green energy mix by researching sustainable solutions to increase efficiency and utilize renewable energy. When possible, we invest in onsite renewable energy, purchase renewable energy credits and green tariffs.

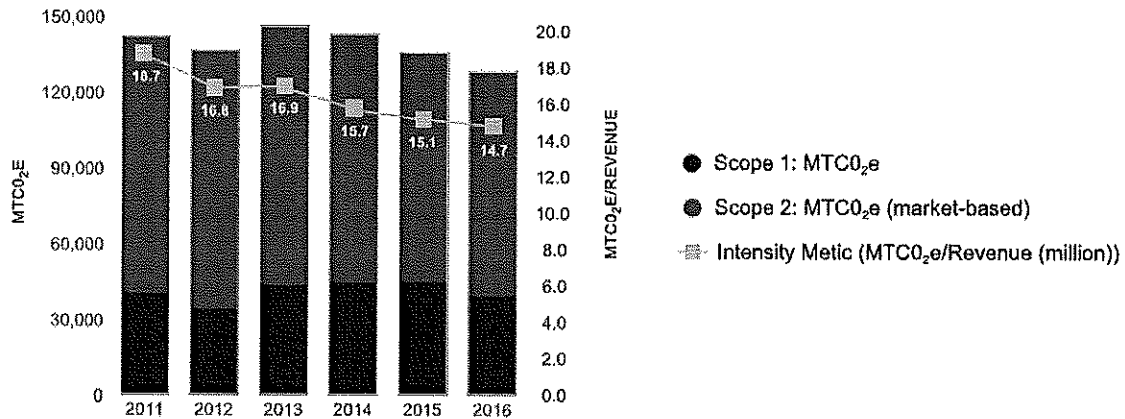
Climate Change Disclosure We recognize that climate change is a significant global issue. The company is taking steps to more effectively manage its energy use and greenhouse gas (GHG) emissions. Grainger has participated in the CDP since 2009, providing detail on business risks and opportunities related to climate change. In 2012, we became the first industrial distributor to publicly disclose its carbon footprint.

Greenhouse Gas Emissions

We are committed to the global effort to reduce GHG. We focus our reduction strategy around two specific areas: reducing GHG intensity and waste in our own operations and supporting emissions reduction in our supply chain through increases in transparency. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy.

Scope 1 and 2 We chose 2011 as our baseline year, in which emissions totaled 142,306 metric tons. During that period, we have reduced Scope 1 and Scope 2 emissions by nearly 10 percent. In 2016, our Scope 1 and 2 GHG emissions were 128,572 metric tons. To help offset these emissions, we participate in green energy procurement.

Scope 1 & Scope 2 Emissions with Intensity



Grainger's intensity metric includes the GHG emissions from operations that were under direct operational control as of 2014, the year our goal was set. This includes Grainger, Inc. in the U.S., Grainger Mexico and Acklands-Grainger in Canada. Starting in 2015, Grainger improved its calculations to include all business within operational control after 2014. We verified only our U.S. data through a third party in 2011. Therefore our Base Year calculations include estimates for Acklands-Grainger and Grainger Mexico. We calculated these estimates using the average of 2012 and 2013.

Intensity Target In 2013, Grainger became the first industrial distributor to set a GHG reduction goal. Our target is an intensity goal for GHG over revenue: to reduce our North American Scope 1 and Scope 2 GHG emissions per unit revenue 33 percent by 2020. The goal was designed to be achievable, yet challenge our operations to identify innovative ways to operate more efficiently. We are currently more than half way to our goal, and have reduced intensity to 14.7, a 20 percent reduction since 2011. A 33 percent reduction by 2020 goal focused Grainger on doing business the right way by investing in renewable energy and energy efficiency.

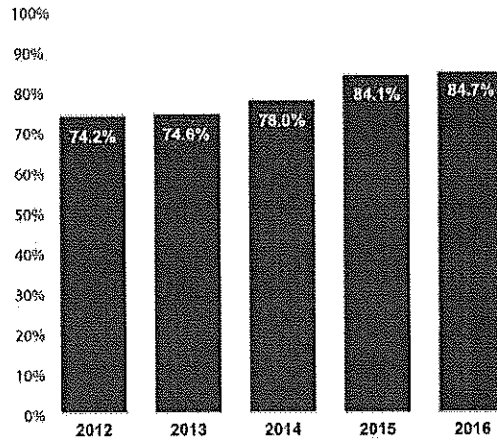
To drive progress toward this goal, our GHG target is included in the performance appraisals for our corporate sustainability team. In addition, energy reduction and efficiency projects reduce utility expenses and improve operating expenses, indirectly effecting profit sharing for U.S. team members.

Recycling and Waste

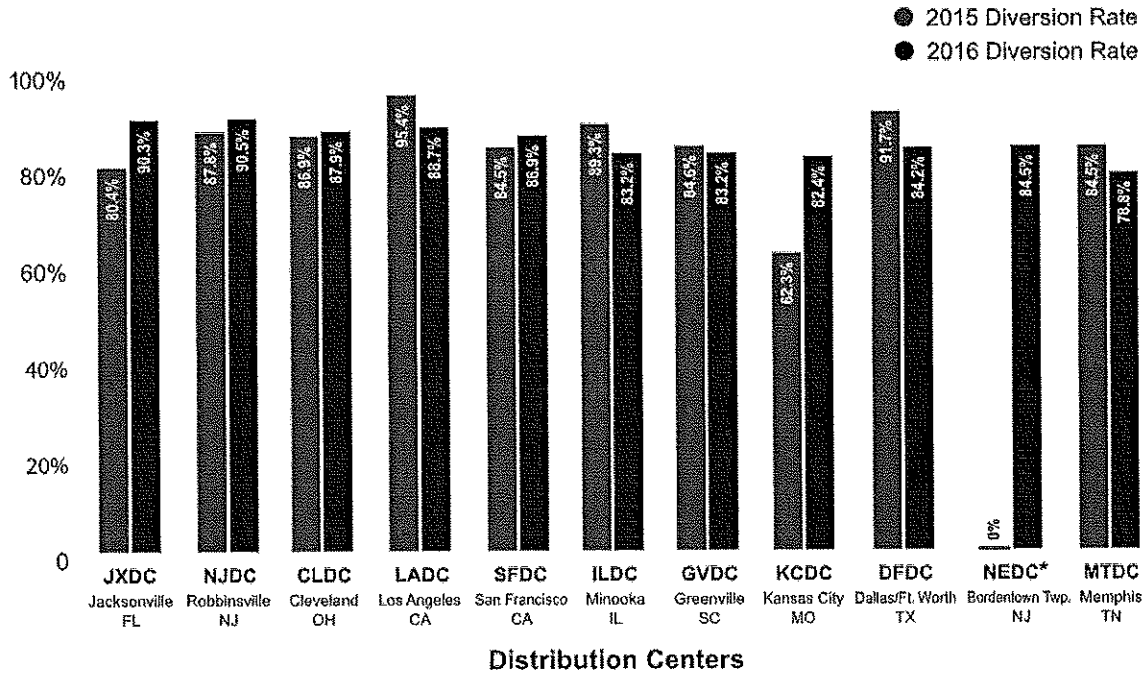
By standardizing recycling practices and sharing best practices across its network, we are continually improving the recycling rate in our U.S. distribution centers. Teams are trained to use a color-coded system to separate and bale materials such as cardboard, plastic wrap and metal and are encouraged

to share and test ideas for ongoing improvements. As a result of these efforts, our diversion rate has increased for four consecutive years.

DC Network Diversion Rate (Amount of waste diverted from a landfill)



DC Recycling Rate



*New DC brought into the network in 2016









HIGHLIGHTS

- The DC network recycling rate finished 2016 at 84.7 percent.
- KCDC saw the highest improvement with a 20 percent improvement in their 2016 diversion rate.
- The recycling rates at JXDC, NJDC, CLDC and SFDC also improved in 2016 vs. 2015.
- NEDC finished at 84.5 percent in the first year of operations at the facility.

Water Conservation

Grainger does not directly manufacture the products it sells so our water consumption is minimal. However, we do measure our water footprint and look for opportunities to reduce usage, such as installing water efficient fixtures and evaluating the landscaping irrigation programs at our largest facilities. Grainger's total water consumption in the U.S. in 2016 was 514,802 cubic meters.

Anatomy of a Sustainable Distribution Center

 <p>LED LIGHTING Approximately one quarter of our operations use LED lighting with occupancy sensors, reducing electricity consumption by 80 percent compared to conventional lighting.</p>	 <p>ELECTRIC CAR CHARGES Grainger encourages team members to use electric cars by installing charging stations closest to the entryways.</p>	 <p>ROOF Light-colored materials reflect heat, while dark roofs, such as those made of asphalt and tar, absorb heat, driving up air-conditioning consumption in order to offset it.</p>	 <p>NATURAL LANDSCAPING The landscaping at our distribution centers are designed to work with the natural environment, reducing the need for irrigation.</p>
 <p>RECYCLING We design our distribution centers with conveyor systems that help Grainger sort recycling from the waste stream.</p>	 <p>RENEWABLE ENERGY We have installed 5.3MW of renewable energy on the rooftops of our DCs.</p>	 <p>BUILDING MANAGEMENT SYSTEMS A state of the art building automation system controls HVAC, Lighting, and building systems, reducing energy consumption by 10 percent.</p>	 <p>LEED CERTIFICATION Six of our distribution centers are LEED certified which helps ensure the design of the building is built to high standards of efficiency.</p>

Our Products

Grainger provides customers with the products they need to keep their businesses running over the long term. As part of this, we work to understand how these products affect the environment. Our customers have increasingly requested environmentally preferable products and we stock them to improve our service. We currently offer more than 72,000 products that help customers maintain sustainable facilities through efficient energy management, water conservation, waste reduction and air-quality improvement.

Environmentally Preferable Product Offering

Partnering with our suppliers, we work to create a more sustainable workplace for our customers and our communities through our offering of environmentally preferable products. These environmentally preferable products are designated on Grainger.com® by a green leaf and totaled more than \$556,000,000 in sales in 2016.

Easy Search and Select for Greener Products



For a product to be classified as environmentally preferable it must maintain one or more environmentally preferable attributes or third-party certifications such as WaterSense®, ENERGY STAR® or Green Seal. We ask our suppliers to provide these attributes or certifications, and our external partner, UL Inc., verifies the viability of the attribute to the product.

Green Ambassadors

In 2016, more than 100 Grainger team members registered to serve as Green Ambassadors, a group of team members who are passionate about the environment and work together to raise awareness and change behavior for the good of our business and the planet. The program encourages sharing sustainability best practices among Grainger locations and offers opportunities for grassroots involvement.

For example, in 2016, the Green Ambassadors organized an Earth Day event at our Lake Forest headquarters. More than 20 vendors displayed green products from Grainger.com® that help team members reduce their environmental footprint at home and at the office. The team also ran a recycling drive for household materials that often are hard to recycle at home. They collected shoes, paper shredding, batteries and wine corks. During the year, our ambassadors completed more than 1,300 sustainability tasks and are the lifeblood of our sustainability efforts

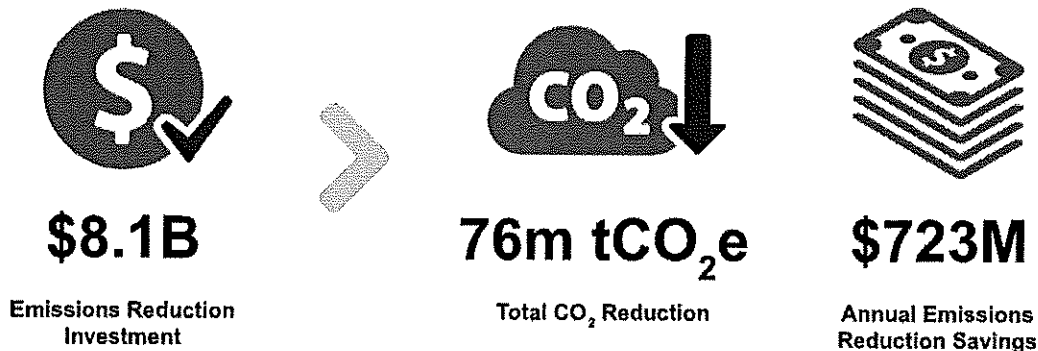
Our Supply Chain

We view our suppliers and vendors as our allies in improving our emissions and waste reduction performance. We rely on a network of third-party carriers to meet our transportation needs, we work with our largest suppliers to innovate and improve our distribution packaging, and collect data and share best practices in sustainability across our value chain by expanding our partnership with the CDP to include suppliers who participate in the CDP Supply Chain Program.

Supply Chain Stewardship

Addressing emissions across our value chain is as significant as addressing them in our own operations. That's why we're engaging with suppliers through the CDP Supply Chain survey to create more change than would be possible on our own. In 2016, this partnership helped us engage with our suppliers to learn more about their emissions reduction strategies. We successfully completed our pilot year with responses from more than 80 of our largest vendors. In total, our suppliers' efforts reduced 76 million metric tons of CO₂ resulting in more than \$700 million in annual savings for their respective businesses.

CDP Supply Chain Supplier Performance



Transportation

Grainger relies on a network of third-party carriers for its transportation needs. The company works closely with these providers to continually identify opportunities to maximize efficiency and minimize fuel use. In 2016 Grainger improved container utilization, resulting in an annual reduction of 27.4 CO₂ metric tons. Grainger continues to be the only industrial supplier to be recognized by the U.S. Environmental Protection Agency (USEPA) as a SmartWay® partner. The program provides a forum for the USEPA and businesses to collaborate in order to improve the environmental efficiency of their supply chains by reducing GHG emissions and air pollution.

FORWARD: What's Coming in Our 2017 Report

- Increase CDP supply chain participation
- North East Distribution Center rooftop solar panel system
- Expanded data collection for overseas operations in Europe