

1. Application - Variation

- 1.1 These terms and conditions ("these Conditions") shall apply to all purchase orders (the "Order") issued by any ALLEGION entity in Germany ("ALLEGION") and accepted by the Supplier pursuant to which the Supplier provides products ("Products") and/or services ("Services") to ALLEGION.
- 1.2 The signature and return of the acknowledgement copy of the Order by the Supplier or the Supplier's execution or commencement of work or delivery pursuant to the Order shall constitute acceptance of the Order and these Conditions and a waiver by the Supplier of its own general terms and conditions of sale contained in its quotation, acknowledgement or acceptance of the Order or similar documents.
- 1.3 These Conditions shall cancel and supersede any earlier version or edition of conditions of purchase of ALLEGION.
- 1.4 No addition to or variation or exclusion of these Conditions shall be binding on ALLEGION unless expressly agreed in writing by an authorised signatory of ALLEGION.

2. Quality Procedures - Inspection - Samples

- 2.1 The Supplier shall maintain quality, specification control, testing and inspection procedures ("Procedures") to enable the Supplier to consistently comply with its obligations under the Order and these Conditions and, at the request of ALLEGION, the Supplier shall supply ALLEGION with full details in connection with such Procedures or with any planned changes in such Procedures.
- 2.2 At any time prior to the delivery of the Products, ALLEGION shall have the right to inspect and test the Products and the Procedures.
- 2.3 If as a result of the inspection or testing, ALLEGION finds that the Products are not in conformity with the Order, these Conditions or any specification supplied or agreed to by ALLEGION, or that the Procedures are insufficient or inappropriate to ensure consistent conformity therewith, without prejudice to any right and remedy which ALLEGION may have pursuant to these Conditions or the applicable law, ALLEGION shall reserve the option:
 - (i) to require, modifications or improvements required to make the Procedures appropriate and sufficient and the Products in conformity; or
 - (ii) To arrange for such steps to be carried out by a third party in which event ALLEGION will deduct from the agreed price the costs incurred thereby.
- 2.4 If the Supplier is required by ALLEGION to submit samples of Products for approval by ALLEGION, the Supplier shall not carry out any further production until ALLEGION has approved such samples in writing and has confirmed in writing to the Supplier that such samples have been produced in accordance with the drawing specification.
- 2.5 No inspection or testing or approval of samples by ALLEGION shall be construed as acceptance by ALLEGION of the conformity of the Products with the Order, these Conditions or to any specification supplied or agreed to by ALLEGION and the Supplier shall remain fully responsible for such conformity.
- 2.6 Without prejudice to the remedies provided for in article 17.1 hereof and any right or remedy which ALLEGION may have pursuant to applicable law, the Supplier shall bear all the costs arising from disputes in connection with the conformity of Products with the Order, these Conditions and any specification supplied or agreed to by ALLEGION without any prior formal notification being required.

3. Packaging - Documentation - Information

- 3.1 The Supplier shall ensure that all Products are correctly packaged and secured to enable them to reach their destination in undamaged condition.
- 3.2 All Products shall also be accompanied by a delivery note stating, among other details, the delivery number, ALLEGION product identification reference number, delivered quantity and the Order number (or consumption report number for parts on consignment stock) and clearly identifying the Products including reference to numbers of any parts and drawings which have been supplied by ALLEGION to the Supplier. The Supplier shall also include in all invoices, shipping documents and correspondence the same details as required above.
- 3.3 Unless otherwise agreed in writing between ALLEGION and the Supplier, all Products delivered will be accompanied by a Certificate of Conformity in the form approved by ALLEGION confirming that such Products are strictly in conformity with the Order and specification.
- 3.4 The Supplier shall give ALLEGION prior written notice of:
 - 3.4.1 any delivery of the Products or items accompanying the Products having toxic or other hazards to the safety or health of persons or property and shall provide full details of such hazards and of all precautions which should be taken by the ALLEGION in respect of the delivery, storage, handling, installation and use of the Products or items and provide ALLEGION with all information relating to the properties of the Products or items to enable ALLEGION to comply with all relevant legislation relating to the Products or items and/or such hazards; and
 - 3.4.2 any delivery of Products which are perishable or of limited lifespan and of any circumstances which may adversely affect the lifespan of such Products.
 - 3.4.3 In case of failure by the Supplier to comply with the provisions of articles 3.1. to 3.4. hereof, ALLEGION reserves the right to withhold payment and disregard any communication received from the Supplier without prejudice to any right and remedy which ALLEGION may have pursuant to these Conditions or the applicable law.

4. Delivery

- 4.1 Unless otherwise agreed in writing between ALLEGION and the Supplier, the Products shall be delivered, carriage paid, to the place of delivery specified by ALLEGION in the Order. The Supplier shall off-load the Products as directed by ALLEGION.
- 4.2 The date for delivery of the Products shall be specified in the order, or if no such date is specified, delivery shall take place within twenty eight (28) days of the Order.
- 4.3 The date or dates of performance of the Services shall be as specified in the Order or such other date or dates agreed by ALLEGION
- 4.4 Time for delivery of the Products or performance of the Services shall be of the essence. Failure by the Supplier to comply with the date of delivery will therefore entitle ALLEGION to avail itself, at its discretion, of any one or more of the remedies described in article 17.1 hereof, without prejudice to any right and remedy which ALLEGION may have pursuant to the applicable law.
- 4.5 If the Products are delivered in excess of the quantities ordered, ALLEGION shall not be bound to pay for the excess and any excess will be and will remain at the Supplier's risk and ALLEGION shall be entitled either to return the same to the Supplier's at the Supplier's risk and expense or require the Supplier to collect the same from ALLEGION at the Supplier's expense.

5. Variations to Products and Services

- 5.1 The Supplier shall not implement any changes whatsoever to the specification or design of Products or to the manner of provision of Services or proceed to any improvements to the Products or production process without ALLEGION's prior written consent.

6. Ownership and Transfer of risk

- 6.1 The ownership in Products will pass to ALLEGION on delivery in accordance with the Order without prejudice to any right of rejection of ALLEGION.
 - 6.2 Unless otherwise agreed in writing between ALLEGION and the Supplier, risk in the Products will pass to ALLEGION on delivery save that the Products delivered in excess of the quantities ordered as described in article 4.5 hereof and the Products which are not in conformity with the Order, these Conditions or the specification supplied or agreed to by ALLEGION will remain at the Supplier's risk.
- ## 7. Supplies
- 7.1 The Supplier shall, at any time, be able to provide evidence of the availability of the Products. Any discontinuation of a Product must be promptly notified to ALLEGION by registered letter with return receipt and may not be effected with a phase-out period of less than 24 months after such notification. If the Supplier has notified ALLEGION of its intention to discontinue a Product and ALLEGION is unable to procure that Product from another supplier, the Supplier shall be bound to indicate the most appropriate replacement solution to ALLEGION.
 - 7.2 If the Supplier fails to comply with article 7.1, without prejudice to any statutory right and remedy which ALLEGION may have, ALLEGION reserves the right to claim damages as provided for in articles 10.1 and 17.1 hereof.

8. Price and terms of payment

- 8.1 The agreed prices for the Products and Services will be specified in the Order and, unless otherwise agreed in writing by ALLEGION, shall be exclusive of value added tax but inclusive of all other charges.
- 8.2 The agreed prices are firm and shall not be subject to any increase from the Supplier without ALLEGION's prior written consent.
- 8.3 Unless otherwise agreed in writing, ALLEGION shall pay the price of the Products and/or Services 90 days after the month following the month of delivery of the Products or completion of the Services or, if later, after acceptance of the Products and/or Services by ALLEGION.
- 8.4 ALLEGION reserves the right to withhold payment if the Supplier submits an invoice to ALLEGION for an amount other than the agreed price.
- 8.5 In the event of any general reduction in the base price of raw materials used by the Supplier in the manufacture of the Products or in the costs of manufacture of the Products or supply of Services incurred by the Supplier, ALLEGION shall be entitled to a commensurate reduction in the agreed price and should the Supplier at any time quote for a supply of similar Products and Services to other customers on relatively better terms than those agreed with ALLEGION, the Supplier shall forthwith afford ALLEGION similar terms thereto.
- 8.6 ALLEGION reserves the right to deduct from any monies due or becoming due to the Supplier any monies due from the Supplier to ALLEGION on any account whatsoever.
- 8.7 Payment by ALLEGION shall not release the Supplier from its liability with regard to the Products delivered and the Services performed or the amount invoiced. Under no circumstances shall such payment waive ALLEGION's right to pursue claims at a later date.
- 8.8 Acceptance and/or payment of any invoice shall not be construed as acceptance by ALLEGION of the Supplier's terms and conditions printed on the invoice or attached to it.

9. Warranty

- 9.1 The Supplier warrants that:
 - 9.1.1 All Products shall conform with the quality and description and other particulars stated in the Order, shall conform with all drawings, descriptions and specifications furnished, shall conform with any and all performance specifications stated or referred to in the Order, shall be of satisfactory quality and fit for their intended uses and free from all defects, apparent or hidden, including, but not limited to, defects in design, materials and workmanship and defects resulting in poor performance of the Products.
 - 9.1.2 The Supplier shall comply with all applicable regulations or other legal requirements concerning the manufacture, packaging, packing and delivery of the Products including, but not limited to, all the applicable safety and environmental regulations as well as with Ingersoll Rand's Code of Conduct for Business Partners.
 - 9.1.3 All Services shall be supplied with the highest care and skill in full accordance with the terms of the Order and all statutory requirements and regulations relating to the performance of services and shall be of good quality and workmanship and shall be performed by properly qualified and experienced persons.
- 9.2 Unless otherwise agreed in writing between ALLEGION and the Supplier, the duration of the warranty period shall be of two years as from the date of passing of risk of the Products to ALLEGION.
- 9.3 This warranty shall apply equally to any replacement, repair or substitute or remedial Products and/or Services provided by the Supplier with ALLEGION's consent.
- 9.4 In case of breach by the Supplier of its warranty obligations, ALLEGION shall be entitled to avail itself, at its discretion, of any one or more of the remedies described in article 17.1 hereof without prejudice to any statutory right or remedy which ALLEGION may have
- 9.5 To the extent permitted by applicable laws, the Supplier waives any plea of delayed notifications of defects

10. Indemnity

- 10.1 The Supplier shall keep ALLEGION indemnified in full against all direct and indirect liabilities (which include, without limitation, loss of profit, loss of business, depletion of goodwill and like loss), loss, damage, costs and expenses awarded against or incurred or paid by ALLEGION as a result of or in connection with:
 - (i) The Supplier's failure to perform its warranty obligations as defined in articles 9.1 to 9.3;
 - (ii) Any infringement or alleged infringement of any intellectual property rights caused by any kind of uses, including, but not limited to, the offer, manufacture or supply of the Products or the performance of the Services;
 - (iii) Any claim made against ALLEGION in respect of any liability, loss, damage, injury, cost or expense sustained by ALLEGION's employees or agents or by any customer or third party to the extent that such liability, loss, damage, injury, cost or expense was caused by, relates to or arises from the delivered Products or the performance of Services as a consequence of a direct or indirect breach or negligent performance or failure or delay in performance of the Supplier's obligations under the Order or these Conditions (e.g. any claim against ALLEGION in connection with a recall campaign caused by defective Products or the replacement of such defective Products or the consequences of defective Products to other parts or to individuals)
- 10.2 If ALLEGION shall become the subject of a claim, the Supplier shall render all reasonable assistance as required by ALLEGION to settle and defend such claim.

11. Force Majeure

- 11.1 The parties shall not be held liable for any breach of the Order terms and conditions when such breach results from a force majeure event. Force majeure shall mean any event beyond the control of the affected party, which could not be anticipated upon formation of the contract, and the effects of which are compelling and unforeseeable.
- 11.2 A force majeure event makes it temporarily or permanently impossible to perform all or any part of a party's obligations. Force majeure does not cover those events which would render performance of the obligations more difficult or more expensive.
- 11.3 In particular, strikes, lockouts or any other labour-related, financial, technical or industrial incapacity, or any impediment causing a prejudice to the parties, their suppliers and subcontractors in relation with the deliveries shall not be deemed force majeure events.
- 11.4 The party affected by a force majeure event shall advise the other party within eight (8) days from it becoming aware of such event. The party shall describe such event in detail and inform the other party of any relevant element capable of allowing its precise identification, and to determine its effects as to performance of its contractual obligations. The party invoking a force majeure event shall then inform the other party of its termination within the same period as provided for above.
- 11.5 A party failing to its obligation to inform in compliance with the procedure described in the above paragraph may not invoke a force majeure exemption.
- 11.6 The obligations of the party invoking force majeure shall be suspended as long as they cannot be performed due to a force majeure event. Nevertheless such party shall, as far as it is possible, remedy the situation with due diligence.
- 11.7 In the event that performance under the Order is rendered impossible for more than three (3) months, either party may terminate or rescind such Order by written notification to the other party, unless the parties decide to amend the Order to take into account the new circumstances arising from such force majeure event.
- 11.8 The occurrence of a force majeure event may however not relieve the relevant party from its liability for any negligent conduct or lack of diligence to remedy the situation or to remove its cause in a reasonable and adequate manner.
- 11.9 A force majeure event may not give rise to a claim for damages. ALLEGION will only be liable to the Supplier for such part of the Order which was performed before the force majeure event arose. Any pre-paid amount shall be refunded to ALLEGION.

12. Limitation of Liability

- 12.1 ALLEGION shall, in no event, be liable for indirect damages of any nature whatsoever, such as but not limited to loss of profit, lost savings, revenue or clients.
- 12.2 ALLEGION's total liability for any direct damages shall be limited to EUR 200.000 (two-hundred-thousand EURO).

13. Insurance

- 13.1 The Supplier shall take out a Products Civil Liability Insurance Policy after delivery for a sufficient amount covering it for the financial consequences of civil liability which may arise in the event of physical injury, material and immaterial damages, whether direct or indirect, sustained by ALLEGION or third parties as a result of the Products. This insurance policy shall cover any recall campaigns conducted by ALLEGION. This insurance shall not constitute a limitation of the Supplier's liability.
- 13.2 Furthermore, the Supplier shall ensure that all insurance certificates and associated documents are made available to ALLEGION.

14. Intellectual property – Confidentiality

- 14.1 All patterns, specifications, drawings, sketches, models, samples, tools, dies, moulds, designs, technical information or data or other proprietary information written oral or otherwise, furnished to the Supplier by ALLEGION or on its behalf or paid for by ALLEGION
- shall be and remain the property of ALLEGION;
 - shall, where in tangible form, be maintained by the Supplier in good condition and returned promptly to ALLEGION, carriage paid, (together with all copies) at ALLEGION's request;
 - shall be treated as strictly confidential;
- (iv) shall be kept safely and shall not be used or disclosed by the Supplier except strictly as required in the course of performance of an Order.
- 14.2 All patterns, tools, dies, mould, jigs and other equipment and materials furnished by ALLEGION to the Supplier and/or procured by the Supplier but paid for by ALLEGION and any replacements therefore shall be kept separately from the Supplier's property and clearly identified as the property of ALLEGION. To that effect, the Supplier shall permit ALLEGION to verify, during normal working hours, compliance with this article 14.2. All such property shall be held at the Supplier's risk and shall be insured by the Supplier at its expense for an amount equal to its replacement cost with loss payable to ALLEGION.
- 14.3 Supplier shall keep in strict confidence all information, including, but not limited to, all technical or commercial know-how, specifications, inventions, processes or initiatives which have been disclosed to the Supplier by ALLEGION or its agents, or which are created by the Supplier in performing the Order and any other confidential information concerning the ALLEGION's business or its products which the Supplier may obtain and the Supplier shall restrict disclosure of such confidential information to such of its employees, agents or sub-contractors as need to know the same for the purpose of discharging the Supplier's obligations to ALLEGION and shall ensure that such employees, agents or sub-contractors are subject to like obligations of confidentiality as bind the Supplier.
- 14.4 When a separate non-disclosure agreement is signed between ALLEGION and the Supplier, the provisions of such agreement shall prevail over these Conditions.

15. Tooling

- 15.1 The Supplier shall use its best endeavors to design the tool or any equipment the purpose of which is to produce the Products ("Tool") in such a way as to make such tool function in any standard equipment.
- 15.2 The Supplier shall use the tool exclusively for ALLEGION production and shall not be entitled to use it, directly or indirectly, for any third party or move it outside the production plant of the Supplier without first obtaining prior written consent from ALLEGION. To that effect, the Supplier shall permit ALLEGION to verify, during normal working hours, the keeping and proper usage of the tool and compliance with the other provisions of this section 15.
- 15.3 The maintenance and repair of the tool shall be effected promptly by the Supplier and at its costs as long as the guaranteed production quantity as agreed between the parties in the Order has not been reached.
- 15.4 For a period of 24 months after the Supplier has last used the tool(s) to produce a specific Product, the Supplier shall store and maintain the tool at its costs. The Sup-

plier shall promptly notify ALLEGION of the expiry of this 24 month period and shall, in no circumstances, destroy or affect the tool to another use without first obtaining prior written consent from ALLEGION. At ALLEGION's request, the Supplier shall promptly return to ALLEGION the tool at the Supplier's own costs.

16. Termination

- 16.1 ALLEGION shall have the right at any time and for any reason to terminate the contractual relationship with the Supplier, in whole or in part, by giving the Supplier thirty (30) days written notice whereupon all work under the Order shall be discontinued and ALLEGION shall pay to the Supplier fair and reasonable compensation for work-in-progress at the time of termination but such compensation shall not include loss of anticipated profits or any consequential loss.
- 16.2 Without prejudice to its right to damages, ALLEGION shall have the right at any time by giving written notice to the Supplier to terminate its contractual relationship with the Supplier immediately if:
- 16.2.1 The Supplier commits a breach of its obligations under the Order or these Conditions and has not remedied the breach within fifteen (15) days following a formal demand from ALLEGION requiring remedy thereof;
 - 16.2.2 The Supplier commits a material breach of its obligations including, but not limited to, the Supplier's failure to comply with the provisions of articles 4, 5, 9, 12, 13, 18, 19)
 - 16.2.3 The financial position of the Supplier deteriorates to such an extent that in the opinion of ALLEGION the capability of the Supplier to adequately fulfil its obligations under the Order or these Conditions has been placed in jeopardy.
 - 16.2.4 The Supplier is subject to winding up, bankruptcy proceedings or any other proceedings having a similar effect.
- 16.3 Termination of the contractual relationship with the Supplier shall not affect any accrued rights or liabilities of ALLEGION, nor shall it affect any provision of the Order and these Conditions, which is expressly or by implication intended to come into or continue in force on or after such termination, such as intellectual property, warranty, liability and confidentiality provisions.
- 16.4 On completion or termination of the contractual relationship, howsoever arising, the Supplier shall immediately return all records, papers, materials, media and other property of ALLEGION which is in its possession.

17. Remedies

- 17.1 Without prejudice to any right or remedy which ALLEGION may have pursuant to these Conditions or the applicable law, if any Products are not supplied in accordance with, or the Supplier fails to comply with, any of the terms of these Conditions and of an Order, ALLEGION shall be entitled to avail itself of any one or more of the following remedies at its discretion, whether or not any part of the Products and/or Services have been accepted by ALLEGION:
- 17.1.1 To cancel the Order in whole or in part;
 - 17.1.2 To reject the Products (in whole or in part) and return them to the Supplier at the risk and cost of the Supplier on the basis that a full refund for the Products so returned shall be paid forthwith by the Supplier or to reject the Services;
 - 17.1.3 At ALLEGION's option to give the Supplier the opportunity at the Supplier's expense either to remedy the non-conformity of the Services and Products or to supply replacement Products and carry out any other necessary work to ensure that the terms of these Conditions and the Order are fulfilled;
 - 17.1.4 To refuse to accept any further deliveries of the Products or to continue performance of the Services;
 - 17.1.5 To carry out itself or through another supplier at the Supplier's expense any work necessary to make the Products or the Services comply with the Order, these Conditions and any specification supplied or agreed to by ALLEGION;
 - 17.1.6 Recover from the Supplier any expenditure reasonably (directly or indirectly) incurred by ALLEGION in obtaining the Services or the Products in substitution from another supplier (e.g. in case of Supplier's failure to deliver the Products or perform the Services pursuant to Article 4.2 hereof);
 - 17.1.7 To claim, without any prior formal notification, such damages, loss, costs or expenses incurred (directly or indirectly) by ALLEGION as the result of the Supplier's breach of its obligations under the Order and these Conditions.

18. Sub-contracting

- 18.1 The Supplier may not sub-contract its obligations hereunder without the prior written consent of ALLEGION.
- 18.2 Any authorised sub-contracting shall not relieve the Supplier of any of its obligations and liabilities under these Conditions and the Order and the Supplier shall be fully and solely liable for the acts and omissions of its sub-contractors

19. Intuitu personae

- 19.1 The obligations of the Supplier under the Order and these Conditions may not be transferred or assigned, without ALLEGION's prior written consent. ALLEGION may legally terminate the contractual relationship with the Supplier without notice in the event of breach of this obligation.
- 19.2 Should the shares or assets in the Supplier's be sold or should there be a change in the direct or indirect control of the Supplier's, the Supplier undertakes to immediately inform ALLEGION thereof which may legally terminate the contractual relationship with the Supplier without notice.

20. Dispute Resolution - Applicable law – Jurisdiction

- 20.1 Both Parties agree to put forward their best commercially reasonable efforts to resolve any claim or dispute arising out of their commercial relationship within fourteen (14) days of notice of such claim or dispute.
- 20.2 If a dispute cannot otherwise be resolved, senior manager from both the Supplier and ALLEGION with authority to settle the dispute will meet at a mutually acceptable place and time, within a reasonable period of time (not to exceed seven (7) days after the expiry of the initial fourteen (14) day period) after one of the Parties has requested such a meeting, to attempt to resolve the dispute or to agree upon a method for resolving the dispute fairly and economically.
- 20.3 If the Parties are unable to resolve the claim or dispute within seven (7) days of such meeting or such other length of time that the Parties agree, then the provisions of sub-clause 20.4. shall apply.
- 20.4 The contractual relationship between ALLEGION and the Supplier shall be governed by the laws of Germany. The application of the provisions of the Vienna Convention on Sales of Good (CISG) is specifically excluded by the parties. Any disputes arising between the parties shall be submitted to the exclusive jurisdiction of the Court of Offenbourg.