



Contract Number:

This Supply Agreement ("Agreement") is entered into by and between Trane U.S. Inc. ("Buyer") and {Company Name} ("Supplier") as of {Effective Date} ("Effective Date").

Supplier agrees to sell to Buyer and Buyer agrees to buy from Supplier on a nonexclusive basis the Products in accordance with the terms and conditions stated herein. Upon written notice to Supplier, Buyer's authorized subcontractors shall have the ability to purchase, and Supplier shall sell to such authorized subcontractors, Products on behalf of Buyer pursuant to the terms of this Agreement.

- 1.1. **Products.** The Product(s) are the products set forth on Exhibit A.
- 1.2. **Price.** The price(s) for the Products are set forth on Exhibit A. All prices are fixed for the duration of this Agreement, unless a different period is specified elsewhere in this Agreement.
- 1.3. **Term.** This Agreement will commence on the Effective Date and, unless earlier terminated hereunder, will expire on {Original Expiration Date}.
- 1.4. **Conditions of Purchase.** All purchases made pursuant to this Agreement are subject to the provisions of the Supply Agreement Terms and Conditions ("Terms") attached hereto and incorporated herein by reference.
- 1.5. **Addresses for Notices.** Notices shall be furnished in accordance with Section 2.37 and delivered to the following addresses or such other addresses as either party may hereinafter designate by notice to the other:

IF TO TRANE

IF TO SUPPLIER

Address Line 1:

Address Line 1:

Address Line 2:

Address Line 2:

City, State, Zip:

City, State, Zip:

Phone:

Phone:

Fax:

Fax:

Email:

Email:

Attn:

Attn:



TRANE SUPPLY AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the last date written below, by their undersigned, duly authorized agents.

TRANE U.S. INC.

{COMPANY NAME}

By: _____

By: _____

Name:

Name:

Title:

Title:

Date: _____

Date: _____

Supply Agreement Terms & Conditions

- 2.1 **Acceptance and Terms and Conditions.** The purchase of the Products hereunder is conditioned upon these Terms. These Terms shall apply and are incorporated into every subsequent purchase order issued by Buyer ("Purchase Order"). No other terms or conditions including, without limitation, Supplier's standard printed terms and conditions, on Supplier's proposal, order acknowledgment, invoice or otherwise, will have any application to any purchase between Buyer and Supplier unless specifically accepted in writing by Buyer.
- 2.2 **Buyer's Commitment.** Unless otherwise specifically agreed to in writing by Buyer, Supplier shall not make material commitments or production arrangements in excess of the amount or in advance of the time necessary to meet Buyer's order. Supplier shall be solely responsible for managing its own inventory with respect to Products purchased and sold hereunder.
- 2.3 **Pricing.** Unless otherwise specified in a Purchase Order, prices for Products are in U.S. dollars. No charges or price increases of any kind shall be allowed unless specifically agreed to by Buyer in writing. Any applicable sales, use or Federal excise taxes shall be shown separately on the invoice. Supplier warrants that it is selling at the lowest or most favorable prices that it offers to other buyers for Products of the same quality to that herein. If during the term of the Supply Agreement, Buyer receives a bona fide offer from another supplier to supply any Product at a price below that in effect for the Products purchased under the Supply Agreement and Buyer presents reasonable evidence to Supplier that Supplier will meet the price for the Product for the duration of the Supply Agreement or, if Supplier fails to meet such price, then Buyer shall have the right to purchase the Product from the other supplier, as well as the right, but not the obligation, to terminate the Supply Agreement without liability other than to pay for Products ordered by Buyer prior to termination that are subsequently delivered by Supplier in accordance with the Supply Agreement.
- 2.4 **Termination for Convenience.** In addition to any rights under the Supply Agreement, Buyer reserves the right to cancel all or any part of the Supply Agreement or a Purchase Order for Buyer's convenience by written notice to Supplier. In the event of such termination, Supplier shall immediately stop all work hereunder, and shall immediately cause any of its suppliers or subcontractors to cease such work. Upon such termination for convenience, Buyer shall not incur any further cost or liability to Supplier except for Products delivered previously pursuant to the Supply Agreement.
- 2.5 **Termination for Cause.** Should Supplier (i) (a) become insolvent, (b) become unable to pay its debts as they mature, (c) make a general assignment for the benefit of creditors, (d) come under a suspension of payments, (e) have a receiver appointed for the whole or any substantial part of its assets or (f) become in any way the subject of a bankruptcy petition, (ii) have a change in ownership or management such that a competitor of Buyer gains an ownership or controlling interest in Supplier, and/or (iii) materially default in the performance of any provision of the Supply Agreement or any Purchase Order thereunder, Buyer may in its discretion terminate the Supply Agreement (in whole or in part) and/or any Purchase Order for "cause" by giving Supplier seven (7) days prior written notice thereof. In the event Supplier, within the seven (7) days following said notice from Buyer, corrects the cause giving rise to the notice to the satisfaction of Buyer, in Buyer's sole discretion, the cause of termination shall be deemed void and the Supply Agreement shall continue in effect. In the event Buyer terminates the Supply Agreement or any Purchase Order pursuant to this Section 2.5, Supplier shall immediately stop all work hereunder, and shall immediately cause any of its suppliers or subcontractors to cease such work, and Buyer shall have all rights and remedies available under law and equity. In the event of termination for cause, Buyer may produce or purchase or otherwise acquire the Products (or parts thereof) elsewhere on such terms or in such manner as Buyer may deem appropriate, and Supplier shall be liable to Buyer for any excess cost or other expenses incurred by Buyer. Buyer may notify Supplier that all right, title, and interest in and to all or any portion of materials acquired by Supplier for the performance of the Supply Agreement, work-in-process, and/or completed Products specified in such notice, shall pass immediately to Buyer upon payment therefor.
- 2.6 **Inspections.** Buyer shall have the right to reject any nonconforming Products and Supplier shall assume title and risk of loss of all nonconforming Product and shall promptly reimburse Buyer for all costs incurred by Buyer as a result of such rejection of nonconforming Products. Payment for Products delivered or inspection by Buyer shall not constitute acceptance of the Products and shall not relieve Supplier of its warranty or other obligations hereunder.
- 2.7 **Warranties.** Supplier warrants that all Products sold to Buyer will be (i) free of any claim of any nature by any third person and that Supplier shall convey clear title to Products to Buyer, (ii) of merchantable quality free from all defects in design, workmanship and materials, and shall be fit for the particular purposes for which they are purchased, (iii) in compliance with all applicable laws, rules and regulations, and (iv) manufactured and provided in strict accordance with the specifications, designs, drawings, or other requirements, including performance specifications. Supplier's warranties shall extend for a time period equal to timeframe extended by Buyer to its customers for units in which the Products are used ("Buyer's Units"). The warranties contained in this Section 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 the Supply Agreement or by law. Any attempt by Supplier to limit, disclaim or restrict any such warranties or remedies of Buyer, in any manner whatsoever shall be null, void, and ineffective. Inspection, test, acceptance, or use of the Products in Buyer's Units shall not affect the Supplier's obligation under Seller's warranties and shall survive inspection, test, acceptance, and/or use. Upon notice from Buyer that Product failed within the warranty timeframe, in addition to any rights or remedies Buyer may have under the Supply Agreement or at law, Supplier shall reimburse Buyer for all direct or indirect costs incurred by Buyer as result of such failure including all repair and replacement costs and Supplier shall replace such defective Products at no cost to Buyer. Warranty failures shall be returned to Supplier at Supplier's expense and at Buyer's discretion. This provision shall survive termination or expiration of any Purchase Order or the Supply Agreement.
- 2.8 **Supplier Changes.** Supplier shall not make any changes in the specifications, physical composition of, or processes used to manufacture the Products hereunder without Buyer's prior written consent.
- 2.9 **Assignment.** Unless Buyer has provided prior written consent, any partial or complete assignment by Supplier of right(s) or delegation of obligation(s) hereunder, including subcontracting, shall be void. Notwithstanding any permitted assignment, such assignment shall not relieve Supplier of its obligations and liabilities hereunder.
- 2.10 **Confidentiality.** Supplier will keep all Buyer information confidential. This provision shall survive termination or expiration of the Supply Agreement and any Purchase Orders.

- 2.11 **Delivery and Delays.** Specific requirements regarding delivery, packaging of Products shall be detailed in a Purchase Order and/or within the Supply Agreement. Delivery is not complete until Products have been actually received and accepted by Buyer as set forth herein. Except for delays caused by Buyer or a Force Majeure event (as defined herein), TIME IS OF THE ESSENCE WITH RESPECT TO DELIVERY UNDER THESE TERMS. If, for any reason, Supplier anticipates difficulty in complying with a required delivery date or meeting any other requirements of a Purchase Order, Supplier shall immediately notify Buyer in writing, providing details of the anticipated difficulty in complying. If Supplier does not comply with Buyer's delivery requirements, in addition to such other rights and remedies it may have, Buyer may, in its sole discretion, (i) require delivery by the fastest way to meet the delivery dates in any Purchase Order or release at the sole expense of Supplier, (ii) submit a revised Purchase Order or release, or (iii) terminate any Purchase Order or release without liability to Supplier. Supplier shall be liable to Buyer for all reasonable costs incurred by Buyer. This provision shall survive termination or expiration of any Purchase Order or the Supply Agreement.
- 2.12 **Indemnification.** Supplier shall indemnify, defend and hold Buyer, and its officers, directors, employees and agents (collectively the "Indemnitees") harmless from and against any and all damages, claims, losses, expenses, costs, obligations, liabilities, including without limiting the generality of the foregoing, liabilities for attorney's fees, suffered directly or indirectly by an Indemnitee by reason of, or arising out of (i) any breach of any representation or warranty made by Supplier, (ii) any failure by Supplier to perform or fulfill any of its covenants or acts or omissions, or (iii) any litigation, proceeding or claim by any third party relating in any way to the obligations of Supplier. Supplier shall not consummate any settlement without the Indemnitee's prior written consent. Supplier's obligation to indemnify Indemnitees will continue in full force and effect notwithstanding the termination or expiration of any Purchase Order or the Supply Agreement. In any claim against an Indemnitee by an employee of Supplier or any subcontractor or anyone directly or indirectly employed by any of them or anyone for whose acts they may be liable, the indemnification obligations set forth in this Section shall not be limited in any way by or for Supplier or any subcontractor under any applicable worker's compensation act, disability or other employee benefit act. This provision shall survive termination or expiration of any Purchase Order or the Supply Agreement.
- 2.13 **Intellectual Property Indemnity.** Supplier warrants that the Products shall be free of the claim of any person arising from patent, copyright, trademark or trade secret infringement and shall hold Buyer harmless from and defend Buyer against any such claim or demand and damages, including attorneys fees and expenses, in connection therewith.
- 2.14 **Use of Name; Advertising.** Supplier shall not use Buyer's name, logo, trademark or any other proprietary information for any purpose whatsoever, including but not limited to any advertising and press releases, without the prior written approval of Buyer. This provision shall survive termination or expiration of any Purchase Order or the Supply Agreement.
- 2.15 **Liens.** Supplier shall pay for all labor, services, materials, equipment, parts, and other expenses incurred by it in connection with meeting Supplier's obligations, and shall indemnify and defend and hold Buyer harmless against all claims and liens arising out of Supplier's unpaid accounts. This provision shall survive termination or expiration of any Purchase Order or the Supply Agreement.
- 2.16 **Ethical Business Conduct.** Buyer is committed to a policy of fair, honest and ethical business practices and conduct, and to full compliance with all applicable laws and government regulations, and Supplier hereby agrees to and accepts the foregoing policy as a governing principle of the purchase relationship. Buyer prohibits its employees from using their positions for personal financial gain, or from accepting any personal advantage from anyone under circumstances which might reasonably be interpreted as an attempt to influence the recipients in the conduct of their official duties. Supplier and its employees shall not, under circumstances which might reasonably be interpreted as an attempt to influence the recipients in the conduct of their duties, extend any gratuity or special favor to employees of Buyer.
- 2.17 **Freight Terms.** Unless otherwise agreed in writing by the parties, freight terms shall be F.O.B. Supplier.
- 2.18 **Certifications.** From time to time, at Buyer's request, Supplier shall provide certificates to Buyer relating to any applicable legal requirements, in each case in form and substance satisfactory to Buyer.
- 2.19 **Foreign Purchases.** Supplier agrees that Buyer will not be a party to the importation of the Products, that the transaction(s) represented by this PO will be consummated subsequent to importation, and that Supplier will neither cause nor permit Buyer's name to be shown as "importer of record" on any customs declaration and that Supplier will comply with all applicable laws, rules and regulations governing foreign purchases and importation.
- 2.20 **Invoices.** All invoices or receiving documentation must contain the following information: Control number, PO number, Product or item number, description of each Product or item, sizes, quantities, and unit prices and any other information as requested by Buyer.
- 2.21 **Force Majeure.** Delay or non-performance of any obligation herein shall be excused if the cause of the delay is beyond the control of the party seeking to be excused from performance, is not attributable to such party's negligence, and could not have been avoided or overcome. The non-performing party will notify the other party as soon as possible and will use its best efforts to remedy the non-performance. Supplier's ability to sell the Products at a more advantageous price or an increase in Supplier's production costs shall not constitute an event of Force Majeure.
- 2.22 **Buyer's Property.** All tools, gauges, dies, fixtures, and patterns furnished by Buyer or which Buyer specifically authorizes Supplier to acquire for work on Buyer's behalf ("Buyer's Property") shall be the property of Buyer. Buyer's Property shall be listed and maintained in suitable condition to do the work by and at the expense of Supplier, and returned to Buyer at any time upon request, F.O.B. Supplier's plant. Supplier shall: maintain insurance on Buyer's Property in an amount equal to the replacement cost thereof, with loss payable to Buyer; name Buyer as a loss payee; and furnish a certificate of insurance evidencing such insurance to Buyer if Buyer so requests.
- 2.23 **Set-Off.** Buyer, including any component of Buyer or any of its affiliated companies, shall have the right at all times to set off any amount owing to or from Supplier under the Supply Agreement, any Purchase Order, or pursuant to any other agreement between Buyer and Supplier.
- 2.24 **Insurance.** Supplier shall provide and maintain throughout the term of this Agreement inclusive of any warranty obligations the following insurance: (a) **Workers Compensation:** Statutory in accordance with the state in which the services are being performed. (b) **Employers Liability** in the amount of \$1,000,000 each occurrence. (c) **Commercial General Liability** with limits of \$1,000,000 each occurrence, \$2,000,000 aggregate, for bodily injury and property damage combined. Policy will include the following coverage features (1) blanket contractual liability, (2) Products, (3) completed operations, and (4) independent contractors coverage (d) **Automobile Liability** with limits of \$2,000,000 each occurrence for bodily injury and

- property damage combined. Coverage will include "owned," "hired" and "non owned" automobiles. (e) **Umbrella or Excess Liability** with limits of \$5,000,000 each occurrence and aggregate for bodily injury and property damage. Policy must be "following form" to all primary policies listed above with the exception of Workers Compensation. 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 and its directors and officers) and its insurers will be provided in favor of Trane U.S. Inc. All policies with the exception of Workers Compensation will identify Buyer as an additional insured. Supplier's insurance will be primary and noncontributory to that maintained by Buyer.
- 2.25 **Quality Improvement**. (a) Supplier agrees that its warranties for quality include its express warranty that all goods shall comply strictly and completely with Buyer's Quality Standards, as herein defined, including, but not limited to, Buyer's Global Supplier Quality Manual (GSQM), additional quality assurance procedures for particular goods separately prescribed by Buyer and any revisions to such procedures or manuals, or its successors (collectively, the "Quality Standards"). Buyer alone shall decide whether the Quality Standards are being met. Supplier shall, in accordance with the Quality Standards, provide, maintain and enforce all measures necessary to secure the quality of goods and the manufacturing process thereof, including but not limited to quality control standards, inspection standards and specifications. (b) Supplier will provide and maintain a Supplier Quality Assurance System that meets Buyer requirements and is approved by Buyer. Buyer may audit Supplier's Quality Assurance System, production process, and material destined for Buyer. In the event an audit is conducted, Buyer will advise Supplier of the result and will provide such instructions or recommendations when Buyer determines it to be necessary to improve Supplier's Quality Assurance System. Supplier shall promptly develop and submit to Buyer a plan to implement necessary measures of improvement according to the foregoing recommendations, and keep Buyer advised thereafter of the status and effectiveness of the implemented measures. (c) Upon Buyer's request, Supplier shall deliver to Buyer data, records and other materials to evidence Supplier's testing, inspection and other quality assurance actions. Buyer may (i) inspect the goods and/or work in process on the goods and (ii) conduct quality control measures and tests at Supplier's or any sub-supplier's premises. Without cost to Buyer, Supplier shall provide facilities and assistance for Buyer inspections, tests and measures. Buyer shall not be liable for any reduction in value of samples used, nor shall any goods rejected be submitted to Buyer.
- 2.26 **Buyer's Changes**. Buyer shall have the right to request changes of any kind to any Purchase Order or release. If such requested change causes a material increase or decrease in Supplier's costs required to perform Buyer's requested change, Supplier shall immediately notify Buyer in writing, furnish to Buyer sufficient supporting documentation of such material increase or decrease, and the related Purchase Order and/or the Supply Agreement shall be modified accordingly. Supplier shall not implement such change request until such time as resolution of any adjustment occurs.
- 2.27 **Waiver**. The Supply Agreement and any Purchase Orders cannot be rescinded, modified or waived except in writing, signed by an authorized representative of the party to be charged.
- 2.28 **Governing Law**. These terms and any purchase between Buyer and Supplier shall be construed and enforced according to the laws of the State of New York excluding its "choice of law" or "conflict of law" rules.
- 2.29 **Equal Employment Opportunity**. Buyer is a federal contractor that complies fully with Executive Order 11246, as amended, and the applicable regulations contained in 41 C.F.R. Parts 60-1 through 60-60, 29 U.S.C. Section 793 and the applicable regulations contained in 41 C.F.R. Part 60-741; and 38 U.S.C. Section 4212 and the applicable regulations contained in 41 C.F.R. Part 60-250. The following provisions are incorporated herein by reference: Executive Order 11246 and the Equal Employment Opportunity clause, section 60-4.3(a) of 41 CFR, concerning equal opportunity obligations of federal contractors and subcontractors; Executive Order 11701 and the Affirmative Action clause, section 60-250.4 of 41 CFR, concerning affirmative action obligations of federal contractors and subcontractors; Executive Order 11758 and the Affirmative Action clause, section 60-741.4 of 41 CFR, concerning affirmative action obligations for handicapped workers of federal contractors and subcontractors; U.S. immigration laws, including the L-1 Visa (Intercompany Transferee) Reform Act of 2004 (the "L-1 Reform Act") and the H-1B Visa Reform Act of 2004 (the "H-1B Reform Act"); and Executive Order 13201 and section 29 CFR 470, regarding the notice of employee rights concerning union dues and fees.
- 2.30 **Payment Terms**. Payment terms shall be Net 75 days from date of invoice with individual shipment billing by location. Buyer may, at Buyer's option, make payment by bank transfer payable to a designated EFT or wire address, with Supplier solely responsible for any fees or charges associated with this form of payment.
- 2.31 **Design and Manufacturing Rights**. Supplier agrees that, where Supplier undertakes activity of a research, development and/or design nature using information provided by Buyer, Buyer shall own all rights in any resulting work product, including without limitation all know-how, trade secrets and copyrights, and Supplier shall take all necessary steps to ensure that Buyer obtains full legal title in and to said rights, including executing an assignment of rights document prepared by Buyer.
- 2.32 **Spare Parts**. Supplier agrees to furnish functional components for a period of ten (10) years from end of the term of the Supply Agreement at the lowest price at which Supplier sells such parts. Supplier shall not sell Trane branded parts, for use on branded Product, to any other entity.
- 2.33 **Compliance with Laws**. Supplier represents and warrants that the Products shall comply with all applicable laws, rules and regulations. Supplier warrants that all Products supplied to Buyer shall comply with, and Supplier agrees to be bound by, all applicable foreign, United States federal, state and local laws, orders, rules, regulations, guidelines, standards, limitations, controls, prohibitions, or other requirements which are contained in, issued under, or otherwise adopted pursuant to such laws.
- 2.34 **Neutral Interpretation**. The form of this Supply Agreement has been prepared initially by Buyer. However, the parties acknowledge that this is a negotiated agreement and, in the event of any dispute over its meaning or application, this Supply Agreement shall be interpreted fairly and reasonably and neither more strongly for, nor more strongly against, either party.
- 2.35 **Signatures in Counterpart**. This Supply Agreement may be executed in several counterparts, each of which when executed shall be deemed to be an original, but all together shall constitute but one and the same agreement. A facsimile copy hereof shall suffice as an original.
- 2.36 **Complete Agreement**. This Supply Agreement, which includes any documents incorporated herein by reference, and Purchase Orders issued hereunder, and the Exhibits and Terms, sets forth the full and complete agreement of the parties regarding the purchase and sale of Products and supersedes any and all prior or contemporaneous proposals, agreements, understandings, representations, statements and courses of conduct between the parties regarding the Products made prior to the execution of this Agreement.



2.37 **Notices and Change of Address.** All notices to be given by either party to the other shall be in writing and may be delivered in person, or may be sent by receipted courier, facsimile transmission, express mail, e-mail, or postage prepaid certified or registered mail, and addressed to the party for whom it is intended to the addresses set forth in Section 1.5. Notices are deemed delivered or given and become effective upon mailing if mailed as aforesaid and upon actual receipt if otherwise delivered. All notices or other communications under this Agreement shall be in writing and may be delivered in person, or may be sent by receipted courier, facsimile transmission, 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 this Agreement. Either party may change its address for notice by giving written notice to the other party of the change. Any notice or other communication shall be deemed given no later than the date actually received. Notice by courier, express mail, certified mail, or registered mail shall be deemed given on the date it is officially recorded as delivered by return receipt or equivalent and, in the absence of such record of delivery, it shall be rebuttably presumed to have been delivered on the third business day after it was deposited, first-class postage prepaid, in the mails. Notices sent by fax or e-mail require tangible confirmation of receipt from the addressee.



TRANE SUPPLY AGREEMENT

EXHIBIT A

PRODUCTS	PRICE