

ALLEGION

TERMS AND CONDITIONS FOR PURCHASE OF PRODUCTS

1. Application - Variation

1.1 These terms and conditions ("these Conditions") shall apply to all purchase orders (the "Order") issued by any Allegion entity, including, without being limited to, AXA Stenman Poland Sp. z o.o., (each hereinafter referred to as "ALLEGION") and accepted by the Supplier pursuant to which the Supplier provides products ("Products") 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 and shall only apply in case of absence of an executed Agreement between the Supplier and the relevant Allegion Entity. 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. 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 the Supplier to take forthwith all such necessary steps to make any changes, adaptations, 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.

2.3 If the Supplier is required by ALLEGION to submit samples of Products for approval by ALLEGION, he will do so as specified by ALLEGION.

2.4 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.

2.5 Without prejudice to the remedies provided for in article 15.1 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. This information shall also be put on every invoice made by Supplier.

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 decrease, 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 & freight terms

4.1 Unless otherwise stated in the Order or agreed in writing between ALLEGION and the Supplier, cross border freight terms shall be FOB (named place) Incoterms 2010 and domestic freight terms shall be FCA (Supplier location) Incoterms 2010. Domestic air freight terms, if applicable, are FCA (named place) Incoterms 2010. Supplier shall use the carrier designated by ALLEGION or its designate for the above referenced shipment terms and ship and mark the packaging in accordance with carrier's and ALLEGION's instructions.

4.2 The date for delivery of the Products will be specified by Allegion in the order. Time for delivery of the Products shall be of the essence. Failure by the Supplier to comply with the date of delivery will have to be notified immediately by the Supplier and will therefore entitle ALLEGION to avail itself, at its discretion, of any one or more of the remedies described in article 15.1 hereof, without prejudice to any right and remedy which ALLEGION may have pursuant to the Applicable Law.

4.3 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. Order Variations

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

6. Ownership and Transfer of risk

The ownership in Products will pass to ALLEGION on delivery in accordance with the Order without prejudice to any right of rejection of ALLEGION. Unless otherwise agreed in writing between ALLEGION and the Supplier, risks in the Products will pass to ALLEGION on delivery with exception of the Products delivered in excess of the quantities ordered as described in article 4.3.

7. Supplies

The Supplier shall be able to provide evidence of Product availability. Any discontinuation for a Product must be promptly notified to ALLEGION by registered letter and with a notice of 24 months. Supplier and ALLEGION can agree to another shorter period in writing. Failure to comply with this, gives ALLEGION the right to claim damages as provided for in articles 10.1 and 15.1 hereof without prejudice to any statutory right and remedy which ALLEGION may have.

8. Price and terms of payment

8.1 The agreed prices as well as the currency for the Products 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. The agreed prices are firm and shall not be subject to any increase from the Supplier without ALLEGION's prior written consent.

8.2 Unless otherwise agreed in writing, ALLEGION shall pay the price of the Products 90 days after the month following the month of delivery of the Products or as otherwise agreed upon in writing between parties. 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 stated in the Order, as well as all drawings, descriptions and specifications furnished, any and all performance specifications stated or referred to in the Order, 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. In the case of software or code making up any part of the Products, free from viruses, disabling code, and open source software.

9.1.2 The Supplier shall comply with all applicable regulations or other legal requirements concerning the manufacture and delivery of the Products including, but not limited to, all the applicable safety and environmental regulations as well as with Allegion's Code of Conduct for Business Partners.

9.2 Unless otherwise agreed in writing between ALLEGION and the Supplier, the Products shall be warranted for a period of 24 months from their purchase date or date of first placed into operation by the end user. This warranty shall apply equally to any replacement, repair or substitute or remedial Products provided by the Supplier with ALLEGION's consent.

9.3 In case of breach by the Supplier of its warranty obligations, ALLEGION shall be entitled to avail itself, of any one or more of the remedies described in article 15.1 hereof without prejudice to any statutory right or remedy which ALLEGION may have.

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)

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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; (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 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. Liability:

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 client. ALLEGION's total liability for any direct damages shall be limited to EUR 200.000 (two-hundred thousand EURO).

12. Insurance:

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. Furthermore, the Supplier shall ensure that all insurance certificates and associated documents are made available to ALLEGION.*

13. Intellectual property – Confidentiality

Confidential Information. To the extent there is not a CDA in place between ALLEGION and Supplier and incorporated by reference in the Agreement, Confidential Information will be treated as follows:

1) Supplier may use Confidential Information solely for the purposes of supporting the current business relationship with ALLEGION. Supplier shall not disclose Confidential Information to any third party without ALLEGION's express written consent, except that Supplier may disclose Confidential Information to its Subcontractors who have a need to know and have agreed to maintain the information in confidence. Supplier is responsible for Subcontractor's breach of this Section.

2) Notwithstanding the foregoing, these Terms shall not restrict or affect Supplier's rights to use or disclose information that: (a) is or may hereafter be in the public domain through no fault of Supplier; (b) Supplier can show, as reflected by its written documents, was known to it prior to the disclosure by Buyer; (c) is disclosed to Supplier by a third party, with the legal right to disclose, subsequent to Buyer's disclosure; or (d) Supplier can show, as reflected by its documents, was independently developed by Supplier without the use of the Confidential Information.

3) Supplier acknowledges that a breach of Article 13 will result in immediate and irreparable harm to ALLEGION, for which there is no adequate remedy at law. ALLEGION is entitled to equitable relief compelling Supplier to cease and desist all unauthorized use and disclosure of Confidential Information.

Intellectual Property Rights. Except as otherwise addressed in any separate contract between the Parties, Supplier agrees that, where it undertakes, whether alone or jointly with ALLEGION, any research, development and/or design activities relating to Products (a) in the course of performance of this Agreement and/or (b) using Confidential Information provided by ALLEGION, the latter shall own all rights in any resulting intellectual property. Supplier agrees to promptly disclose to ALLEGION such intellectual property and hereby irrevocably transfers, conveys and assigns to ALLEGION all of its worldwide right, title, and interest in and to such intellectual property. ALLEGION shall have the exclusive right to apply for or register any patents, mask work rights, copyrights, and such other proprietary protections, with respect to such intellectual property, on a worldwide basis, and to require the incorporation of such intellectual property into the Products at no additional charge. Supplier shall execute such documents, render such assistance, and take such other actions as ALLEGION may reasonably request to apply for, register, perfect, confirm, and protect Buyer's intellectual property rights under this section. Supplier shall be solely responsible for any compensation payable, by law or by contract, if any, to individual inventors of Supplier.

Grant of License Rights to ALLEGION. Supplier hereby irrevocably grants to ALLEGION, its affiliates, and its directed agents, a non-exclusive, royalty-free, fully paid, worldwide right and license to practice, reproduce in any medium and form, use, have used, make, have made, license, sublicense, assemble, offer for sale, sell, import, export, or otherwise transfer any intellectual property, whether pre-existing or later developed, relating to the Products. Supplier covenants not to sue

ALLEGION, its affiliates, its directed agents, its customers or its end users for violating any intellectual property rights of Supplier relating to the Products. Supplier represents and warrants that Supplier has all rights necessary and sufficient to make the licenses and grants hereunder.

Grant of Limited License Rights to Supplier. The use by Supplier of any intellectual property and/or Confidential Information of Buyer, is authorized only for the purposes set forth in the Agreement, and upon termination of the Agreement such authorization shall cease.

14. Termination

14.1 ALLEGION shall have the right at any time and for any reason to terminate the contractual relationship with the Supplier, 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.

14.2 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: 1) Supplier commits a breach of its obligations under the Order or these Conditions or the Allegion Business Partner Code of Conduct and has not remedied the breach within fifteen (15) days following a formal demand from ALLEGION requiring remedy thereof; 2) 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, 11, 12, 16, 17); 3) 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; 4) Supplier is subject to winding up, bankruptcy proceedings or any other proceedings having a similar effect;

14.3 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. 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.

15. Remedies

15.1 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 have been accepted by ALLEGION: 1) to cancel the Order in whole or in part; 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; 3) At ALLEGION's option to give the Supplier the opportunity at the Supplier's expense either to remedy the non-conformity of the 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; 4) To refuse to accept any further deliveries of the Products; 5) To carry out itself or through another supplier at the Supplier's expense any work necessary to make the Products comply with the Order, these Conditions and any specification supplied or agreed to by ALLEGION; 6) Recover from the Supplier any expenditure reasonably (directly or indirectly) incurred by ALLEGION in obtaining the Products in substitution from another supplier (e.g. in case of Supplier's failure to deliver the Products pursuant to Article 4.2 hereof); 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.

16. Sub-contracting

The Supplier may not sub-contract its obligations hereunder without the prior written consent of ALLEGION.

17. Dispute Resolution - Applicable law – Jurisdiction

The contractual relationship between ALLEGION and the Supplier shall be governed by the laws of Poland. 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 courts of Katowice, Poland. In the event that a provision or part thereof of these General Terms and Conditions would be invalid or unenforceable under law, then such invalid or unenforceable provision shall have no impact on any other terms herein.