

TERMS AND CONDITIONS OF PURCHASE

1. **ACCEPTANCE:** These Terms and Conditions document along with the attached order (collectively, the "Order") is Buyer's offer to purchase the goods and/or services described on the Order from the vendor listed on the front of this order ("Seller"). Buyer's placement of the Order with Seller is expressly conditioned upon Seller's acceptance of all of the terms and conditions of purchase referenced in, contained on or attached to the Order. ANY ADDITIONAL OR DIFFERENT TERMS OR CONDITIONS WHICH MAY APPEAR IN ANY COMMUNICATION FROM SELLER, WHETHER SENT PRIOR TO, CONTEMPORANEOUSLY WITH OR AFTER THIS ORDER IS MADE, ARE HEREBY EXPRESSLY OBJECTED TO AND SHALL NOT BE EFFECTIVE OR BINDING UNLESS SPECIFICALLY AGREED TO IN WRITING BY BUYER'S PURCHASING DEPARTMENT. NO SUCH ADDITIONAL OR DIFFERENT TERMS OR CONDITIONS IN ANY PRINTED FORM OF SELLER SHALL BECOME PART OF THIS ORDER DESPITE BUYER'S ACCEPTANCE OF GOODS OR SERVICES, UNLESS SUCH ACCEPTANCE SPECIFICALLY RECOGNIZES AND ASSENTS TO THEIR INCLUSIONS AND IS SIGNED BY AN AUTHORIZED AGENT OF BUYER. Any objection by Seller to the terms and conditions hereof shall be ineffective unless Buyer is advised in writing thereof within ten days of the date of this Order.

2. **SHIPPING INSTRUCTIONS; INVOICES:** All domestic US goods are to be shipped Freight Collect, FOB Origin. Seller must use an authorized Buyer's carrier unless otherwise stated in writing by Buyer. Where Buyer has so authorized in writing, goods may be shipped freight pre-paid, FOB destination. Seller shall pre-pay the shipping charges and route the goods using the most cost effective common carrier unless a carrier is otherwise specified by Buyer. Seller shall list freight charges as a separate line item on the Seller's invoice. Each invoice for shipping charges shall be accompanied by the original or a copy of the carrier's invoice and shall evidence that such invoice has been paid. No payment for shipping is due from Buyer unless and until the carrier is paid, and then only to the extent of such payment. Buyer reserves the right, in its sole discretion, to reject C.O.D. shipments. Seller shall not insure the goods except upon Buyer's written request. International goods are to be shipped FCA Port of Export, using Buyer approved carriers and customs house brokers.

3. **DELIVERY:** Time is of the essence for delivery, and Buyer may terminate this Order if delivery is not made or services are not performed by the dates specified in this Order. No change in the scheduled delivery date or performance will be permitted without Buyer's prior written consent. Acceptance of goods or services shall not constitute a waiver of any of Buyer's rights or claims, including claims for late delivery. This Order requires 100% on time delivery. Goods delivered early or late may result in cancellation, refusal, or financial penalties.

4. **PRICES & PAYMENT:** If price is not stated on this Order, it is agreed that the goods or services shall be billed at the price last quoted, or paid by a customer of Seller, or the prevailing market price, whichever is lower, and includes applicable taxes, except for sales tax, which shall be separately shown, as applicable. Unless otherwise provided in the Order or in a separate agreement signed by the parties, payment will be due net 90 days from Buyer's receipt of Seller invoice or applicable products/services, whichever is later. Notwithstanding the foregoing, in the event payment is made within 18 days of receipt of Seller invoice or applicable products/services, then such invoice shall be subject to an additional 2.75% discount. Buyer may set off any amount owing at any time from Seller to Buyer (or any of its affiliated companies) against any amount payable at any time by Buyer.

5. **CHANGES AND TERMINATION FOR CONVENIENCE:** Buyer may at any time make changes within the general scope of the Order in any one or more of the following: (a) drawings, designs or specifications where the products to be furnished are to be specially manufactured for Buyer; (b) method of shipment or packing; (c) place and time of delivery; (d) amount of Buyer's furnished property; (e) quality; (f) quantity; or (g) scope or schedule of services. If any changes cause an increase or decrease in the cost of, or the time required for the performance of, any work under the Order, an equitable adjustment shall be made in the price or delivery schedule, or both, in writing. Any Seller claim for adjustment under this clause will be deemed waived unless asserted within thirty (30) days from Seller's receipt of the change or suspension notification, and may only include reasonable, direct costs that will necessarily be incurred as a direct result of the change. Buyer may, by written notice to Seller, terminate the Order, or Buyer's purchase of any quantity of products or services, for convenience, and Buyer and Seller shall negotiate reasonable termination costs consistent with the cost of materials and labor incurred (and not otherwise mitigated) on ordered products or services prior to the date of Buyer's termination notice, provided Seller takes all steps reasonably necessary to mitigate such costs. Seller will notify Buyer of its actual cost of such material and labor incurred within thirty (30) days after termination. Seller will provide a minimum of six months advance written notice of discontinuation of production of any products purchased pursuant to this Order.

6. **ASSIGNMENT; CHANGE OF CONTROL:** Seller shall not assign this Order, or the right to payment due hereunder, without Buyer's prior written consent. Buyer may terminate this Order in the event of a change in control event at Seller. For these purposes, a change of control event shall include, without limitation, sale of more than 40% of Seller equity or 40% of Seller's assets, change in the majority of the board members within a 30 day period, or a change in senior management positions in excess of 30% over a 30 day period.

7. **DEFAULT:** The following activities constitute a default by Seller which shall subject to the provisions of paragraph eight (8), give Buyer the right at Buyer's sole option to cancel the whole or any part of this Order or exercise any other remedy provided to Buyers of goods by law or in equity including any remedy under the Uniform Commercial Code: (i) failure on the part of Seller to deliver goods or perform services within the time specified herein; (ii) failure on the part of Seller to, in Buyer's sole judgment, perform any obligation as required under this Order or to make adequate progress endangering performance of this Order in accordance with its terms; (iii) Buyer deems Seller to be in breach or anticipates Seller will breach any of the terms or conditions of this Order; or (iv) Seller becomes insolvent or makes an assignment for the benefit of creditors, or if there shall be instituted by or against Seller, any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt or insolvency law of any jurisdiction or for the appointment of a receiver or trustee in respect to any of Seller's property and such proceeding is not dismissed or cured within 60 days.

8. **REMEDIES:** The remedies of the parties include, without limitation: Buyer may cancel this Order in whole or in part and procure upon such terms and in such manner as Buyer determines in its sole discretion, goods or services similar to those canceled and Seller shall be liable to Buyer for Buyer's costs and expenses that are in excess of the amount to be paid to Seller under the terms of this Order. Seller shall continue performance of this Order to the extent not canceled under the provisions of this Order. If any products or services fail to conform to the warranties set forth below Seller, at Buyer's option, will: (i) refund the purchase price of the nonconforming products or services and any related costs incurred by Buyer; or (ii) with respect to products, replace or repair the nonconforming products; or (iii) with respect to services, re-perform all services necessary to correct any such nonconformity. The rights and remedies of Buyer provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Order. Buyer's decision to waive or not to insist upon strict performance of any of the terms or obligations of Seller under this Order or Buyer's failure or decision not to exercise any rights hereunder shall not be construed as a waiver of any of Buyer's rights hereunder. In the event that any products are determined by Seller, Buyer, or any governmental agency or court to contain a defect, quality or performance deficiency, or to not be in compliance with any standard or requirement so as to make advisable, in Buyer's sole discretion, that the products be reworked or recalled, the parties will promptly communicate all relevant facts and Seller shall undertake all necessary corrective action at its expense. Seller will perform all necessary repairs or modifications to the affected products at its sole expense except to the extent that Seller and Buyer agree to the performance of such repairs by Buyer upon mutually acceptable terms. Seller will consult with Buyer prior to making any statements to the public or a governmental agency pertaining to potential safety issues affecting products, except where such consultation would prevent timely notification required to be given.

9. **WARRANTIES:** Seller warrants that the goods supplied and work or services performed pursuant to this Order conform to specifications herein, are conveyed with clear title free of any claims of third parties, and are MERCHANTABILITY and fit for the particular purposes of which goods are ordinarily employed. Seller further warrants to the Buyer and to any third party ultimately using any item whether such third party is a customer of Buyer or not, that all goods delivered under this Order will be free from defects in material and workmanship and will conform to applicable specifications, drawings, samples and descriptions. If Seller is responsible for design of goods, Seller warrants that all goods delivered under this Order will be suitable for use by Buyer, including installation by Seller in its ultimate products. Buyer's written approval of designs furnished by Seller shall not relieve Seller of its obligations under this warranty. Seller shall be liable for all damages to Buyer, its customers, or any third parties incurred

as a result of any defect or breach of warranty in any item covered by this Order. The foregoing express warranties shall be in addition to any warranty customarily made by Seller of its product and any implied warranties and shall be construed as conditions as well as warranties. SELLER'S WARRANTY SHALL EXTEND FOR A PERIOD OF 36 MONTHS AFTER THE ITEM IS DELIVERED AND ACCEPTED BY BUYER AND APPLIED TO ITS INTENDED USE. Where Buyer incorporates the goods or services provided pursuant hereto into a product of Buyer's to be delivered to Buyer's customer, Seller's obligation under this clause shall be for the benefit of Buyer's customer and shall extend so that the warranty period is no less than one year from the time that the product of Buyer is put to its intended use by Buyer's customer.

10. **INSPECTION, AUDIT AND QUALITY CONTROL:** All goods, materials, and processes furnished under this Order by Seller to Buyer shall conform to the requirements of CCS Supplier Quality Manual and be subject to inspection and tests by Buyer, or representatives of the third party purchasing Buyer's product in which goods will be used ("User's Representative"). CCS Supplier Quality Manual is hereby incorporated by reference and made a part hereof, which a copy is available at <http://www.ccs.utc.com/ccs/en/worldwide/suppliers/>.

To the extent practicable, inspection may be made by Buyer, its agents or assigns at all times and places, including the period of manufacture and prior to acceptance. Additionally, an audit of Seller's premises and records for compliance with this section shall be permitted by Buyer or its designee at Buyer's request. Seller shall maintain applicable records as required by law or internal policy, but in no event for less than six (6) years. Seller shall provide and maintain inspection and quality control systems acceptable to Buyer and addressing the requirements listed in the CCS Supplier Quality Manual and as reasonably requested by Buyer. Records of all inspection work by both Buyer and Seller shall be kept intact and made available upon request to the other party during the performance of this Order and for six years (unless a longer period is agreed or required by law) following delivery under this Order. Seller will maintain a maximum return rate of 3% (or such other rate as may be communicated to Seller from time to time) for failure to meet the warranty set forth above, and a maximum failure rate of 0.25% within the first 30 days of entering service. Seller will not change the manufacturing process, raw materials or components without at least six months prior notice to Buyer. Upon the request of Buyer, Seller will provide comprehensive field return information for products sufficient to demonstrate ability to meet or exceed the return rates set forth above. If historical information is not available, Seller will provide other documentation as Buyer may request to demonstrate how the product will meet or exceed these quality requirements. Seller shall provide Buyer appropriate material certifications as described on the reverse hereof, including but not limited to, American Bureau of Shipping inspection Certificates, material, physical, and/or chemical analysis certifications, OSHA/WISHA Material Safety Data Sheets, and U.S. Coast Guard acceptance certifications.

11. **INDEMNITY AND INSURANCE:** Seller shall defend, indemnify and hold Buyer harmless from and against any and all damages, liability claims, losses and expenses (including without limitation, attorneys' fees and costs, incidental, consequential and/or special damages, including but not limited to lost profit and/or lost good will) arising out of, or resulting in any way from any defect in the goods or services purchased hereunder or from any act or omission of Seller, its agents, employees or subcontractors, including but not limited to injury or death to any person, damage to any property, or failure to timely perform or for any breach of this Order. Seller shall maintain such public liability insurance, including products liability, completed operations, contractors liability and protective liability, automobile liability insurance (including non-owned automobile liability) and Workmen's Compensation, and employer's liability insurance as will adequately protect Buyer against such damage, liabilities, claims, losses and expenses (including attorneys' fees) but in no event less than five million dollars (\$5M) per occurrence. Seller agrees to submit certificates of insurance, evidencing its insurance coverage when requested by Buyer.

12. **INFRINGEMENTS:** Seller warrants, represents and covenants that Buyer's purchase, installation, and/or use of the goods covered hereby will not result in claim of infringement, or actual infringement of any patent, trademark, copyright, franchise, or other intellectual property right anywhere in the world. Seller shall defend, indemnify and hold Buyer harmless from and against any and all claims, losses, expenses, damages, causes of action and liabilities of every kind and nature, including without limitation reasonable attorney's fees and costs (without waiver of Seller's obligation to indemnify Buyer under any other provision contained herein), arising from or out of any breach of the foregoing warranty. In the event of a claim of infringement or breach of the foregoing warranty, Seller shall, at its option and its expense: (1) procure for Buyer the right under such patent to use, as appropriate, such goods, or (2) replace such goods with an equivalent, non-infringing one, or (3) procure, or permit Buyer to procure, a third-party source of licensed or non-infringing product at a price no greater than the price of the goods sold hereunder.

13. **BUYER INTELLECTUAL PROPERTY:** Seller is responsible for the storage, protection, calibration, maintenance, care (other than normal wear), and replacement (if necessary) of all tooling and equipment owned by Buyer or used in the production of goods made by Seller for sale to Buyer. Said tooling or equipment shall be stamped or painted "Property of UTC", shall be stored separately when not in use, will be subject to surveillance inspection upon notice and shall be returned in an acceptable condition upon demand or notice. If this Order funds the development of any item; including without limitation any composition of matter, article of manufacture, machine, process, method, software program, or database; or results in any idea, invention, or work of authorship which may be subject to patent, copyright, trademark or trade secret protection; Seller agrees to assign all right, title and interest in and to said item, idea, invention or work of authorship to Buyer. Seller shall notify Buyer of the development of such item, idea, invention, or work of authorship and shall cooperate with and assist Buyer in every reasonable way to perfect its right, title and interest, such as by executing and delivering all additional documents reasonably requested by Buyer in order to perfect, register, and/or enforce the same, and Buyer shall reimburse Seller for reasonable costs incurred by Seller in providing such assistance.

14. **EXPORT/IMPORT COMPLIANCE:** Seller shall be solely responsible and liable for compliance with all local, state, and federal laws, rules, and regulations applicable to the manufacture, use, importation, exportation or the re-importation/re-exportation of the goods and/or services provided under this Order. Seller shall comply with all applicable import/export and customs control laws and regulations of the country having proper jurisdiction and, in particular, the United States of America for any goods and/or services provided under this Order. Seller shall provide Buyer with the export control classification number of its products and shall maintain export records for at least six (6) years.

15. **ADVERTISING:** No advertising or publicity having or containing any reference to Buyer or any of its staff members shall be made by Seller or Seller's agent unless Seller obtains written consent of Buyer.

16. **CONFIDENTIALITY:** All data and information not already in the public domain, developed or disclosed during the life of this Order, will be the property of the Buyer and will be classified in secrecy and confidence by the Seller. Seller will keep confidential all such data and information until it comes into the public domain or until Buyer consents in writing to disclosure.

17. **SUBCONTRACTS:** Seller shall not subcontract for complete or substantially complete parts of work called for by this Order without Buyer's prior written consent.

18. **SPECIAL U.S. GOVERNMENT PROVISIONS:** Not applicable unless otherwise noted on Buyer's Order.

19. **COMPLETE AGREEMENT: THE ORDER (INCLUDING ALL ATTACHMENTS AND DOCUMENTS INCORPORATED BY REFERENCE OR ATTACHED BY BUYER) SHALL CONSTITUTE THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND SHALL SUPERSEDE ALL PREVIOUS COMMUNICATIONS, ORDERS, AGREEMENTS, AND REPRESENTATIONS, EITHER ORAL OR WRITTEN, WITH RESPECT TO THE SUBJECT MATTER HEREOF, AND NO AGREEMENT OR UNDERSTANDING VARYING OR EXTENDING THIS ORDER SHALL BE BINDING UPON BUYER UNLESS IT SIGNS IN WRITING. ADDITIONAL TERMS AND CONDITIONS REGARDING TAXES, PACKAGING, PRODUCT REGULATORY COMPLIANCE, COMPLIANCE WITH LAWS, SECURITY AND CRISIS MANAGEMENT, CUSTOMS AND TRADE, DATA PRIVACY, AND PROVISIONS APPLICABLE TO PURCHASES IN EUROPE, MIDDLE EAST AND AFRICA (EMEA), ASIA OR THE UNITED STATES ARE AVAILABLE AT www.utcfireandsecurity.com AND ARE HEREBY INCORPORATED BY REFERENCE AND MADE A PART HEREOF.**

20. **Supplier Code of Ethics:** Supplier shall comply in all aspects, and take reasonable steps to ensure compliance by its subcontractors, with the principles set forth in United Technologies Code of Ethics located at: <http://ops.utc.com/onecompany/Documents/COC-UTC-Full-Version.pdf>.

21. **SEVERABILITY AND GOVERNING LAW:** In the event that any clause herein shall be deemed unenforceable by a court of law having jurisdiction, the clause shall be re-constructed by the court such that it retains as much of the original intent as possible without violating the law. All other provisions of the Agreement shall remain intact and shall be binding upon the parties. The parties expressly agree that this Order and any matter arising out of this Order shall be subject to the sole and exclusive jurisdiction and the laws of New York, United States of America without regard to its choice of laws provision.