

GENERAL TERMS AND CONDITIONS OF PURCHASE ORDER

1. DEFINITIONS

In these terms and conditions:

“Conditions” means these terms and conditions of purchase, the Quality Requirements, the Specifications and any agreed written variations from time to time;

“Goods” means the goods described in the Purchase Order;

“Final Acceptance” means the date the Purchaser issues the Supplier with written acceptance, in accordance with clause 6.3;

“Force Majeure Event” means anything beyond the reasonable control of the Purchaser or Supplier that prevents, delays or hinders that party from or in fulfilling its obligations under the Purchase Order, including acts of terrorism, natural disaster, industrial action, or a failure of a supplier, public utility or common carrier;

“GST” has the meaning given in the GST Act;

“GST Act” means the A New Tax System (Goods and Services Tax) Act 1999 (Cth);

“Loss” means any loss, liability, cost (including legal costs), expense, claims, suits, actions and damages (whether ordinary, special or consequential) incurred by the Purchaser including, but not limited to, rework, removal and reinstallation costs, field service costs and shipping relating to the Purchase Order;

“Purchaser” means the entity specified on the Purchase Order;

“Purchase Order” means the Purchaser’s order from time to time, including the order overleaf or attached to these Conditions;

“Quality Requirements” means the quality requirements (including minimum standards and quality assurances) relating to the Goods or Services;

“Services” means the services described in the Purchase Order;

“Site” means the site for delivery specified in the Purchase Order;

“Specifications” means any technical specifications, description, drawings and requirements relating to the Goods or Services and

“Supplier” means the entity specified on the Purchase Order that supplies the Goods or Services to the Purchaser.

2. PURCHASE ORDERS

2.1 Purchase Orders will be placed by the Purchaser with the Supplier from time to time. These Conditions shall apply to all the Purchaser’s Purchase Orders to the exclusion of any terms and conditions or any other materials which the Supplier may purport to apply, or which are endorsed upon any correspondence or documents issued by the Supplier irrespective of their date of communication to the Purchaser.

2.2 The Purchase Order shall specify the quantities of the Goods or Services and delivery date.

2.3 The Purchaser may, at any time, terminate the Purchase Order, in whole or in part and without penalty, upon written notice to the Supplier, if the Supplier:

- (a) fails to make delivery of the Goods or perform the Services within the time specified in the Purchase Order;
- (b) fails to repair or replace defective Goods or Services in accordance with these Conditions;
- (c) fails to perform any other term specified in these Conditions; or
- (d) becomes insolvent, files or has filed against it a petition in bankruptcy or makes an assignment for the benefit of creditors.

2.4 If the Purchaser terminates or purports to terminate under clause 2.3 and it is subsequently found by a competent court or tribunal to be unlawful, the Purchaser will be deemed to have terminated for convenience and clause 2.5 shall apply.

2.5 The Purchaser may, at any time, terminate the Purchase Order, in whole or in part, without cause, upon written notice to the Supplier. Charges for any such termination of the Purchase Order will be limited to reasonable non-recoverable costs incurred by the Supplier which the Supplier can demonstrate were properly incurred prior to the date of termination. In no event shall such reimbursement include anticipated profits for undelivered Goods or unperformed Services. The amount to which the Supplier is entitled to under this clause shall be full compensation for the termination.

2.6 Acceptance of the Purchase Order by the Supplier constitutes acceptance of these Conditions by the Supplier.

3. SUPPLY

3.1 The Supplier agrees to supply the Goods or Services to the Purchaser in accordance with the Purchase Order and must ensure that the Goods or Services comply with the Quality Requirements and Specifications.

3.2 The Supplier will notify the Purchaser at least 90 days before ceasing production of any Goods to enable the Purchaser to analyse potential needs for and to place a final purchase order for the Goods.

4. PRICING AND PAYMENT

4.1 The price specified in the Purchase Order is firm and is not subject to increase. The price is inclusive of all costs of packaging, delivery, duties and taxes payable in any country, and any other incidental charges. Unless otherwise expressly agreed in writing, all prices are F.I.S. the Purchaser's destination in accordance with the Purchaser's shipping or delivery instructions.

4.2 Where the Purchaser agrees a progressive payment frequency with the Supplier, the Supplier will issue invoices for the Goods or Services in accordance with that agreed payment schedule.

4.3 Payment for Goods or Services supplied by the Supplier to the Purchaser must be tendered within 60 days EOM (from end of month). Payment of the invoices does not constitute acceptance of the Goods and shall be subject to adjustment for errors, shortages or defects in the Goods, or any other failure of the Supplier to meet the requirements of the Purchase Order.

4.4 The Purchaser will have no liability to pay the Supplier unless invoices contain the following information: Purchase Order number, item number, description of Goods or Services, sizes, quantities, weight (if applicable), unit prices, value added taxes payable and extended totals.

4.5 Payment is only possible if the purchase order number is referenced on the invoice. If the invoice is not sent with goods, the invoice must reference both the purchase order number and the delivery docket number.

4.6 DELIVERY AND INSTALLATION

- (a) Unless otherwise agreed in writing, the Goods must be received and installed on the delivery date and at the Site.
- (b) Time is of the essence in respect of the Supplier's obligations under the Purchase Order. If the Supplier fails to meet any such delivery date, the Purchaser may, without limiting its other rights or remedies, cancel all or part of the Purchase Order.
- (c) Title in the Goods pass to the Purchaser on delivery. Risk in the Goods pass to the Purchaser on Final Acceptance.
- (d) The Purchaser may, without incurring any costs and without incurring any liability to the Supplier, suspend the delivery of the Goods or Services by notice in writing to the Supplier if the Purchaser is prevented from accepting delivery of the Goods or Services by a Force Majeure Event.
- (e) The Supplier must fully cooperate and liaise with the Purchaser and any third-party contractors (as advised by the Purchaser from time to time) in respect of delivery and installation of the Goods.

5. INSPECTION, TESTING AND ACCEPTANCE

- 5.1** The Purchaser shall have the right to inspect and test the Goods to confirm:
- (a) its compliance with the Specifications and Quality Requirements; and
 - (b) that the Goods are fit for their intended purpose.
- 5.2** Notwithstanding any prior inspections or payments, all Goods shall be subject to:
- (a) final inspection which may include testing and commissioning to the Purchaser's satisfaction; and
 - (b) acceptance at the Purchaser's facility within a reasonable time after the receipt of the Goods.
- 5.3** The Goods shall not be deemed to have been accepted by the Purchaser until written Final Acceptance of the Goods has been issued by the Purchaser to the Supplier.
- 5.4** The Purchaser's Final Acceptance does not waive the Purchaser's rights. If the Purchaser accepts any Goods, such acceptance does not extinguish any of the Purchaser's rights if the Goods do not comply with these Conditions.
- 5.5** The Purchaser may reject any Goods which do not comply strictly with these Conditions and the Purchase Order.
- 5.6** If the Goods or Services are rejected, the Purchaser must inform the Supplier as soon as practical and provide sufficient written detail identifying non-compliance.
- 5.7** Upon rejection of the Goods or Services, the Purchaser may require the Supplier, at its own cost, to:
- (a) undertake a repair of the Goods acceptable to the Purchaser;
 - (b) replace the rejected Goods or re-perform the Services within 5 days; or
 - (c) refund payment to the Purchaser within 7 days.
- 5.8** The Supplier is liable for all Loss incurred by the Purchaser due to the rejection of the Goods.
- 5.9** The Supplier may not claim or register any interest (including security interest) in the Products.

6. QUALITY

- 6.1** Without limiting any other remedies available to the Purchaser, the Supplier will be charged the Purchaser's actual costs incurred as the result of the provision of defective Goods.
- 6.2** The Supplier must inform the Purchaser of any proposed changes to processes or materials as they relate to the Goods or Services and obtain written approval from the Purchaser to implement the proposed changes.

7. PURCHASER'S PROPERTY

- 7.1** All drawings, Specifications, artwork, data, supplies, equipment, tooling, dies, moulds, designs, fixtures, patterns and any other materials furnished or paid for by the Purchaser, shall be the Purchaser's exclusive property, and:
- (a) shall be used by the Supplier only in the performance of fulfilling the Purchase Order; and
 - (b) must not be used, copied or reproduced for any purpose other than in the performance of fulfilling the Purchase Order.
- 7.2** The Purchaser's property, whilst in the Supplier's custody and control, shall be held at the Supplier's sole risk and, upon the Purchaser's request, shall be returned to the Purchaser in good condition.

8. WARRANTY & INDEMNITY

- 8.1** The Supplier warrants that the Goods:
- (a) are safe;
 - (b) are free from encumbrances, defect or fault;
 - (c) are of merchantable quality;
 - (d) are fit for the purpose for which they are purchased;
 - (e) include appropriate and correct warnings and instructions;
 - (f) comply with:
 - (i) any representations designs, samples and descriptions of the Supplier;
 - (ii) the Specifications;
 - (iii) the Quality Requirements; and
 - (iv) all applicable laws, regulations, standards and codes;
 - (g) include a Supplier's warranty to repair or replace defective Goods for a period of at least 12 months from the date of Final Acceptance;

- (h) do not infringe the intellectual property rights of a third party; and
- (i) will be delivered in full and on time.

8.2 The Supplier must defend, indemnify and hold the Purchaser, its affiliated companies, and their representatives, successors, and assigns harmless from and against any and all Loss arising directly or indirectly from or in connection with:

- (a) the acts, negligence, omissions or wilful misconduct of the Supplier;
- (b) the Goods supplied;
- (c) a breach of any of the Supplier's warranties or any other term specified in these Conditions;
- (d) a claim that any Goods supplied to the Purchaser infringe upon or misappropriate any patent, copyright, trademark, trade secret or other intellectual property interest of another; and
- (e) any unauthorised act on the part of the Supplier or its subcontractors.

9. INSURANCES

9.1 The Supplier must always maintain the following policies with a reputable insurer:

- (a) professional indemnity insurance for at least \$10 million per occurrence;
- (b) public liability insurance for at least \$20 million per occurrence.

9.2 The Supplier must provide certificates of currency in respect of the insurances when requested by the Purchaser.

9.3 The effecting of insurance does not limit the liabilities of the Supplier under these Conditions.

10. SUPPLIER'S OBLIGATIONS

10.1 When using the Purchaser's premises, facilities and equipments the Supplier and its personnel must:

- (a) take measures necessary to protect people and property on the Site;
- (b) avoid unnecessary interference with the passage of people and vehicles on the Site; and
- (c) comply with all reasonable directions and the procedures of the Purchaser relating to occupational health and safety and security as notified by the Purchaser.

11. ASSIGNMENT & SUBCONTRACTING

11.1 The Supplier must not subcontract without the prior written approval of the Purchaser. Approval to subcontract shall not relieve the Supplier from any liability or obligations under these Conditions.

12. GENERAL

12.1 Assignment

No party may assign its interest in a Purchase Order without the consent of the other party, except that the Purchaser may assign or novate its interest in this Agreement to any company within the Allegion Group of Companies.

12.2 No Agency or Partnership

Nothing in the Purchase Order and these Conditions constitute either party as the agent, Partner or joint ventures of the other.

12.3 Entire Agreement

These Conditions and the Purchase Order constitute the full and complete understanding between the parties with respect to its subject matter.

12.4 Waiver

A right created under these Conditions may not be waived except in writing, signed by the party granting the waiver its subject matter.

12.5 Further Assurances

Each party must promptly sign all documents and do all things that another party from time to time reasonably requests to effect, perfect or complete this Agreement and all transactions incidental to it.

12.6 Dispute Resolution

- (a) If any dispute, controversy or claim arises out of or in respect of a Purchase Order, the parties shall endeavour to resolve the matter by negotiation, and failing negotiation, the parties shall refer same to

arbitration administered by such person or organisation as the parties may determine by agreement or, failing agreement by determination of the Australian Commercial Disputes Centre.

- (b) The mediation or arbitration of any dispute, controversy or claim shall be conducted at Melbourne, Australia or at such other place as the parties may agree.
- (c) Any mediation shall be held in accordance with the rules laid down by the mediator. Any arbitration shall be held in accordance with the rules laid down by the arbitrator.

12.7 Governing Law

Seller shall comply with all applicable Federal, State and Local laws, statutes and ordinances in its country/state of operation. The law applicable to this Purchase Order shall be the laws of New Zealand where the Buyer is Allegion (New Zealand) Limited and the laws of Australia (or acceptable State law in Australia) where the Buyer is Allegion (Australia) Pty Limited or Gainsborough Hardware Industries Limited.

12.8 GST

- (a) Unless otherwise stated, all prices or other sums payable or consideration to be provided under the Purchase Order are exclusive of GST.
- (b) If GST is imposed on or in respect of any supply made under or in connection with this Purchase Order then the consideration payable for that supply by the recipient of the supply is increased by an amount determined by multiplying the consideration otherwise payable by the rate at which GST is imposed. Amounts payable under this clause will be payable at the same time the other consideration for the supply is payable.
- (c) The Purchaser will have no liability to pay the Supplier any GST associated with the supply of the Products under this Purchase Order unless it is provided with a tax invoice that complies with GST Law.

12.9 Force Majeure

Neither party will be liable to the other for any failure to comply with this Agreement where the failure is due to circumstances which are not directly within the party's control, including acts of terrorism, natural disaster, industrial action, or a failure of a supplier, public utility or common carrier, provided the affected party diligently commences and continues its obligations under this Agreement promptly upon the removal of such cause.

12.10 Costs

Each party will pay its own costs, including legal costs, of and incidental to the preparation and negotiation of this Agreement.

12.11 Notices

All notices and other communications provided for or permitted under this Agreement or otherwise shall be sent by certified or registered mail with postage prepaid, by hand delivery or by facsimile or email transmission to the parties' respective contact details as set out in the Details.

12.12 Variation

This Agreement can only be varied by agreement in writing signed by both parties.