

Terms and Conditions of Purchase

of Heimbach Filtration GmbH

I.

Scope

- (1) The following Terms and Conditions of Purchase of Heimbach Filtration GmbH as well as of Fa. Heimbach GmbH (hereinafter referred to as the “Purchaser”) shall apply exclusively and shall form an integral part of each and every purchase order. All agreements made between the parties regarding the performance of this Contract are set forth in writing in this Contract. Any terms and conditions of sale and delivery of the Supplier that contradict and conflict with the present Terms and Conditions of Purchase shall not form a part of the Contract, except as expressly agreed in writing by the parties in an individual case. These Terms and Conditions of Purchase shall also apply where the Purchaser, having knowledge of contrary terms and conditions of the Supplier, accepts the goods without reservation.
- (2) In cases involving master agreements, the Terms and Conditions of the Purchaser, as from time to time in effect, shall apply with respect to all future transactions involving the purchase of goods.
- (3) These Terms and Conditions of Purchase shall apply only with respect to “entrepreneurs” [“*Unternehmer*”] within the meaning of § 310 (1) of the German Civil Code.

II.

Purchase orders

- (1) Purchase orders must be accepted in writing within two weeks’ time. Upon expiry of that period, the Purchaser shall no longer be bound by its purchase order.

- (2) Order confirmations must correspond in every respect to purchase orders. The Supplier is obliged to draw express attention to any deviations therefrom in its order confirmation.
- (3) Any and all illustrations, drawings, calculations, models, devices, tools and other resources provided to the Supplier and used in performing the order shall remain the property of the Purchaser. They may not be made available to third parties without express written approval and must be kept confidential. The above-referenced resources shall be used exclusively for purposes of production based on the purchase order. Upon full completion of the order or, in the case of a long-term business relationship, upon the termination of the Purchaser-Supplier relationship, they must be returned to the Purchaser unbidden and without delay.

III.

Price and Payment Terms

- (1) The agreed price is a fixed price. Except where otherwise agreed in writing, the price shall include delivery to the plant of the Purchaser, including packaging. The legal rate of the value added tax ("VAT") is included in the price. VAT must be itemised separately on any invoice.
- (2) The Purchaser can process invoices only where the invoice contains the purchase order number and the date of the purchase order as well as the VAT identification number (and additionally, where the Supplier is registered in Germany, its tax identification number). The Supplier shall bear liability for all consequences arising from any failure to comply with this obligation, unless it furnishes evidence showing that it is not responsible therefor.
- (3) Except where otherwise agreed in writing, the Purchaser shall pay the purchase price within a period of 14 days calculated from the date of the delivery and receipt of the invoice, applying a 2% cash discount, or within 30 days from the date of receipt of the invoice without applying any discount.
- (4) The Purchaser will be entitled to the right of set-off and the right to withhold performance, as provided by law.

- (5) Payments made by the Purchaser do not constitute any acknowledgement by the Purchaser that the Supplier's performance conforms to the requirements of the contract.

IV.

Prohibition on Assignment

The Supplier may not assign to third parties any claims, either in whole or in part, which it has against the Purchaser, without the prior written consent of the Purchaser.

V.

Time of Delivery

- (1) The deadline for delivery stated in the purchase order and shown in the order confirmation of the Supplier will be binding.
- (2) The Supplier shall be obliged to inform the Purchaser without undue delay and in writing, if circumstances arise or become apparent which make it clear that the agreed deadline for delivery cannot be met.
- (3) If the Supplier is in default of delivery, the Purchaser will be entitled to demand liquidated damages caused by the default [*pauschalisierten Verzugschaden*] in the amount of 1% of the purchase order for each week of default or part thereof, but in no case more than a total of 10%. The Purchaser reserves the right to assert any more extensive claims available under the law. The Supplier will have the right to furnish evidence to the Purchaser that the Purchaser has suffered no damages or a lesser amount of damages as a result of Supplier's default.

VI.**Passage of Risk/Shipment**

- (1) The place of performance for all deliveries and payments is the factory of the Purchaser.
- (2) The risk of loss shall pass to the Purchaser at such time as the subject matter of the delivery is delivered to the factory of the Purchaser.
- (3) Notice of shipment shall be provided, at the latest, by such time as the goods leave the Supplier. The purchase order number as well as the purchase order date must be stated on all shipping documents and delivery notes (which, in each case, must be furnished in duplicate). In the event these details are omitted, the Supplier shall bear the consequences of any delays in processing which may arise.
- (4) The Supplier shall be obliged to make exclusive use of re-usable and/or recyclable packaging material.

VII.**Defects**

- (1) The Purchaser must inspect the goods supplied within a reasonable time. Notice of a defect shall be deemed to be timely given, if received by the Supplier within a period of 10 business days calculated from the date of receipt of the goods, or, in the case of latent defects, from the time of discovery thereof.
- (2) The goods supplied must comply in all respects, including with respect to any safety and protective devices, with the accident prevention and environmental protection laws and regulations of the Federal Republic of Germany. The goods must, in any event, comply with German health and safety laws and regulations. The relevant German Industrial Norms (DIN) standards and regulations shall apply. The energy equivalent A-scale maximum continual noise level pursuant to DIN 45641 resulting from the operation of technological noise-generating devices as well as the overall plants may not be more than

80db(A). The emissions measurements thereof must be performed and analysed in accordance with DIN 45635 Part 1.

- (3) The Purchaser shall be entitled to exercise any and all warranty rights relating to defects, without limitation, under applicable law.

VIII.

Product Liability and Manufacturer Liability

- (1) The Supplier shall hold the Purchaser harmless as against claims of third parties for damages in connection with product liability claims to the extent that the Supplier, in its relations towards the outside world, bears direct liability therefor and the cause of the defect arose in the Supplier's sphere of control and organisation.
- (2) The Supplier undertakes to maintain liability and/or product liability insurance coverage totalling EUR 5 million per occurrence of personal injury/property damage. Upon request of the Purchaser, the Supplier shall furnish evidence of the existence of such insurance coverage.

IX.

Trademarks/Intellectual Property

The Supplier hereby warrants that no rights of third parties are or will be infringed in connection with its supply of goods and services to the Purchaser. Where a claim in this regard is asserted against the Purchaser, the Supplier shall be obliged to indemnify the Purchaser against such claims upon Purchaser's first demand therefor. The Supplier shall be released from its liability of indemnity if it proves that it bears no fault.

X.

Arbitration Clause, Choice of Law

- (1) Any disputes arising in connection with this Contract shall be finally settled in accordance with the rules of the German Institution of Arbitration e.V. (DIS) in

such version of those rules as is in force at the time of the arbitration proceedings, without recourse to the ordinary courts of law.

- (2) The place of arbitration is Düren.
- (3) The laws of the Federal Republic of Germany shall govern exclusively. The applicability of the UN Convention on Contracts for the International Sale of Goods (Vienna Convention or "CISG") is hereby expressly excluded.
- (4) The language of arbitration is German.