

## TERMS AND CONDITIONS OF PURCHASE

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## **1. Contract.**

If these Standard Terms are part of a Supply Agreement, then a contract is formed when the Parties execute such Supply Agreement, and includes all documents incorporated herein by reference, Order(s) and/or Release(s), as applicable. If these Standard Terms are not part of a Supply Agreement, and these Standard Terms are part of an Order, then a contract is formed upon Acceptance, and includes all documents incorporated herein by reference. A Supply Agreement, Order, or Release is a "Contract".

## **2. Effectiveness.**

Any and all terms and conditions proposed by Supplier which differ from or are in addition to these Standard Terms are hereby deemed to be material alterations and will neither become a part of any Contract nor will they be binding upon Buyer. No amendment to a Contract will be binding unless it is a Signed Writing.

Each Order issued by Buyer or its affiliate that issues an Order, is an offer to Supplier for the purchase of Deliverables and is governed by these Standard Terms. Supplier agrees to accept all Orders from Buyer or its affiliate, whether they are Spot-Buy Orders or Blanket Orders. If affiliates or subsidiaries of the Buyer are buying under the same Contract, then such Buyer affiliates or subsidiaries will be severally but not jointly liable for the obligations thereunder.

## **3. Delivery.**

TIME IS OF THE ESSENCE WITH RESPECT TO DELIVERY OF DELIVERABLES. Strict adherence to Buyer's stated delivery schedule is a material condition of any Contract. In accordance with the requirements of the Contract, Supplier will deliver Deliverables in the quantities and on the date(s) specified in Order(s) or Release(s), as applicable, or as otherwise agreed in writing by the Parties. Delivery is not complete until Deliverables have been received and accepted by Buyer. If, for any reason, Supplier anticipates difficulty in complying with a required delivery schedule, Supplier will immediately notify Buyer in writing, providing details and causes of the anticipated difficulty in complying with the delivery schedule, any action being taken to mitigate the delay of such delivery, and when delivery is anticipated. Such notice will not reduce or limit any of Buyer's rights or remedies arising out of Supplier's delay.

## **4. Fabrication and Material Commitment.**

If Supplier delivers to Buyer a quantity of Deliverables that exceeds the quantity specified in an Order, Buyer will have no obligation to pay for those excess Deliverables, and Buyer may return those excess Deliverables to Supplier at Supplier's risk and expenses. Supplier will be solely responsible for managing its inventory with respect to any of its obligations under any Contract, and if Supplier procures materials related to the Deliverables or produces Deliverables without having first received an Order for such Deliverables from Buyer, Supplier does so at its own risk.

## **5. Forecasts.**

Buyer may provide Supplier with forecasted volumes of its future anticipated Deliverable requirements. Supplier agrees to maintain the production capacity necessary to supply up to 125% of the forecasted volumes. Supplier acknowledges that any such forecasts, including, without limitation, Estimated Annual Volumes, are for informational purposes only and are based on a number of factors which may change over time. Buyer makes no representation, warranty, guaranty or commitment of any kind or nature, express or implied, regarding any such forecasts, including, without limitation, with respect to the accuracy or completeness of such forecasts.

## **6. Changes.**

Buyer reserves the right to change any specifications, drawings, delivery dates, quantities and items covered by any Contract by giving Supplier written notice of the change. If that change causes a material increase in Supplier's costs to perform, Supplier may charge an increased amount, provided that Supplier (i) notifies Buyer in writing within ten (10) business days of receiving Buyer's request; (ii) furnishes Buyer documentation reasonably supporting such material increase; and (iii) receives from Buyer written approval of the proposed price increase. If such change causes a decrease in the cost of the Deliverables or some portion thereof, the Parties will make a corresponding decrease in the price of the Deliverables. Supplier will not suspend performance under the Contract while Buyer and Supplier are in the process of making such changes and any related adjustments. Buyer's election to suspend performance for three or less months will not be grounds for any price increase.

Supplier will not make any changes in the specifications, manufacturing location, subcontractors, suppliers, physical composition of, or processes used to manufacture the Deliverables without prior approval in a Signed Writing from Buyer's Supplier Quality Department.

## **7. Spare and Replacement Parts.**

Supplier grants to Buyer an option during the Term and for ten (10) years after the termination of such Contract to purchase component parts of any Deliverables, at the lowest price at which Supplier sells such parts.

## 8. Buyer's Property.

All items and information furnished to Supplier by Buyer or which Buyer specifically authorizes Supplier to acquire for work on Buyer's behalf will be the property of Buyer ("Buyer's Property"). Buyer's Property will be maintained in suitable condition to do the work by and at the expense of Supplier. Supplier will: (i) maintain insurance on Buyer's Property in an amount equal to the replacement cost thereof, with loss payable to Buyer; (ii) name Buyer as a loss payee; and (iii) furnish a certificate of insurance evidencing such insurance upon Buyer's request. Supplier will execute any documents reasonably requested by Buyer to record, identify or protect Buyer's Property. Upon the request of Buyer, Buyer's Property will be immediately released to Buyer or delivered to Buyer by Supplier, either (a) FCA (named place) Incoterms 2020 (for shipments outside of the U.S.) or FOB (named port of Shipment) properly packaged and marked in accordance with the requirements of the carrier selected by Buyer to transport such property, or (b) to any location designated by Buyer, in which event Buyer will pay the reasonable cost of delivering such property to such location.

## 9. Freight Terms, Risk of Loss, Transfer of Title, and Trade Compliance.

9.1) Freight Terms. Supplier will use the carrier designated by Buyer or its designate for the following Freight Terms, and ship and mark the packaging in accordance with carrier's and Buyer's instructions. Cross border freight terms will be FCA (named place) Incoterms 2020 and domestic freight terms will be FOB (Supplier location) Incoterms 2020. Domestic air freight terms, if applicable, are FCA (named place) Incoterms 2020.

9.2) Risk of Loss. Following the point of transfer referred to in the Freight Terms, the Party initiating shipment will bear the risk of loss or damage to Deliverables in transit, and the Deliverables will be considered delivered only upon receipt at Buyer's named place of delivery in conformance with the applicable Order or Release (the "Delivery Location"). Buyer has no obligation to obtain insurance and will not bear the risk of loss while the Deliverables are in transit from Supplier's facility to the point of transfer referred to in the Freight Terms. For example, if the Freight Terms are FCA (Shanghai Port), Supplier will bear risk of loss and provide insurance until the Deliverables are delivered to the Shanghai Port and Buyer will bear risk of loss and provide insurance from the Shanghai Port to the Delivery Location.

9.3) Transfer of Title. Title to the Deliverables will pass to Buyer free and clear of any liens, claims, encumbrances, interest or other rights upon Delivery. Supplier warrants that it is responsible and will pay for all labor, services, materials, equipment, parts, and other expenses incurred by it in connection with meeting Supplier's obligations, and will indemnify, defend, and hold Buyer harmless from and against all claims and liens arising out of Supplier's unpaid accounts.

9.4) Trade Compliance. Upon request, Supplier will inform Buyer of foreign content in Deliverables, including without limitation, the country of origin and dollar value of material and labor. Export licenses or authorizations necessary for the export of Deliverables by Supplier to Buyer are the responsibility of Supplier. All Deliverables (or their packing and packaging) must be clearly marked with the country of origin and Buyer's part number. For foreign manufactured Deliverables for delivery to the U.S., Supplier will comply with country of origin determination and origin marking set forth in Title 19 CFR 134 and 102. Special attention is to be given to Title 19 CFR Part 134.26 Imported Articles Repacked. For domestic manufactured Deliverables, Supplier will provide a blanket affidavit of manufacture for each part number. Supplier will provide a valid certificate of origin upon request by Buyer for each part number (including certificates of origin or statements on origin for applicable Free Trade Agreements). If applicable, Supplier agrees to support Buyer's duty drawback claims and provide Buyer or its approved agents, upon request, with the documentation required to support proof of importation and payment of duties. Supplier will comply with Buyer's standard operating procedures with respect to United States Customs Importer Security Filing ("ISF") regulations, including, without limitation, timely cooperation with Buyer's designated forwarder or customs agent, as applicable. Fines incurred by Buyer, Buyer's forwarder or Buyer's agent attributable to Supplier's failure to provide timely and accurate ISF information will be paid by Supplier. Supplier also agrees to maintain documentation and records relating to any applicable legal, import/export, or trade compliance requirements, in form and substance satisfactory to Buyer, and provide to Buyer upon request. Supplier shall confirm their compliance with the CTPAT "Minimum Security Criteria" for foreign manufacturers on an annual basis, upon request of Buyer. Supplier will comply with all of the requirements set forth in the US Import Standard Operating Procedure ("US Import SOP"), which is available and located at website link

<https://www.allegion.com/content/dam/allegion-corp/supplier-portal/2023/US%20Import%20SOP%202023.docx>

The US Import SOP is incorporated herein by reference. At Supplier's request, Buyer will mail Supplier a hard copy of the US Import SOP. The US Import SOP may be amended by Buyer from time to time.

## 10. Pricing.

The applicable currency is specified in the Contract, and if not specified, is the currency of the country of Buyer's purchasing legal entity indicated on the Order in question. The prices set forth in the Contract are maximum prices. Supplier will not be entitled to any price increase for any reason including changes in exchange rates, changes in program volumes, increases in costs of materials, labor, or other cost increases or surcharges.

No price increases or surcharges of any kind, or any other action that has the effect of increasing the cost to Buyer, will be allowed unless part of a Signed Writing.

If Buyer receives an offer from another supplier, including but not limited to an affiliate of Buyer, to supply any Deliverables at a total cost (calculated in Buyer's reasonable sole discretion) below that in effect for the Deliverables under the applicable Contract, Buyer may present evidence of such lower total cost to Supplier, and at Buyer's option: (i) Supplier will agree to meet such total cost for the Deliverables within ten (10) days of receipt of such notice for the remaining duration of such Contract; or (ii) Buyer will have the right to purchase the Deliverables from the other supplier. Buyer will also have the right to: (a) terminate the applicable Contract in whole or in part; or (b) remove the affected Deliverables from the applicable Contract. Buyer's only liability for exercising such option will be to pay for (1) Deliverables already delivered to Buyer as of the date of termination; and (2) Deliverables ordered prior to termination, within the firm Lead Time or six (6) weeks whichever is less, that are subsequently delivered pursuant to the applicable Contract.

Supplier represents and warrants to Buyer (i) that the Deliverables are sold to Buyer at Supplier's lowest prices for the same quality Deliverables offered for sale or sold to other buyers, and (ii) that Supplier has and will allocate manufacturing capacity and scheduling priority for the Deliverables no less than those capacity and priority given to other buyers.

#### **11. VAVE Commitment.**

Except as otherwise set forth in the Supply Agreement, Supplier agrees to participate and establish a target of five percent (5%) in productivity improvement through value analysis/value engineering ("VAVE"). Such productivity improvement will be calculated by comparing the total cost to Buyer for the Deliverable in the current year to the total cost to Buyer for substantially similar Deliverables in the immediately prior year, excluding freight transportation charges. Both Parties agree to meet quarterly to review progress and proposals. Both Parties will agree what constitutes feasible proposals, and both Parties agree to assign resources for feasible proposals. Any productivity gained from VAVE activities must be approved in writing in advance by Buyer and Supplier. For all feasible VAVE proposals presented by Supplier or jointly developed by Buyer and Supplier, the Parties agree to share the value of the realized productivity improvement equally (50%/50%). For example, if the price of a Deliverable is \$20.00 and through a VAVE event, \$2.00 of productivity is realized, then the new revised price for that Deliverable would be \$19.00. Buyer will receive one hundred percent (100%) of all productivity through any VAVE proposal that it recommends and develops.

#### **12. Invoices.**

All invoices or receiving documentation provided by Supplier must contain: the Control number, Order number, the Buyer's product or part number, clear description of the Deliverables, sizes, quantities, Buyer facility and unit prices and any other information requested by Buyer. Buyer may reject any invoice that does not contain the appropriate information.

#### **13. Payment Terms.**

Except as otherwise set forth in the Supply Agreement, payment terms shall be on the next scheduled twice-monthly payment date seventy-five (75) days following the date of Buyer's receipt of conforming invoice and Delivery of the Deliverables. Buyer may, at its option, make payment by check, bank transfer payable to a designated Electronic Fund Transfer (EFT) or wire address. Supplier understands and agrees that Buyer's payment cycle is twice per month and that payment will be made by Buyer pursuant to that payment cycle on or following the seventy-five (75) days. For example, if the seventy-five (75) days due date falls on April 16th and Buyer's payment cycle is the 15<sup>th</sup> and 30<sup>th</sup>, then Buyer's payment will not be required to be made until the 30<sup>th</sup> payment cycle.

#### **14. Taxes.**

Any applicable sales, use or federal, state or local taxes will be shown separately on the invoice. Supplier agrees to accept a valid tax exemption certificate or other evidence acceptable to the involved governmental authority in lieu of payment or reimbursement for such taxes. Buyer is not responsible for any taxes arising from or in connection Supplier's business activity, payroll, income or assets. Unless otherwise specified in the applicable Contract, prices for Deliverables include all applicable duties and taxes. If Buyer is required to pay any taxes that are Supplier's responsibility under the applicable Contract, Supplier will reimburse Buyer for such taxes within ten (10) days of notice, and will indemnify, defend, and hold Buyer harmless against all claims arising out of Buyer's payment of any such taxes.

#### **15. Contractual Recoupment and Set-Off.**

All amounts due from Buyer or Buyer's affiliates to Supplier or Supplier's affiliates under any Contract or any other agreement will be net of any indebtedness or other obligations of Supplier or Supplier's affiliates to Buyer or Buyer's affiliates. With respect to any monetary obligations of Supplier or Supplier's affiliates to Buyer or Buyer's affiliates, including direct and indirect losses, costs and damages resulting from Supplier's failure to timely deliver Deliverables, the failure of any Deliverables to conform to applicable warranties or other breach by Supplier of a Contract or any other agreement with Buyer or Buyer's affiliates, Buyer may at any time and regardless of whether there is any connection between the obligations giving rise to the amounts due, as applicable, recover, recoup or setoff such amounts by deducting such amounts from any sums that are, or will become, owing, due or payable to Supplier

or Supplier's affiliates by Buyer or Buyer's affiliates under a Contract or any other agreement. Reimbursement amounts for warranty claims will be addressed, at Buyer's option, through credits issued by Supplier, debits taken by the Buyer, or cash payments from Supplier to Buyer, and will be executed thirty (30) days after notification to Supplier of product failure within the warranty time period.

#### **16. Diversity.**

Supplier will endeavor to purchase 10% of its sourced components and services from Minority Business Enterprises, Women Owned Enterprises, and other qualified diversity business enterprises. If requested by Buyer, Supplier will provide information related to its diversity spend. Supplier will adopt and implement the Supplier Diversity Policy which is located and available at website link <https://www.allegion.com/content/dam/allegion-corp/migration/header-footer/Supplier%20Diversity%20Policy%20FINAL.pdf>

#### **17. Global Supplier Requirements Manual.**

Supplier will comply with the Global Supplier Requirements Manual ("GSRM") which is located and available at website link <https://www.allegion.com/content/dam/allegion-corp/migration/header-footer/SQC-QM-001-F%20GSRM.pdf>. The GSRM is incorporated herein by reference. At Supplier's request Buyer will mail Supplier a hard copy of the GSRM. The GSRM may be amended by Buyer from time to time. Supplier will, in accordance with the GSRM, provide, maintain and enforce all measures necessary to secure the quality of Deliverables and the manufacturing process thereof, including but not limited to quality control standards, inspection standards and specifications.

#### **18. Warranties.**

18.1) Warranties. Supplier expressly warrants and guarantees to Buyer and its successors and assigns, that all Deliverables will: (i) be competitive in price, quality, delivery and technology; (ii) conform to all applicable specifications, standards, drawings, samples, descriptions and revisions; (iii) conform to all Applicable Laws, orders, regulations and standards in countries where Deliverables or other products incorporating Deliverables ("Final Product") are sold and/or purchased by Buyer; (iv) be merchantable and free of defects in (a) design (to the extent designed by Supplier or any of its subcontractors, agents or suppliers, even if the design has been approved by Buyer), (b) materials (including, without limitation, rust or other contamination), and (c) workmanship; (v) be fit and sufficient for the purposes intended by Buyer (Supplier is responsible for determining Buyer's purposes and assuming the suitability of the Deliverables to operate within those purposes and the operating environment of the Final Product); (vi) be free of all liens, claims and encumbrances whatsoever, including, without limitation claims of infringement of intellectual property; (vii) be, unless expressly provided for differently in the Order, manufactured entirely with new materials; (viii) be, in the case of services or technical data, performed or prepared in a professional and workmanlike manner and in compliance with Buyer's instructions or other requirements; (ix) be, in the case of software or code making up any part of the Deliverables, free from viruses, disabling code, and open source software; and (x) comply strictly and completely with Buyer's GSRM. In addition to the foregoing warranties, Supplier will assign and pass through to Buyer all representations and warranties provided by manufacturers of parts or components of the Deliverables.

18.2) Warranty Term. The term of the warranty by Supplier will be the longer of either: (i) the duration of any warranty provided by Buyer in connection with Buyer's sale of the Final Product, which durations are publically available and will be provided by Buyer upon written request and are incorporated herein by reference; or (ii) thirty-six (36) months from the date the related Final Product is first placed into operation. Any applicable statute of limitations on Buyer's claims for breach of warranty will commence no earlier than the date on which Buyer discovers the breach.

18.3) Non-Exclusive Warranties. The warranties contained in this Section 18 are in addition to and are not to be construed as restricting or limiting any warranties or remedies of Buyer, express or implied, which are provided by any Contract or by law. Any attempt by Supplier to limit, disclaim, or restrict any such warranties or remedies of Buyer, in any manner will be null, void, and ineffective.

18.4) Notice of Breach. The following will each constitute notice of a breach of warranty: (i) any communication from Buyer to Supplier specifying a defect, default, claim of defect, or other problem or quality issue concerning the Deliverables (e.g., Buyer sends Supplier a supplier corrective action request or customer warranty claim data for any Final Product); (ii) any communication to Supplier claiming that the Deliverables are in breach of any warranty or that Supplier is in default under any Contract; and (iii) an applicable termination notice from Buyer under Section 30.2. Any such claim by Buyer of breach may only be rescinded in a Signed Writing.

#### **19. Remedies.**

19.1) Remedies. Supplier will reimburse Buyer for any damages caused by Supplier's breach or by nonconforming Deliverables, including, without limitation: (i) cost incurred for replacement materials or replacement parts; (ii) freight costs incurred to deliver replacement material to a jobsite or to expedite shipments or to return Deliverables to Supplier; (iii) expenses incurred to diagnose and repair Final Product, including labor, travel and per diem, diagnostic time, and locally purchased materials and sublet services; (iv)

costs of inspecting, sorting, storing, reworking, repairing or replacing the nonconforming Deliverables; (v) costs resulting from production interruptions; (vi) costs resulting from personal injury (including, without limitation, death) or property damage caused by nonconforming Deliverables; (vii) actual and reasonable professional fees, settlements and judgments incurred by Buyer and other costs associated with Buyer's administrative time, labor and materials; and (viii) costs incurred as a result of Deliverables being accused of or found to be infringing any intellectual property right.

If nonconforming Deliverables are rejected by Buyer, the quantities under any Order will be reduced unless Buyer otherwise notifies Supplier. Supplier will not replace reduced quantities without a Signed Writing. Buyer's damages include, without limitation, third party charges and Buyer internal expenses (e.g. hourly wages, salaried wages and carrying costs) relating to transportation (including, without limitation, expedited freight), containment, sorting and other attempts at mitigation relating to any Supplier breach. The rights and remedies reserved to Buyer herein are cumulative and in addition to all other legal or equitable remedies.

19.2) Recalls and Field Fix Programs. If at any time a governmental agency of any country, state, province or municipality requires Buyer to conduct a product safety recall or a field fix program, or Buyer voluntarily undertakes such an action, related to the Deliverables, Buyer will notify Supplier within thirty (30) days of the initiation any such action and Supplier will, at Buyer's option, either repair or replace the related Deliverables, and reimburse Buyer for any fees, expenses, and damages.

19.3) Return of Non-conforming Deliverables to Supplier. Upon Supplier's prior written request, Buyer will use commercially reasonable efforts to return, at Supplier's expense, nonconforming Deliverables to enable the Parties to analyze and determine, at the Supplier's expense, the root cause. Sample size is determined in accordance with the GSRM. Supplier will hold all returned Deliverables associated with denied claims at Supplier's facility for inspection or return to Buyer after written notification to Buyer of intent to deny claim. After a reasonable period, not less than thirty (30) days, the Parties will agree on the disposition of the nonconforming Deliverables.

## **20. Indemnification.**

Supplier will indemnify, defend and hold Buyer, its affiliated companies, and its respective officers, directors, employees, customers, users and agents (collectively the "Indemnitees") harmless from and against all suits, actions, losses, damages, claims, or liability of any character, type, or description, including without limiting the generality of the foregoing, all expenses of litigation, court costs, and attorneys' fees for injury or death to any person, or injury to any property (collectively, "Damages"), received or sustained by any person(s) or property, arising out of, occasioned by, attributable or related to (i) the Deliverables; (ii) any breach of any representation or warranty made by Supplier; (iii) any failure by Supplier to perform or fulfill any of its covenants or due to its acts or omissions; (iv) any litigation, proceeding or claim by any third party relating in any way to the obligations of Supplier; or (v) any act or omission, negligent or otherwise, in the performance of any Contract, whether by Supplier, its subcontractors or employees. Supplier will not consummate any settlement without the relevant Indemnitees' prior written consent. Supplier's obligation to indemnify the Indemnitees will continue in full force and effect notwithstanding the termination or expiration of any Order or any Contract. In any claim against any of the Indemnitees by a subcontractor or employee of Supplier, or anyone directly or indirectly employed by any of them or anyone for whose acts they may be liable, these indemnification obligations will not be limited in any way under any applicable worker's compensation act, disability or other employee benefit act.

## **21. Confidential Information.**

21.1) Use of Confidential Information. A Party may disclose its Confidential Information ("Disclosing Party") to the other Party ("Receiving Party") who will receive and use such Confidential Information solely for the purposes of supporting the current business relationship. The Receiving Party will not disclose Confidential Information to any third party without the Disclosing Party's express written consent, except that the Receiving Party may disclose Confidential Information to its contractors, sub-suppliers, consultants or agents who have a need to know and have executed confidentiality agreements with the Receiving Party, obligating them to treat such Confidential Information in a manner consistent with these Standard Terms. Supplier will not (i) sell Buyer parts or components incorporating or containing Confidential Information to any third party; or (ii) sell any goods or services produced using Confidential Information to any third party.

21.2) Exceptions to Confidential Information Restrictions. Notwithstanding the foregoing, these Standard Terms will not restrict or affect a Receiving Party's rights to use or disclose information: (i) which is or may hereafter be in the public domain through no fault of the Receiving Party; or (ii) which the Receiving Party can show, as reflected by its written documents, was known to it prior to the disclosure by the Disclosing Party; or (iii) which is disclosed to the Receiving Party by a third party, with the legal right to disclose, subsequent to the Disclosing Party's disclosure; or (iv) which the Receiving Party can show, as reflected by its documents, was independently developed by the Receiving Party without the use of the Disclosing Party's Confidential Information.

21.3) Equitable Remedies. The Supplier agrees that (i) a breach or threatened breach of its obligations under these Standard Terms would give rise to irreparable harm to the Buyer for which monetary damages would not be an adequate remedy and (ii) in the event of a breach or a threatened breach by the Supplier of any such obligations, Buyer shall, in addition to and without waiving any and all other rights and remedies that may be available to Buyer at law, at equity or otherwise in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction, without any requirement to post a bond or other security, and without any requirement to prove actual damages or that monetary damages will not afford an adequate remedy. Supplier agrees that Supplier will not oppose or otherwise challenge the appropriateness of equitable relief or the entry by a court of competent jurisdiction of an order granting equitable relief, without limitation, compelling Supplier to cease and desist all unauthorized use and disclosure of Confidential Information, consistent with the terms of this Section 21.

## **22. Intellectual Property Rights.**

22.1) IP Ownership. Except as otherwise addressed in any separate contract between the Parties, Supplier agrees that, where it undertakes, whether alone or jointly with Buyer, any research, development and/or design activities relating to Deliverables (i) in the course of performance of any Contract; or (ii) using Confidential Information provided by Buyer, then Buyer will own all rights in any resulting intellectual property. Supplier agrees to promptly disclose to Buyer such intellectual property and hereby irrevocably transfers, conveys and assigns to Buyer all of its worldwide right, title, and interest in and to such intellectual property. Buyer will 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 Deliverables at no additional charge. Supplier will execute such documents, render such assistance, and take such other actions as Buyer may reasonably request to apply for, register, perfect, confirm, and protect Buyer's intellectual property rights under this Section 22. Supplier will be solely responsible for any compensation payable, by law or by contract, if any, to individual inventors of Supplier.

22.2) Grant of License Rights to Buyer. Supplier hereby irrevocably grants to Buyer, 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 Deliverables. Supplier covenants not to sue Buyer, its affiliates, its directed agents, its customers or its end users for violating any intellectual property rights of Supplier relating to the Deliverables. Supplier represents and warrants that Supplier has all rights necessary and sufficient to make the licenses and grants hereunder.

22.3) 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 applicable Contract, and upon termination of the applicable Contract such authorization will cease.

22.4) Intellectual Property Indemnity. Supplier represents and warrants to the Indemnitees that the Deliverables will not infringe any intellectual property rights including, without limitations, claims arising from patent, copyright, trademark, trade secret, or other intellectual property infringement. Supplier agrees to hold the Indemnitees harmless from and defend the Indemnitees against any such claim of intellectual property infringement, including any Damages resulting from that claim, the cost to Indemnitees of complying with any preliminary or permanent injunction, and all other costs of defense (including the attorneys' fees and costs), in connection with any breach of the foregoing.

## **23. Audit & Inspection.**

Upon Buyer's request, Supplier will deliver to Buyer data, records and other materials to evidence testing, inspection, compliance with these Standard Terms, and compliance with law, including, without limitation, Conflict Minerals use and Conflict Mineral controls, anti-bribery and anti-corruption laws and quality assurance actions. Additionally, Buyer has the right to conduct onsite audits of the Supplier, the Deliverables and compliance with law, including, without limitation: 1) inspecting the Deliverables and/or work in process on the Deliverables; or 2) conducting compliance audits, quality control measures and tests at Supplier's or its sub-supplier's premises. Without cost to Buyer, Supplier will provide facilities and assistance for Buyer audits, inspections, and tests. Buyer will not be liable for any reduction in value of samples used, nor will any Deliverables rejected be submitted to Buyer. Buyer's audit or inspection of the Supplier or the Deliverables, or the failure to audit or inspect, does not constitute acceptance of any work-in-process or finished Deliverables, does not remove responsibility from Supplier for compliance with the terms of any Contract, and does not relieve Supplier of any of its responsibilities or warranties. Likewise, Buyer's audit, test or approval of any design, drawing, material, process (including, without limitation Supplier's quality management system) or specifications will not limit or waive Buyer's rights under this Section 23 or any Contract. Nothing in any Contract releases Supplier from the obligation of testing, inspection and quality control. For preproduction inspections, Supplier will provide a written response with proposals for corrective action within fifteen (15) days of any notice from Buyer concerning an unsatisfactory condition identified by Buyer. Supplier must keep

documentation relating to Deliverables for at least ten (10) years, and will provide such documentation to Buyer upon Buyer's written request.

#### **24. Financial Review and Distress.**

Buyer and its designee may, at any time, review the financial condition of Supplier. Supplier will fully cooperate in such review and promptly provide copies of or access to requested documents, including, without limitation, financial records and statements, forecasts, business plans, banking contacts and loan documents, and will make its financial managers available for discussions during reasonable business hours. Buyer and its designee will keep confidential any nonpublic information about Supplier obtained in a financial review and use such information only for purposes of the review, except as needed to enforce any Contract. Supplier agrees that if Supplier experiences any delivery or operational problems, Buyer may designate one or more representatives to be present in Supplier's facility to observe Supplier's operations.

#### **25. Services Performed on Premises.**

Supplier understands that Buyer and its representatives may not be present while Supplier performs services at Buyer's premises. Supplier understands that its performance of the services may involve risk of injury and loss, both to person and property. Supplier also understands that the risk of injury may include the possibility of permanent disability or death. Supplier understands that these Standard Terms are intended to address all of the risks of any kind associated with its performance of the services while on Buyer's premises, including, particularly, such risks created by actions, inactions, or negligence on the part of Buyer or its directors, officers, employees, agents, volunteers, successors, or assigns, including but not limited to risks created by the following: (a) the use and condition of premises, facilities, and equipment; (b) the lack or inadequacy of policies, rules, or regulations governing the conduct of the services; (c) Buyer's failure to foresee or protect Supplier from actions, inactions, negligence, recklessness, or intentional or criminal misconduct of persons, other than those affiliated with Buyer; (d) the inadequacy or unavailability of medical facilities or treatment; or (e) the lack or inadequacy of supervision. Supplier assumes all risks, known and unknown, foreseeable and unforeseeable, in any way connected with its performance of services on Buyer's premises and accepts responsibility for any liability, injury, loss, or damage in any way connected with its performance of services while on Buyer's premises, whether or not caused in whole or in part by the negligence or other misconduct of Buyer or its directors, officers, employees, agents, volunteers, successors, or assigns. Supplier releases Buyer and its directors, officers, employees, agents, volunteers, successors, and assigns from any and all liability for and waives any and all claims for injury, loss, or damage, including attorneys' fees, in any way connected with its performance of services while on Buyer's premises (a "Claim"), whether or not caused in whole or in part by the negligence or other misconduct of Buyer or any of the individuals mentioned above. Supplier agrees that any and all breaches of this Section 25 shall entitle Buyer or any of the individuals mentioned above to recover all expenses, including court costs and attorneys' fees, in defending the Claim.

#### **26. Compliance with Laws.**

26.1) General. Supplier agrees to be bound by, and comply with all applicable foreign, United States federal, state and local laws, orders, rules, regulations, guidelines, standards, limitations, controls, prohibitions, or other requirements contained in, issued under, or adopted pursuant to such laws, including, without limitation, product content and labeling, the U.S. Toxic Substances Control Act and applicable RoHS and REACH regulations, anti-bribery, anti-corruption laws, Conflict Mineral prohibition and Conflict Mineral disclosure requirements. Supplier further agrees that neither it nor any of its subcontractors will utilize child, slave, prisoner or any other form of forced or involuntary labor, or engage in abusive employment or corrupt business practices, in the production or provision of Deliverables. Delivery of any Deliverables will constitute Supplier's representation to Buyer that there has been and will be full compliance with all Applicable Laws and, at Buyer's request, Supplier will certify in writing its compliance with the foregoing.

26.2) Environmental, Health, and Safety Compliance. Supplier will comply with (i) all applicable environmental laws and regulations, and (ii) the Environmental, Health and Safety policy ("EHS Policy"), which is available and located at website link <https://www.allegion.com/corp/en/footer/policies/ehs-policy.html>. The EHS Policy is incorporated herein by reference. At Supplier's request, Buyer will mail Supplier a hard copy of the EHS Policy. The EHS Policy may be amended by Buyer from time to time.

26.3) Equal Employment Opportunity. Buyer is a U.S. federal contractor that complies with Executive Order 11246, as amended, and applicable regulations in 41 CFR Parts 60-1 through 60-60, 29 U.S.C. § 793 and applicable regulations in 41 CFR § 60-741; and 38 U.S.C. § 4212 and applicable regulations in 41 CFR Part 60-250 and 60-300. THE FOLLOWING PROVISIONS ARE INCORPORATED HEREIN BY REFERENCE: Executive Order 11246 and 41 CFR § 60-4.3(a); Executive Order 11701 and 41 CFR §§ 60-250.5(a), 60-300.5; Executive Order 11758 and 41 CFR § 60-741.5(a); U.S. immigration laws, including the L-1 Visa Reform Act of 2004 and the H-1B Visa Reform Act of 2004; and Executive Order 13496.

These Standard Terms incorporates by reference: (a) all provisions of 41 C.F.R.60-1.4, as amended, pertaining to the equal opportunity clause in government contracts; (b) all provisions of 41 C.F.R.60-300.5(a), as amended, pertaining to affirmative action for veterans;



and (c) all provisions of 41 C. F. R. 60-741.5(a), as amended, pertaining to the affirmative action for individuals with disabilities. **Supplier and its subcontractor shall abide by the requirements of 41 C.F.R. 60-300.5(a).** This regulation prohibits discrimination against qualified protected veterans and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans. **Supplier and its subcontractor shall abide by the requirements of 41 C.F.R. 60-741.5(a).** This regulation prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action covered by prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities. Supplier certifies that it is in compliance with all applicable provisions of 41 C.F.R.60-1, including but not limited to: (a) developing and presently having in full force and effect a written affirmative action compliance program for each of its establishments as required by 41 C.F.R. 60-1.40, as amended; (b) filing EEO-1 Reports as required by 41 C.F.R. 60-1.7, as amended; and (c) neither maintaining segregated facilities nor permitting its employees to perform services at segregated facilities as prohibited by 41 C.F.R. 60-1.8, as amended. Buyer requests that Supplier adopt and implement a policy to extend employment opportunities to qualified applicants and employees on an equal basis regardless of an individual's age, race, color, sex, religion, national origin, disability, or any other legally protected characteristic.

## **27. Ethical Business Conduct.**

Supplier will adopt and comply with the Business Partner Code of Conduct (“BPCOC”), which is available and located at website link [https://www.allegion.com/content/dam/allegion-corp/migration/header-footer/supplier-portal/doc\\_policy\\_ethics\\_codeofconduct\\_english.pdf](https://www.allegion.com/content/dam/allegion-corp/migration/header-footer/supplier-portal/doc_policy_ethics_codeofconduct_english.pdf).

The BPCOC is incorporated herein by reference. Additionally, Supplier will take all reasonable steps necessary to ensure that its sub-suppliers and subcontractors comply with the BPCOC. At Supplier’s request Buyer will mail Supplier a hard copy of the BPCOC. The BPCOC may be amended by Buyer from time to time.

## **28. Information Security.**

### **28.1) Security Incidents**

- a. Supplier shall maintain and enforce a written information security program that includes administrative, physical, and technical measures appropriate to protect the Covered Data and Supplier and Supplier Parties’ facilities, Systems, and assets relevant to the Deliverables against external and internal threats and ensure the confidentiality, reliability, and integrity of such Covered Data and facilities, Systems, and assets (the “Security Measures”), and shall regularly monitor compliance with these Security Measures. Such Security Measures: (a) shall be no less rigorous than accepted industry standards and practices for information security; (b) shall be appropriate to the risks presented by Processing or access to the Covered Data and the nature of the Services; (c) shall comply with any minimum requirements specified in Applicable Laws; and (e) shall be no less stringent than those set forth throughout these Standard Terms.
- b. Without limitation, the Security Measures implemented and maintained by Supplier shall comply with and remain no less rigorous than the International Organization for Standardization’s standards: ISO/IEC 27001:2013 – Information Security Management Systems – Requirements and ISO-IEC 27002:2013 – Code of Practice for International Security Management, the National Institute of Standards and Technology standards: the Cybersecurity Framework, Special Publication 800-171 and Special Publication 800-53 and/or any successor standards thereto) and other applicable industry standards for information security. If Supplier Processes Covered Data containing cardholder or other financial account data under these Standard Terms, then it represents and warrants, and shall certify, that its information security program complies with the Payment Card Industry Data Security Standard (“PCI DSS”), ISO 22307, and ISO 27000. Supplier represents, warrants, and covenants that the information provided by Supplier in its information security program is true, accurate, and complete.
- c. Supplier shall take reasonable steps to ensure (i) the reliability and competence of any Supplier Parties that will have access to Covered Data or Systems, and (ii) that any such access to Covered Data is limited to what the Supplier Parties “need to know” in order to provide the Deliverables to Buyer. In the event that Supplier and any Supplier Parties will have access to Buyer’s Systems, Supplier shall comply, and shall ensure that Supplier Parties comply, with all reasonable privacy, confidentiality, information security, and other policies established by Buyer, provided that Buyer has provided Supplier with prior notice of such policies (or revisions thereto). Upon expiration or termination of a Contract, or at any time upon Buyer’s request, Supplier shall immediately cease accessing Buyer’s Systems and/or cause any Supplier Parties with access to Buyer’s Systems to cease accessing Buyer’s Systems. If requested by Buyer, Supplier shall provide a list of the Supplier Parties with access to Buyer’s Systems and provide reasonable assistance to Buyer as needed to terminate access by such Supplier Parties and subcontractors or confirm that access has been terminated.
- d. Supplier shall provide to Buyer written notice of any Security Incident promptly and in no event later than twenty-four (24) hours upon discovery or a reasonable suspicion of such Security Incident. Such notice shall summarize in reasonable detail the circumstances of the Security Incident, including without limitation the date and time period during which the Security Incident is believed to have occurred, the impact of such Security Incident upon Buyer and, if applicable, individuals whose Personal Data is affected by such Security Incident, including without limitation an estimate of the number of individuals affected and a description of the Personal Data involved, and any corrective action to be taken by Supplier, including any

steps to reduce the risk of harm to affected individuals. Supplier shall maintain appropriate documentation of each Security Incident, and provide regular updates to Buyer as material additional information becomes available.

- e. In the event of any Security Incident, Supplier shall also:
  - i. undertake an investigation of such Security Incident and reasonably cooperate with Buyer in connection with such investigation;
  - ii. take all necessary and appropriate corrective action to prevent a recurrence of a Security Incident; and
  - iii. take all remediation efforts reasonably requested by Buyer, including without limitation remediation efforts that have been required by any governmental authority in similar circumstances. Supplier shall promptly reimburse Buyer for all costs and expenses (including legal fees) reasonably incurred by Buyer in connection with a Security Incident, including without limitation costs and expenses (including legal fees) incurred in connection with remediation efforts.

Supplier agrees that Buyer has the sole right to determine (1) whether notice of a Security Incident is to be provided to any non-party (e.g., individuals, regulators, law enforcement agencies, consumer reporting agencies), in its sole and reasonable discretion; (2) the contents of any such notice; and (3) whether any type of remediation may be offered to affected individuals, and the nature and extent of any such remediation. Except with Buyer's prior written consent, Supplier shall not disclose the Security Incident to, or otherwise notify, any third party.

#### 28.2) Inspection and Audit Rights.

- a. Supplier hereby certifies that it understands the restrictions set forth in this Section 28 and will comply with them; and agrees to provide Buyer, upon request, a further written certification thereto not less than annually during any other period in which it Processes Covered Data. Supplier shall provide Buyer with all necessary materials, documents, assessments and other information to enable Buyer to confirm that Supplier has complied with its obligations under this Section 28. Supplier will, at its sole expense, undergo each year an independent evaluation by a recognized third-party audit firm in the form of a Auditing Standards Board of the American Institute of Certified Public Accountants ("AICPA") compliant Service Organization Control ("SOC") 2 Type 2 audit covering the preceding 12-month period and the relevant scope of systems, applications and services used in complying with its obligations under these Standard Terms (collectively with the independent evaluation by a recognized third-party security firm required as set forth above, the "Control Audit(s)"). Supplier shall meet or exceed the Security and the Confidentiality portions of the Trust Services Principles, Criteria and Illustration issued by AICPA to the extent they are relevant to the Deliverables.
- b. Supplier acknowledges and agrees that Buyer shall have the right to request that Supplier engage a third party at Supplier's sole cost and expense, such third party to be mutually agreed upon by Buyer and Supplier (such agreement not to be unreasonably withheld), to conduct an independent audit of Supplier's privacy and security practices, and Supplier shall comply with such request.
- c. To the extent that any audit conducted pursuant to this Section 28 identifies alleged risks or threats and/or nonconformance to generally accepted trade practice in the industry or other breach of these Standard Terms (each a "Security Issue"), Supplier shall, within ten (10) days of receipt of such written notification, either correct such Security Issues or provide Buyer with a plan acceptable to Buyer for remediating the Security Issue(s). If (i) the Security Issues are not corrected, (ii) an acceptable plan for correcting them is not agreed to during such period, or (iii) an acceptable plan is not executed according to its schedule, Buyer may, by giving Supplier written notice thereof, immediately terminate a Contract in whole or in part and demand from Supplier a pro rata refund of the fees paid or payable under such Contract, which Supplier shall deliver to Buyer within thirty (30) days.

#### 29. Insurance.

Supplier will provide and maintain throughout the term of any and all Contract(s) the following insurance in US Dollars (or such other currency as specified in the applicable Contract):

- a. Workers Compensation/Work-related Injury Insurance: Statutory in accordance with the state in which the Deliverables are being manufactured or assembled;
- b. Employers Liability in an amount of not less than \$1 million per accident or disease;
- c. Commercial General Liability with limits not less than \$1 million each occurrence, \$2 million aggregate, for bodily injury and property damage combined, including the following coverage features: i) blanket contractual liability, ii) Products, iii) completed operations, and iv) independent contractors coverage;
- d. Automobile Liability with limits not less than \$2 million each occurrence for bodily injury and property damage combined, covering all "owned," "hired" and "non owned" automobiles and including contractual liability coverage;
- e. Suppliers of the following products will need to carry Cybersecurity Liability coverage with a minimum coverage limit of \$2,000,000 per occurrence or claim, \$2,000,000 aggregate:

- Hardware Products: Suppliers of hardware products, such as smart devices, Internet of Things (IoT) devices, or network equipment.
- Software Products: Suppliers who develop and sell software products, such as enterprise software, mobile applications, or cloud-based solutions.
- Data Storage and Cloud Services: Suppliers offering data storage services, cloud computing services, or hosting services; and

f. Umbrella or Excess Liability with limits of \$5 million each occurrence and aggregate for bodily injury and property damage with such policy “following form” to all primary policies listed above.

All insurance required above will be written with insurers rated A or better by the latest “A.M. Best” Guide. Where allowable under law, a waiver of subrogation from Supplier (including affiliates, directors and officers) and its insurers will be provided in favor of Buyer. If applicable, all policies will identify Buyer as an additional insured and require that the Buyer receive at least thirty (30) days’ notice prior to cancellation or termination. Supplier’s insurance will be primary and noncontributory to that maintained by Buyer. Such insurance will not be subject to any self-insured retentions without the prior written consent of Buyer. All self-insured retentions and deductibles for such insurance will be the responsibility of Supplier. The insurance coverages under this Section 29, including, without limitation, the additional insured coverage provided to Buyer, will be independent of the indemnity obligations of any Contract, and are not designed solely to guarantee payment of Supplier’s indemnity obligations. Supplier will, at the request of Buyer, provide Buyer with copies of all policies and/or a certificate, satisfactory to Buyer, of the insurance coverages and endorsements set forth in this Section 29 and will specify all self-insured retentions. Supplier’s insurance coverage will not be Buyer’s exclusive remedy; instead Buyer will be entitled to all remedies available to it under equity or the law.

### 30. Termination.

30.1) Termination for Convenience. Buyer may cancel all or any part of any Contract at Buyer’s convenience by giving Supplier written notice of the termination. Buyer’s liability for any termination for convenience is limited to: (i) conforming Deliverables already delivered to Buyer as of the date of termination, and (ii) payment for work in progress, limited to the costs of raw material and labor incurred for outstanding Orders as of the date of termination, and further limited to work in process for Deliverables under such outstanding Orders whose delivery date is within the lesser of (a) the firm Lead Time agreed to by the Parties for the Deliverables; or (b) six (6) weeks. However, Buyer may elect to have Supplier continue production on the in-process Deliverables described in Section 30.1 (ii) above, subject to the obligation of Buyer to purchase such conforming Deliverables under the terms of the Contract in question. In addition, in no event will the liability of Buyer for a termination for convenience exceed the price of the related and outstanding Deliverables under the applicable Contract.

30.2) Termination for Cause. Should a defaulting Party (i) become insolvent; (ii) become unable to pay its debts as they mature; (iii) make a general assignment for the benefit of creditors; (iv) come under a suspension of payments; (v) have a receiver appointed for the whole or any part of its assets; (vi) become in any way the subject of a bankruptcy or insolvency proceeding; (vii) have a change in ownership or management such that a competitor of the non-defaulting Party gains an ownership or controlling interest in the defaulting Party, or (viii) default in the performance of any provision or part of the Contract, then the non-defaulting Party may, in its discretion, terminate any Contract (in whole or in part) for "cause" by giving the defaulting Party seven (7) days prior written notice. If the defaulting Party remedies the cause giving rise to the notice to the non-defaulting Party’s sole satisfaction within seven (7) days following its receipt of that notice, the termination will be deemed void and any Contract so terminated will continue in effect. Delivery defaults will not be subject to the seven (7) day cure period.

Supplier may terminate any Contract (in whole or in part), only for non-payment by Buyer of the purchase price for Deliverables in accordance with such Contract, and then only if: (i) the amounts are material and more than sixty (60) days past due; and (ii) Supplier first provides Buyer written notice specifying: (a) the amounts past due (including, without limitation, relevant Order and invoice numbers and dates); and (b) Supplier’s intent to terminate if the past due amount is not paid; and (c) Buyer, within thirty (30) days of Supplier’s notice, does not either: (1) pay the past due amounts; or (2) notify Supplier that the amounts claimed to be unpaid are disputed by Buyer. Provided the foregoing conditions are met, Supplier may terminate the Order by delivering a termination notice to Buyer. Supplier may not terminate or cancel any Contract (in whole or in part) for any reason except as permitted under this Section 30.2. Supplier may not suspend any performance under any Contract for any reason.

30.3) Continuation of Work. In the event of termination, Supplier will immediately stop all work hereunder unless otherwise directed by Buyer, and will immediately cause any of its sub-suppliers or subcontractors to cease work.

30.4) Liability for Termination for Cause. In the event Buyer terminates for cause: i) Buyer will have no liability to Supplier unless it directs Supplier to continue work under Section 30.3 and then only for the resulting conforming Deliverables delivered and sold to

Buyer hereunder; ii) Buyer may also acquire replacement deliverables (or parts of replacement deliverables) elsewhere on such terms or in such manner as Buyer may deem appropriate, and Supplier will be liable for any excess cost or other expenses incurred by Buyer.

### **31. Exit Plan.**

In the event a Contract expires or is terminated, in whole or in part, at Buyer's request, Supplier agrees to: (i) promptly develop an exit plan for the manufacturing by Supplier and purchase by Buyer of the Deliverables; and (ii) produce a safety stock of Deliverables under the terms hereof, including, without limitation, price, to support Buyer's requirements for a transition period not to exceed twelve (12) months from the applicable expiration or termination date.

### **32. Use of Name.**

When requested by Buyer in writing, Supplier will label the Deliverables with Buyer's name, logo, domain name, trademark and/or other proprietary designation ("Designation") as specifically designated by Buyer. Supplier will not sell or otherwise transfer Deliverables with Buyer's Designation to any person or entity other than Buyer. Except as provided in this Section 32, Supplier will not use Buyer's Designations for any purpose, including but not limited to advertising and press releases, without prior written approval in each instance of Buyer's Vice President of Communications.

### **33. Notices and Change of Address.**

All notices or other communications under any Contract will be in writing and may be delivered in person, or may be sent by receipted courier, express mail, e-mail, or postage prepaid certified or registered mail, addressed to the Party for whom it is intended, at the addresses set forth in such Contract. Either Party may change its address for notice by giving written notice to the other Party. Any notice or other communication will be deemed given no later than the date actually received. Notice by courier, express mail, certified mail, or registered mail will be deemed given on the date it is officially recorded as delivered and, in the absence of such record of delivery, it will be rebuttably presumed to have been delivered on the third business day after it was deposited. Notices sent by e-mail require tangible confirmation of receipt from the addressee. Legal notices shall only be sent to the other Party by receipted courier, express mail, or postage prepaid certified or registered mail, with a copy to Buyer's General Counsel at 11819 N. Pennsylvania Street, Carmel, Indiana 46032 USA.

### **34. Relationship of Parties.**

Supplier including anyone engaged by it to aid in the performance of its obligations hereunder, and Buyer are independent contracting parties and nothing in the Contract will make either Party the agent, employee, or legal representative of the other, nor does the Contract grant either Party any authority to assume or create any obligation on behalf of, or in the name of, the other. Supplier (i) is responsible for the management of any sub-suppliers and their compliance with these Standard Terms; (ii) will be liable for sub-supplier's performance, including but not limited to, their errors, acts or omissions, negligent or otherwise; and (iii) will have sole responsibility for the payment of all applicable government taxes including Federal, State and Local income taxes and for all employment and disability insurance, Social Security and other similar taxes for its employees or Supplier Parties.

### **35. Force Majeure.**

Delay or non-performance of any obligation herein shall be excused if the cause of the delay is a Force Majeure Event. The non-performing Party will notify the other Party of such delay immediately, but in no event more than ten (10) days thereafter, and will use its best efforts to mitigate the non-performance. None of the following will individually, or collectively, constitute a Force Majeure Event: (i) Supplier's ability to sell Deliverables at a higher price; (ii) increases in Supplier's production costs; (iii) a strike or other legal or illegal labor disruption, or Supplier's inability to obtain labor; or (iv) a significant increase in Supplier's cost of raw materials.

### **36. Assignment.**

36.1) General. Unless Buyer has provided prior written consent, any partial or complete assignment by Supplier of right(s) or delegation of obligation(s) hereunder, including, without limitation, subcontracting, will be void. Notwithstanding any permitted assignment, such assignment will not relieve Supplier of its obligations and liabilities under any Contract. Buyer may assign or otherwise transfer some or all of its rights under any Contract to a third party.

36.2) Third Party Manufacturers. In addition, Buyer reserves the right to assign to a third party manufacturer the obligation to purchase Deliverables covered by any Contract from Supplier on behalf of Buyer, for which Buyer will receive the benefit from Supplier for the volume of any Deliverables purchased by Buyer's third party manufacturers, including but not limited to, calculations for volume discount pricing or rebates that may be achieved based on Buyer's spend with Supplier. Buyer will notify Supplier prior to the assignment to the third party manufacturer. Supplier agrees to provide the same terms and conditions as set forth in any Contract related to prices and lead-times to such third party manufacturer. In the event of assignment to a third party manufacturer, Buyer reserves the right at any time to revert the purchase back to Buyer or assign the purchase to an alternative third party manufacturer. In the event the third party manufacturer fails to comply with the agreed payment terms, the Supplier agrees to provide written

notification to the third party manufacturer and request immediate payment and a copy of the notice to Buyer. Buyer will use commercially reasonable means to assist in brokering a resolution of any such claim, but Buyer will not be required to take any action that would materially impair its ability to meet delivery and quality requirements using these Products.

**37. Electronic Communications.**

Supplier will comply with any method of electronic communication/payment processing specified by Buyer, including electronic funds transfer, Pay-on-receipt processes/systems, Order transmission, Releases, electronic signature, and electronic communication systems, including, without limitation, the use of electronic data interchange ("EDI") portals. E-mails, even those containing a signature block of one of Buyer's representatives will not constitute a Signed Writing.

**38. Signatures in Counterpart.**

Any Contract may be executed in counterparts, each of which when executed will be deemed to be an original, but all together will constitute but one and the same agreement. A facsimile, e-mail or other electronic copy hereof will suffice as an original. The Parties acknowledge and agree that the use of electronic signatures shall be of the same legal effect, validity, and enforceability as a manually executed signature to the fullest extent permitted by Applicable Law.

**39. Headings.**

The paragraph and other headings herein are for convenience only and form no part of these Standard Terms.

**40. Complete Contract.**

The Contract to which these Standard Terms are attached, including any documents incorporated therein by reference, sets forth the full and complete agreement of the Parties regarding the Deliverables and supersedes any and all prior or contemporaneous proposals, agreements, understandings, representations, statements and courses of conduct between the Parties regarding the Deliverables made prior to the effective date of the applicable Contract, excluding non-disclosure/confidentiality, bailment or development agreements previously entered into by the Parties. Where a website is incorporated by reference into these Standard Terms, or any Contract, the most recently updated version of that website will govern Supplier's performance, and Supplier agrees to regularly check those websites to ensure Supplier's compliance with the most recently updated version.

**41. Conflicts.**

In the event of a conflict in the terms of any Contract, or any part of a Contract, unless the Parties agree otherwise in writing, the various components of the agreements will be given the following descending order of precedence: (1) Schedule A to the Supply Agreement, if any, (2) the Supply Agreement, if any; (3) an Order; and (4) these Standard Terms.

**42. Severability.**

If any term is invalid or unenforceable under any statute, regulation, ordinance, executive order, court ruling, or other rule of law, the term will be deemed reformed or deleted, as the case may be, but only to the extent necessary to comply with applicable law (e.g., Section 30.1 for Deliverables subject to Uniform Commercial Code § 2-306. The remaining provisions of an applicable Contract will remain in full force and effect.

**43. No Implied Waiver.**

The failure of either Party at any time to require performance by the other Party of any provision will not affect the right to require performance at any later time, nor will the waiver by either Party of a breach of a contract constitute a waiver of a later breach of such Contract.

**44. Survival.**

The provisions of a Contract, which by their nature are intended to survive termination, cancellation, completion or expiration of the Contract (for example, Spare and Replacement Parts, Warranty, Remedy, Indemnification, Dispute Resolution, Survival), will continue as valid and enforceable obligations of the Parties, notwithstanding any such termination, cancellation, completion or expiration.

**45. Governing Law**

45.1) Governing Law. The Contract is to be construed according to the laws of the State of Indiana, excluding the provisions of the United Nations Convention on Contracts for the International Sale of Goods and any choice of law provisions that require application of any other law. The Parties hereby agree that the forum and venue for any legal or equitable action or proceeding arising out of, or in connection with, such Contract will lie in the United States District Court for the Southern District of Indiana or the corresponding state courts governing Hamilton County, Indiana, as applicable and each Party specifically waives any and all objections to such jurisdiction and venue.

45.2) **Claims by Supplier.** Any action or proceeding by Supplier under any Contract must be commenced no later than one (1) year after the alleged breach or other event giving rise to Supplier's claim occurs without regard to the date the breach is discovered. Any action not brought within that one year time period will be barred, without regard to any other limitations period set forth by law or statute.

#### 46. Definitions.

As used in these Standard Terms, and in any Contract, or part of a Contract, capitalized terms will have the following meanings:

**"Acceptance"** means, with respect to an Order, the earlier of Supplier's (1) shipment of Deliverables, (2) performance of services, (3) commencement of work, (4) written acknowledgement confirming acceptance, or (5) any other conduct of Supplier that recognizes the existence of a contract pertaining to the Deliverables.

**"Applicable Law"** means all applicable government-issued laws, rules, regulations, and guidance including but not limited to those pertaining to privacy, data Processing, data protection, data security, marketing, online advertising, the delivery of electronic communications, encryption, or confidentiality.

**"Blanket Order"** means an Order where Deliverables are ordered over a period of time by means of Releases issued from time to time under such Blanket Order, or, as the case may be, via amendments on the face of such Blanket Order.

**"Buyer"** means the legal entity identified as the Buyer in the applicable Contract.

**"Confidential Information"** means 1) information, knowledge or data disclosed by the Disclosing Party to the Receiving Party, regardless of whether disclosed in written, tangible, oral, visual or other form, including, without limitation, sample products, equipment, software, or other objects or material, provided by the Disclosing Party to the Receiving Party, and 2) information, knowledge or data which was obtained from visits to the Disclosing Party's facilities by the Receiving Party.

**"Conflict Minerals"** means minerals or their derivative that the US Secretary of State has determined are financing conflict in a DRC country, including, without limitation, cassiterite, columbite-tantalite (coltan), gold, wolframite, tin, tantalum and tungsten.

**"Covered Data"** means, in any form, format or media, whether provided by Buyer or any of its affiliates, or otherwise Processed by Supplier in connection with its performance under these Standard Terms: (i) any data or information of or relating to Buyer, including its products, services, or customers, (ii) Personal Data that Supplier Processes in connection with its performance under these Standard Terms, and (iii) all insights, forecasts, projections, and other data and information derived from any of the foregoing. For the avoidance of doubt, Supplier shall treat all Covered Data as "Confidential Information" under these Standard Terms in addition to complying with the terms set forth in Section 28.

**"Deliverables"** means any or all goods and/or services provided by Supplier to Buyer, including improvements or developments.

**"Delivery"** means when Buyer has received, conducted its incoming inspection of and accepted the Deliverables at Buyer's receiving facility.

**"Estimated Annual Volume"** means the forecast of annual volume requirements of Buyer's facility or facilities, as applicable.

**"Force Majeure Event"** means an event that is beyond the reasonable control of the Party seeking to be excused from performance, is not attributable to such Party's negligence, not foreseeable, and could not have been avoided or overcome and includes, whether similar or dissimilar to any of the foregoing, without limitation, acts of God, actions by any governmental authority (whether valid or invalid), fires, floods, windstorms, explosions, riots, civil disobedience, insurrections, natural disasters, pandemics or epidemics, acts of terrorism, sabotage, market conditions, declared or undeclared war or the public enemy.

**"Lead Time"** means the calendar days from the time of the Order to delivery to the Incoterms/Shipment Terms "named place" (e.g., FCA (Shanghai Port) would be the Shanghai Port). A firm Lead Time is the agreed upon minimum Lead Time for orders between the Parties.

**"Order"** mean each purchase order or purchase order revision issued by the Buyer, or its applicable affiliate or subsidiary, whether as a Blanket Order or as a Spot-Buy Order, as an offer to the Supplier, or its applicable affiliate or subsidiary, for the purchase of Deliverables.

**"Party"** or **"Parties"** means the Buyer and Supplier individually or collectively, respectively.

**"Personal Data"** means any information relating to an identified or identifiable natural person or household, or that is otherwise regulated under Applicable Law.

**"Processing"** (including its cognate, "Process") means any operation or set of operations that is performed upon data, whether or not by automatic means, including, but not limited to, collection, recording, organization, storage, retention, access, adaptation, alteration, retrieval, consultation, use, disclosure, dissemination, making available, alignment, combination, blocking, deleting, erasure, or destruction.

**"Release"** means any delivery schedule issued under a Blanket Order or on the face of a Blanket Order.

**"Security Incident"** means any actual or reasonably suspected compromise to the availability, confidentiality, or integrity of the Deliverables or Covered Data, including, without limitation: (i) the inadvertent, unauthorized, and/or unlawful disclosure, access, alteration, corruption, transfer, sale, rental, destruction, use or other Processing of Covered Data; or (ii) any breach of security or other interference with any System.

**“Signed Writing”** means a writing signed by the Party to be charged and does not include the body of an e-mail or other electronic document, although a Signed Writing may be attached to an e-mail or other electronic document.

**“Spot-Buy Order”** means a discrete Order for a specific quantity of Deliverables.

**“Standard Terms”** means the terms set out in these terms and conditions of purchase.

**“Supplier”** means the legal entity identified as the Supplier in the applicable Contract.

**“Supplier Parties”** means any of Supplier’s employees, affiliates, agents, and subcontractors.

**“Supply Agreement”** means a supply agreement, if any and as applicable.

**“System”** means any system, software, facility, network, platform, or other technology used in connection with the Deliverables or these Standard Terms.