

PURCHASE ORDER TERMS AND CONDITIONS



1 TERMS AND CONDITIONS

UNLESS THIS ORDER ("ORDER") IS ISSUED PURSUANT TO AN EXECUTED PROCUREMENT AGREEMENT BETWEEN FILTRATION GROUP CORPORATION, OR THE FG ENTITY ISSUING THE ORDER ("FG") AND THE PERSON OR ENTITY IDENTIFIED AS SELLER ("SELLER"), THIS ORDER AND ANY ATTACHMENTS ARE THE SOLE AGREEMENT BETWEEN FG AND SELLER WITH RESPECT TO THE GOODS ("GOODS") AND/OR SERVICES ("SERVICES") SPECIFIED HEREIN. NO OTHER DOCUMENTS, INCLUDING SELLER'S PROPOSALS, INVOICES, QUOTATIONS OR ACKNOWLEDGEMENTS BECOME PART OF THIS ORDER UNLESS APPROVED IN WRITING BY AN EXECUTIVE OF FG. ALL TERMS IN SUCH SELLER DOCUMENTS ARE HEREBY EXPRESSLY REJECTED BY FG UNLESS EXPRESSLY APPROVED IN WRITING BY AN EXECUTIVE OF FG. NO WAIVER OF A TERM OR CONDITION OR MODIFICATION OF THIS ORDER SHALL BE BINDING ON EITHER PARTY UNLESS IN WRITING AND SIGNED BY AUTHORIZED REPRESENTATIVE OF EACH PARTY.

2 PRICES/TAXES, PAYMENT TERMS AND ACCEPTANCE

2.1 Price. If pricing is not stated on this Order or in an executed procurement agreement, then Seller's pricing shall not exceed the lowest prices charged by Seller to other similarly situated customers. Except as otherwise provided in this Order, such prices are inclusive of applicable value added tax and other similar taxes (collectively "VAT"), freight charges and duties. Unless stated otherwise in an executed procurement agreement, all prices shall remain firm for a minimum of one year. No price change shall be effective unless agreed to in writing by FG. Upon request by FG, Seller's Chief Financial Officer shall provide confirmation to FG that Seller is complying with the first sentence of this provision. In no event shall Seller rely on force majeure or any other similar concept to change pricing to FG or fail to meet its commitments under this provision.

2.2 Taxes. FG shall be responsible for all taxes with respect to payments made under this Order to the extent such taxes are included in the price. FG shall not be responsible for any taxes measured by Seller's net income or taxes imposed through withholding. A) Withholding Taxes. If FG is required by law to withhold and remit tax relating to an Order, FG shall be entitled to reduce the payment by the amount of such tax. B) U.S. Sales and Use Tax. For U.S. purposes, and notwithstanding any language to the contrary above, prices are exclusive of Sales and Use Tax. Such taxes, if applicable, shall be added separately in Seller's invoice, and FG shall remit such taxes to Seller. Seller will not invoice or otherwise attempt to collect from FG any taxes with respect to which FG has provided Seller with (i) a valid resale or exemption certificate, (ii) evidence of direct payment authority, or (iii) other evidence, reasonably acceptable to Seller, that such taxes do not apply.

2.3 Payment Terms. FG will initiate payment for valid invoices collected sixty (60) days following the date FG receives the invoice. Any agreed-upon prompt payment discount will be calculated from the date a valid invoice is received by FG. Payment will be in U.S. currency unless otherwise stated in the Order. Payment will not constitute acceptance of Goods and/or Services or impair FG's right to inspect. Acceptance shall be when FG deems the Goods and/or Services to meet FG criteria ("Acceptance"). FG, at its option, and without prior notice to Seller, shall have the right to settle off or deduct from any Seller invoice, any credits, refunds or claims of any kind due to FG.

2.4 Invoicing. Where allowed under the relevant laws, Seller shall invoice FG electronically, at Seller's sole expense. Otherwise, hard copy invoices are required. If VAT or U.S. Sales and Use taxes are applicable, Seller will separately state such taxes on Seller's invoice to FG. Seller shall also ensure that its invoices to FG (whether electronically or otherwise) meet the requirements for deduction of VAT by FG, where applicable. Seller shall submit invoices and required information as directed by FG. FG may utilize contractors to facilitate FG's order processing. Such use may entail disclosure or Seller information.

3 SHIPMENT, DELIVERY AND IMPORT/EXPORT

3.1 Late Delivery. Seller shall give FG prompt notice of any prospective failure to ship Goods or provide Services on the delivery date specified by FG (the "Delivery Date").

3.2 Portion of Goods/Services Available. If only a portion of Goods and/or Services is available for shipment or performance to meet the Delivery Date, Seller shall promptly notify FG and proceed unless otherwise directed by FG. Seller shall be responsible for any cost increase in the shipment of Goods due to its failure to meet the Delivery Date and/or if such method does not comply with FG's shipping instructions.

3.3 Non-Compliant Delivery. Overshipments and/or early deliveries may be returned at Seller's sole expense, or FG may delay processing the early delivery invoice until the Delivery Date.

4 CHANGES

4.1 Change or Cancellation. FG may, without charge, change or cancel any portion of this Order including, without limitation, quantity required, FG designs or specifications prior to shipment provided FG gives Seller notice. If FG changes or cancels any portion of this Order as provided above, Seller shall provide FG with a written claim for adjustment prior to shipment which contemplates Seller's actual costs incurred as a direct result of such change or cancellation which are not recoverable by either: (i) the sale of Goods or provision of Services to other parties within a reasonable time or (ii) the exercise by Seller, in a commercially reasonable manner, of other mitigation measures. If the parties are unable to agree on the adjustment amount, FG may, without any liability to Seller, terminate this Order as to all Goods and/or Services affected.

4.2 No Process or Design Changes. Seller shall not make any process or design changes affecting Goods or Services without FG's prior written consent.

4.3 Forecasts. Any forecasts provided by FG shall not constitute a commitment of any type by FG.

4.4 Discontinuance of Goods. Seller shall provide at least twelve (12) months written notice to FG prior to Seller's discontinuance of manufacturing any Goods. Such notice shall include, at a minimum, FG part numbers, substitutions, and last date that orders will be accepted for such Goods.

5 QUALITY AND CONTINUOUS IMPROVEMENT

Quality System. Seller shall maintain a quality system that ensures compliance that all Goods and/or Services set forth in this Order, or otherwise supplied to FG, will meet the standards specified in Seller's quality system. If requested, Seller shall provide FG with a copy of Seller's quality system and supporting test documentation.

5.2 Continuous Improvement. Seller shall diligently and continuously strive to improve its performance in all areas, including but not limited to quality, delivery time, and pricing. Seller shall continuously evaluate opportunities for cost/price reductions on the Goods and Services and communicate them promptly to Buyer. In the event that implementation of any improvements leads to cost reductions in the development, manufacture, and supply of Goods or Services, such cost reductions shall be shared with Buyer.

6 WARRANTY

6.1 Warranties. Seller warrants that all Goods will (i) be manufactured, processed, and assembled by Seller or its authorized subcontractors; (ii) be free from defects in design, material and workmanship; (iii) conform to FG's specifications and any requirements and certifications regarding any rules, regulations or laws pursuant to the return of hazardous material; (iv) be new and contain first-quality components and parts; (v) be free and clear of all liens, encumbrances, restrictions, and claims against title or ownership; and (vi) not infringe any patent, trademark, copyright or other intellectual property right of a third party, and (vii) all Services will be performed in a professional manner.

6.2 Survival of Warranties. Except for non-infringement in Section 6.1 (vi), above which shall survive indefinitely, all other warranties specified herein shall: (i) survive any inspection, delivery, Acceptance, or payment by FG (ii) be in effect for the longer of Seller's normal warranty period or the one (1) year period following the date of Acceptance of the Goods and/or Services by FG and (iii) extend to FG and its successors, assigns, and customers.

6.3 Epidemic Failure Warranty. Seller warrants all Goods against Epidemic Failure for a period of three years after FG's Acceptance. Epidemic Failure means the occurrence of the same failure, defect, or non-conformity with an Order in 1% or more of Goods within any three-month period.

6.4 FG's Right to Inspect. FG may, at any time, inspect the Goods and associated manufacturing processes, at Seller's plant or subcontractor's plant. Seller will inform its vendors and subcontractors of FG's right to inspect and shall secure that right for FG if necessary.

7 NON-COMPLYING GOODS AND/OR SERVICES

7.1 Non-Compliance. Any Goods or Services that are not in conformity with the requirements of an Order ("Non-Complying Goods" and "Non-Complying Services", respectively), may be returned at FG's option at Seller's risk and expense. FG may procure similar Goods or Services in substitution for the Non-Complying Goods or Services, and Seller shall refund the cost of the Non-Complying Goods and Service and reimburse FG upon demand for all additional costs incurred by FG.

7.2 Epidemic Failure Remedy. If an Epidemic Failure occurs, all costs, including but not limited to, replacement Goods, parts, upgrades, materials, labor, transportation and inventory replacement arising from the Epidemic Failure shall be borne by Seller, regardless of whether FG initiates a field stocking recall or customer based recall or retrofit, including Goods in distributor inventory and FG's installed base. Seller, at its expense, will ensure that such Goods, parts or upgrades have the highest shipping priority. FG reserves the right to procure, upon terms it deems appropriate, similar goods to substitute the affected Goods, and Seller shall promptly reimburse FG for all costs, charges, prices and fees paid in purchasing the substitute goods.

8 DEFAULT

8.1 If Seller fails to perform or breaches any provision of this Order, or any other order or agreement with FG, FG may terminate the whole or any part of this Order, unless Seller cures the breach within ten (10) business days after receipt of FG's notice of breach. The term "breach" shall include, without limitation, any: (i) proceeding, whether voluntary or involuntary, in bankruptcy or insolvency by or against Seller; (ii) appointment, with or without Seller's consent, of a receiver or an assignee for the benefit of creditors; (iii) failure to provide FG with reasonable assurances of performance on FG's request; or (iv) other failure to comply with this Order. In the event that FG terminates this Order in whole or in part as provided in Section 7.1, FG may procure, Goods or Services similar to the Goods or Services as to which this Order is terminated. Seller shall reimburse FG upon demand for all additional costs incurred.

9 INDEMNIFICATION, INSURANCE, AND CONFIDENTIAL INFORMATION

9.1 General Indemnification. Seller agrees to protect, defend, indemnify and save FG harmless from all sums, costs and expenses as a result of any and all loss, expense, damage, liability, claims, demands, either at law or in equity, resulting from any personal injury or death, or damages to property resulting directly or indirectly from the performance of Seller hereunder.

9.2 Intellectual Property Indemnification. Seller agrees to defend, indemnify, and hold harmless FG and its affiliates, subsidiaries, assigns, agents, subcontractors, distributors and customers (collectively "Indemnitees") from and against all claims, losses, demands, fees, damages, liabilities, costs, expenses, obligations, causes of action, suits, or injuries, of any kind or nature, arising from: (i) any claim that Seller's Goods or Services, or the use, sale or importation of them, infringes any intellectual property right. Without limiting the foregoing, Seller will pay all costs, damages and expenses (including reasonable attorneys' fees) incurred by FG and/or its Indemnitees and will pay any award with respect to any such claim or agreed to in settlement of that claim.

9.3 Infringing Goods or Services. If the use of any Goods or Services is enjoined (collectively, "Infringing Goods"), Seller shall at its expense procure the right for FG to continue using or receiving the Infringing Goods. If Seller is unable to do so, Seller shall at its expense (and at Indemnitees' option): (i) replace the Infringing Goods with non-infringing Goods or Services of equivalent form, function and performance; or (ii) modify the Infringing Goods to be non-infringing without detracting from form, function or performance; or (iii) if unable to replace or modify the Infringing Goods, refund in full all monies paid by FG for the Infringing Goods and pay all reasonable costs incurred by FG in replacing the Infringing Goods.

9.4 Removal of FG's Trademarks. Seller shall remove from all Goods rejected, returned or not purchased by FG, FG's name and any of FG's trademarks, trade names, insignia, part numbers, symbols, and decorative designs, prior to any other sale, use, or disposition of such Goods by Seller.

9.5 Insurance. During the performance of this Order, Seller will maintain in full force and effect, at Seller's expense, Workers' Compensation insurance as required by law or regulation, having jurisdiction over Seller's employees. If Workers' Compensation is through a Social Scheme, which is any compulsory insurance program administered and enforced by government, Seller agrees to be in full compliance with such laws. Employer's Liability insurance in amounts not less than the local currency equivalent of U.S. \$1,000,000. Where permitted by law, such policies will contain a waiver of the insurer's subrogation rights against FG. In addition, Seller shall maintain, at its expense, a Comprehensive General Liability insurance policy covering claims of bodily injury, including death, products and completed operations, contractual liability, and property damage that may arise out of use of the Goods or acts of omission of Seller under this Order, and containing such other provisions as may be required by FG. Such policy or policies shall provide a coverage minimum of U.S. \$1,000,000 per occurrence. Each policy shall name FG, its officers, directors, and employees as additional insureds. All such policies shall provide that the coverage thereunder shall not be terminable without at least thirty (30) days prior written notice to FG. Upon demand by FG, Seller shall promptly supply FG with certificates of insurance of such policies. In no event will the coverage or limits of any insurance maintained by Seller under this Order, or the lack or unavailability of any other insurance, limit or diminish in any way Seller's obligations or liability to FG hereunder.

9.6 Confidential Information and Publicity. This section shall apply unless Seller has a separate written confidentiality agreement in place with FG that covers the same subject matter as this agreement. "Confidential Information" includes all information designated by FG as confidential, the existence and the terms and conditions of this Order, and including but not limited to, all information or data concerning the Goods and/or Services, general business plans, customers, costs, forecasts, and profits. Except as required for Seller's performance of this Order, Seller shall not use or disclose any Confidential Information obtained from FG or otherwise prepared or discovered by either Seller or FG and shall protect the confidentiality of Confidential Information with the same degree of care as Seller uses for its own similar information, but no less than reasonable care. Publicity. Seller shall not make or authorize any news release, advertisement, or other disclosure to any third party which shall deny or confirm the existence of this Order or reveal the terms of this Order without prior written consent of FG.

9.7 Personal Data. Seller agrees to comply with all applicable export and personal data protection laws, regulations and rules when collecting, storing, transferring, sharing and/or otherwise processing any Personal Data in connection with this Order. "Personal Data" shall mean any information related to any identified or identifiable natural or legal person, including but not limited to FG employees and customers, and any other additional data deemed as personal data under any applicable personal data protection laws. Unless expressly agreed otherwise, any FG employee or customer Personal Data FG discloses to Seller may only be used by Seller to perform its obligation under this Order, and must not be sold, rented or leased to anyone.

10 GOVERNMENTAL COMPLIANCE

10.1 General. Seller will at all times comply with all federal, state, local and foreign laws, rules and regulations applicable to its obligations under this Order and, if applicable its manufacture of Goods. Seller shall furnish to FG all information required to enable FG to comply with such laws, rules, and regulations in its use of the Goods and Services or reasonably requested.

11 TOXIC SUBSTANCES AND MATERIAL DATA SAFETY SHEETS

11.1 Chemical Substances. Seller warrants that: (i) each chemical substance contained in Goods is on the inventory of chemical substances compiled and published by the Environmental Protection Agency pursuant to the Toxic Substances Control Act and (ii) all Material Safety Data Sheets required to be provided by Seller for Goods shall be provided to FG prior to shipment of the Goods and shall be complete and accurate.

12 MISCELLANEOUS.

12.1 No Assignment. Seller shall not delegate or assign its rights or obligation without FG's prior written consent. Any attempted delegation or assignment by Seller without such consent shall be void.

12.2 Choice of Law. This Order shall be interpreted and governed by the domestic laws of the state of Delaware or the province or country where the Goods or Services are delivered or performed.

12.3 LIMITATION OF LIABILITY. TO THE EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT WILL FG, INCLUDING ITS SUBSIDIARIES, BE LIABLE FOR ANY LOST REVENUES, LOST PROFITS, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES. IN NO EVENT SHALL FG'S LIABILITY EXCEED THE AMOUNTS PAID BY FG TO SELLER IN THE SIX MONTHS PRIOR TO THE CLAIM.

12.4 Non-Restrictive Relationship. FG shall not be precluded from independently developing, acquiring from other third parties, distributing or marketing other Goods or Services which may perform the same or similar functions as the Goods or Services provided under this Order.