

Standard Purchase and Contract Terms and Conditions of Interlit Filtration GmbH

1. Scope / Formal Requirements

1.1 The following Standard Purchase and Contract Terms and Conditions (hereinafter "T&C") shall apply exclusively to all contracts between Interlit Filtration GmbH, Cologne, Germany, (hereinafter "Customer") and the supplier (hereinafter "Supplier").

1.2 Any deviating, conflicting, or supplementary terms of delivery of the Supplier shall not apply unless the Customer has expressly agreed to their inclusion. This requirement of the Customer's consent shall also apply if the Customer takes receipt of the goods without reservation while being aware of the Supplier's terms and conditions. Upon executing an order, the Supplier recognizes the Customer's terms and conditions even if the Supplier confirms the order with its own terms and conditions. These T&C shall serve as a master agreement applicable also to all future orders placed by the Customer with the Supplier without having again to be expressly included in the respective contract.

1.3 Individual agreements made with the Supplier on a case by case basis (including collateral agreements, supplements, and amendments) shall take precedence over these T&C in any event.

1.4 References to the applicability of certain provisions of the law shall merely have clarifying effect. Hence, the provisions of the law shall apply without any such clarification unless altered or expressly excluded in these T&C, or in a contract these T&C form an integral part of.

1.5 Any instance of the Customer not enforcing or exercising its rights shall in no event constitute a waiver of such rights in the future.

1.6 Commercial and technical correspondence must be sent exclusively to the Customer's purchasing department, stating the order number and the description of the part.

The contractual language is German. The Supplier shall submit all written information and statements in German, and, provided this has been expressly agreed in advance with the Customer, in English when international business is concerned.

The German language version of these T&C is the only authoritative version of these T&C and their interpretation.

2. Inquiries / Offers

2.1 Inquiries are non-binding and do not put the Customer under the obligation to purchase goods/services.

The Supplier shall prepare offers free of charge unless expressly agreed otherwise. The offers prepared by the Supplier shall be binding with a commitment period of at least six weeks from submission of the offer.

2.2 The inquiry documents remain the property of the Customer. The Supplier shall return the contract documents together with the offer; retention of these documents and making copies for the Supplier's own purposes or publications is prohibited.

2.3 With each offer, the Supplier undertakes that, with a view to its expertise, it will perform an independent review of the specifications and performance requirements specified by the Customer, taking the intended purpose communicated or recognizable to it into account, and of any other information provided by the Customer for completeness, consistency, errors and mistakes, and notify the Customer immediately in writing of any reservations, concerns, or restrictions with regard to the performance or delivery, and shall do so if possible before, but at the latest with, the submission of the offer. This shall also apply if such reservations, or concerns, or restrictions arise before or only in the course of pre-serial or serial production. The Supplier shall take the fact into consideration that the goods / products of the Customer are sold and used worldwide.

2.4 In its offer, the Supplier shall take into account all of its own requirements and those of the Customer and shall submit a complete offer to the Customer.

2.5 The Supplier shall, at all times during the term of the contract, use its best efforts to maintain a level of technology, quality, and price with regard to the production and the sale of its services or goods which is at least as competitive as that of other manufacturers of similar goods and services for the intended applications.

3. Orders

Only orders, agreements and collateral agreements expressly placed or confirmed by the Customer shall be effective. Each amendment and supplement must be expressly confirmed in order to be effective. The Supplier must confirm all orders and agreements without undue delay by signing and return a copy of the order. Upon accepting the order, the Supplier undertakes to deliver the product in the requested quality, quantity, and within the requested period. In the event of annual or blanket orders, the delivery quantity will be specified by the Customer in each of the individual release orders. The Customer's purchase commitment shall be as set forth in the terms and conditions of the contract.

4. Prices

4.1 The prices agreed and specified in the order are fixed prices and, unless otherwise agreed, shall apply until delivery of the ordered quantity. As an exception, this shall not apply if the delivery of the ordered quantity is delayed for reasons for which the Customer is responsible. In such case, the price shall be adjusted taking into account the original calculation and

the time-dependent general and special business costs of the delivery item.

4.2 The price shall include all activities and obligations of the Supplier relating to and connected with the delivery of goods and performance of services according to applicable agreements and subject to the “DDP” terms of delivery (INCOTERMS 2010) – at the place of delivery named in the order – including packaging, unless expressly agreed otherwise. The statutory value-added tax shall not be included in the price but – where applicable – stated separately in the invoice at the statutory rate applicable on the invoice date.

4.3 The Supplier undertakes to pass on any savings resulting from a price reduction or discount increase to the Customer without prompting, including those arising during a current order. Upon the Customer’s request, the Supplier shall inform the Customer accordingly and submit the related evidence.

5. Terms of Delivery / Default / Contractual Penalty / Subcontractors

5.1 The delivery and performance dates agreed upon or determined under the release orders are binding and must absolutely be adhered to. If a delivery date has been agreed, it shall start to run from the date of the order. The date of arrival of the goods at the place of performance shall serve as the relevant date for determining compliance with the delivery date.

5.2 The place of performance for the Supplier’s performance shall always be the place of receipt specified in the Customer’s order. If the order of the Customer does not specify a place of receipt, the Customer’s facilities in Joachimsthal, Germany, shall be the place of destination.

5.3 The Customer must be notified without undue delay of any delays in delivery recognizable to the Supplier and possible quality defects or deviations in quantity, with this notice stating the reasons and appropriate countermeasures. The Supplier shall compensate the Customer for any damage incurred due to the delay. In the event of non-compliance with a delivery date, the Supplier shall be in default without specific reminder unless it is not responsible for the delay. In the event of default, the Customer shall have the following rights, exercisable at its option after a reasonable additional period for performance or cure set by the Customer has lapsed unsuccessfully:

- Subsequent delivery and compensation of damages on the grounds of delay;
- Customer may carry out the delivery of goods / performance of services to be provided by the Supplier itself; or
- have them carried out by a third party at the Supplier’s expense;
- rescind the contract; and/or
- claim damages in lieu of delivery of goods/performance of services; or
- claim reimbursement of futile expenses instead of damages in lieu of delivery.

The setting of an additional period may be dispensed with if this appears to be justified under the circumstances after weighing the interests of both parties (Sections 281(2), 323(2) German Civil Code [*Bürgerliches Gesetzbuch*; “BGB”]).

5.4 In addition to this, the Customer shall have the right to claim a contractual penalty in the amount of 0.1% of the total (net) order value per calendar day of default, but not exceeding 5% of the total (net) order value. The contractual penalty may be asserted until the final payment. The contractual penalty incurred shall be set off against any further claims for damages by the Customer against the Supplier on the grounds of default.

5.5 The Supplier may invoke that the required documents, information, materials, and packaging to be provided by the Customer were missing only if it has sent the Customer a written reminder note and has not received the afore-mentioned items within a reasonable period of time.

5.6 If the Supplier delivers earlier than agreed, the Customer shall have the right, at its option,

- to return the delivered items at the Supplier’s expense; or
- to put the delivered items in storage at the Supplier’s risk and expense.

5.7 The agreed quantities must be strictly adhered to. In the event of excess delivery, the Supplier must immediately take back the excess quantity at its costs and compensate the Customer for any damage sustained from the excess delivery. In the event of short delivery, the Customer shall be entitled to refuse acceptance of the delivery and/or claim damages. The Customer, however, shall be entitled to claim damages in lieu of the entire performance only if it is not interested in partial performance.

5.8 Dispatch and carriage shall be at the Supplier’s risk. The risk of accidental loss, destruction or deterioration shall pass to the Customer only upon the delivery of the items at the place of performance / acceptance of the service. Shipping documents and delivery notes with precise description of the contents, stating the order number, the order date, the part number, part description and the place of delivery shall be sent to the ordering party and the place of receipt. The Supplier shall be liable for false, incomplete, and late shipping documents.

5.9 Dispatch notes or delivery notes signed by the Customer shall be deemed only as a confirmation of receipt of the delivery; they shall not be deemed acknowledgement that the order is free from defects, complete, or has been fulfilled.

5.10 Goods must be delivered between 07:00 a.m. and 03:00 p.m. There is no acceptance of goods on Saturdays, Sundays and public holidays.

5.11 The Supplier is not entitled to have the performance/delivery owed by it carried out by third parties (e.g. subcontractors) without the express consent of the Customer.

6. Dispatch / Packaging

The packaging shall be in accordance with the guidelines set forth in the agreed-upon Packaging Ordinance, as applicable from time to time. The Supplier agrees to accept returned packaging at its expense and risk unless expressly otherwise agreed in accordance with the applicable Packaging Ordinance.

Unless provided otherwise in the Customer's packaging requirements, the goods shall be properly packaged in line with commercial practice and fit for recycling. The Supplier shall inform the Customer in writing in good time in advance of potential risks, if any, in relation to its packaging requirements.

The packaging units must be clearly marked with part number, part description, and quantities. Additional costs incurred due to non-compliance with agreed shipping instructions, or for express shipments for which the Supplier is responsible, shall be borne by the Supplier.

7. Terms of Payment / Prohibition of Assignment

7.1 A verifiable invoice shall be sent to the Customer by mail for each delivery. The Supplier shall state the order number, order date, part number, and part description in the invoice. The value-added tax shall be shown separately on the invoice in accordance with the legal requirements. The Customer shall be entitled to refuse acceptance of the invoice if information or elements of the invoice are missing.

7.2 The payment period shall not start to run until receipt of the goods, proper delivery notes, any required test certificates pursuant to Clause 8, and receipt of the verifiable invoice.

7.3 The place of payment shall in principle be Joachimsthal, Germany. Payment shall be made at the Customer's option either within 14 days with a deduction of 3% cash discount or after 60 days net without deduction, where the aforementioned periods shall not begin to run until the prerequisites of Clause 7.2 have been fulfilled.

8. Export Control and Customs Duty

The Supplier shall be obligated to inform the Customer in its business documents about any licensing requirements for (re-)exports of its goods according to German, European, US export and customs regulations, and the export and customs regulations of the country of origin of its goods. For this purpose, the Supplier shall provide the following information for the relevant items at least in its offers, confirmations of order, and invoices:

- the export list number in accordance with Annex AL of the German Foreign Trade and Payments Ordinance or comparable list items of relevant export lists;
- for U.S. goods, the ECCN (Export Control Classification Number) in accordance with the US Export Administration Regulations (EAR), the commercial origin of its goods and components of its goods, including technology and software;
- whether the goods were carried through the United States, manufactured or stored in the United States, or manufactured using U.S. technology;
- the statistical commodity code (HS code) of its goods; as well as
- a contact person in its company to clarify any queries from us.

Upon the Customer's request, the Supplier shall be obligated to communicate to the Customer in writing all other foreign trade data regarding its goods and their components, and to inform the Customer in writing of any changes to the above-mentioned data without undue delay (prior to the delivery of any goods affected thereby).

The Supplier must observe all import regulations for deliveries to the Customer, independently carry out all relevant customs procedures, and pay any costs incurred in this respect.

9. Quality / Quality Assurance

9.1 The delivered goods must correspond to the documents forming the basis of the order, such as drawings, specifications, samples, etc.

9.2 The Supplier must prove that it has a well-functioning quality assurance system (8D methodology), documented in a quality assurance manual, at the Customer's request in accordance with the 8D methodology. The Supplier shall ensure by acceptance testing that the goods to be delivered are in compliance with DIN/EN and technical specifications/regulations. If the Customer requests in its order the provision of proof of quality and test certificates, the Supplier shall attach these with the delivery. The Supplier shall archive the test, measurement and control results for the Customer and make them available to it. For this reason, it must be ensured that these results can be identified and are traceable. The Customer reserves the right to carry out its own quality controls and, if necessary, a quality audit at the Supplier's premises.

10. Drawings, Samples, Tools, Orders for Materials

All drawings, sketches, samples, tools, and other materials provided by the Customer for the execution of the orders shall remain the property of the Customer and may only be used for the contractually agreed purposes. They are subject to confidentiality and may not be reproduced. They may be provided to third parties for the purpose of contractual performance only with the express consent of the Customer. Tools, molds, etc., manufactured at the expense of the Customer shall become its property upon such manufacture. The above-mentioned items shall be marked as the property of the Customer, stored separately as such, and not made accessible to third parties in any form whatsoever. The Supplier shall keep these items ready for use and shall assume the risk of loss, destruction, deterioration, and damage. The Supplier shall take out a proper insurance policy in favor of the Customer at its own expense. The above-mentioned items and orders for materials may be used only for the fulfillment of the Customer's order. At the Customer's request, these

items must be returned to it free of charge after fulfillment of the order. The Customer shall be compensated for any depreciation in value or loss.

11. Secrecy / IP Rights of Third Parties / Advertising

The Supplier and the Customer undertake to treat the contract entered into on the basis of these terms and conditions and the resulting work, documents, and technical and commercial order data as trade secrets. Subcontractors shall be put under a corresponding obligation. Any other use, in particular for advertising purposes, requires the prior written consent of the Customer. Likewise, publications of work results require the prior express consent of the Customer. The Supplier shall be obligated to provide the delivery/service free of rights of third parties. The Supplier shall indemnify and hold the Customer harmless upon first written request from and against any claims arising from the violation of intellectual property rights, and shall compensate the Customer for any damage incurred. The Supplier shall bear the costs of any litigation with third parties concerning intellectual property rights.

12. Warranty / Remedy of Defects / Guarantee / Recourse to Initial Supplier

12.1 The Supplier shall in particular be liable for ensuring that the delivery items/services have the agreed quality upon transfer of risk to the Customer. Quality agreements are set forth in the order, as well as in product descriptions, drawings, samples, and quality requirements, which have become an integral part of the contract in particular also by reference in the Customer's order or other correspondence in connection with the order.

12.2 In terms of quality, it shall be agreed in particular that:

- the delivery items/services are manufactured from the impeccable materials prescribed in the documents containing quality agreements;
- they have the agreed characteristics according to the specification set forth in the documents containing quality agreements;
- they were manufactured according to state-of-the-art technology;
- the DIN/EN standards applicable at the date of delivery were adhered to;
- the provisions issued by trade associations, accident prevention regulations of the employers' liability insurance association, and safety regulations have been observed;
- there are no design or manufacturing defects; and
- the deliveries are made in such quantities, measurements and quality as specified in the order or the documents containing quality agreements.

12.3 The required inspections in connection with the quality assurance obligations assumed by the Supplier shall be carried out at the Supplier's premises by the Supplier. The Customer's inspection of the products purchased from the Supplier, which is to be carried out immediately upon receipt, shall in light of the Supplier's own inspection only include the verification of the ordered quantity and identity and apparent damage, in particular damage or loss of goods in transit. Subject to Clause 12.4 hereof, the Customer shall have no further obligations to examine the goods pursuant to Section 377 German Commercial Code [*Handelsgesetzbuch*; "HGB"].

12.4 The Customer shall notify the Supplier of defects in delivered goods immediately upon their discovery in the ordinary course of business.

12.5 If an item is defective, the Supplier shall, at its own expense and at the Customer's option, cure the defect by repair or replacement. The Supplier shall ensure that such cure, repair or replacement fully complies with the contractual specifications and is free from defects.

12.6 If individual parts are repaired or replaced within the scope of the warranty, the warranty period for these parts shall start to run again, unless the Customer had to assume based on the Supplier's behavior that the latter did not consider itself to be obligated to take such measures but rather provided the replacement or remedy of the defect as a gesture of goodwill.

12.7 In the event of defective delivery/service the Customer shall, in addition, have the right, after having unsuccessfully set a reasonable period for a cure according to the provisions of the law,

- to carry out repairs or replacements itself or have them carried out by third parties, at the expense of the Supplier; or
- to demand a reduction of the purchase price or rescind the contract; and
- claim damages or reimbursement of futile expenses.

Setting of a period of time is not necessary if the Supplier refuses to cure the defect, or if the setting of the period can be justifiably dispensed with under the circumstances after weighing the interests of both parties.

12.8 The return of defective and incorrect deliveries shall be at the risk and expense of the Supplier. Any rework performed at the Customer's premises by the Customer shall be at a rate of at least EUR 82.00 (net) per hour plus a flat rate per case of EUR 160.00 (net). The Supplier reserves the right to prove that a lower damage has occurred and the Customer the right to prove that a higher damage has occurred.

13. Product Liability

In cases where the Supplier is responsible for damage arising from product liability, the Supplier shall be obligated to indemnify and hold the Customer harmless from and against third-party claims for damages upon first request to the extent that the cause lies within the Supplier's sphere of control and organization and the Supplier is itself liable in dealings with third parties. In this context, the Supplier shall also be obligated to reimburse the Customer for any expenses arising from or in connection with a product recall or repair campaign carried out by the Customer. The Customer shall notify the Supplier of any recall or repair measures so that the Supplier can comply with its obligations to the Customer. The Supplier must take out adequate insurance to cover against the consequences of faulty delivery/service (minimum € 5 million product liability insurance lump sum for personal injury and damage to property, maximized twice per insurance year; minimum € 2.5 million per recall for all recalls of any insurance year).

14. Liability

14.1 Claims for damages and the reimbursement of expenses (hereinafter "Claims for Damages") by the Supplier against the Customer based on any cause in law whatsoever shall be excluded, unless they are based on the provisions of the Product Liability Act, on a violation of contractual or legal obligations by the Customer due to willful misconduct or gross negligence, damage to health or bodily injury of the Supplier due to a breach of duty for which the Customer is responsible, the non-compliance with a warranty for the presence of a characteristic, or the violation of essential contractual obligations by the Customer. Essential contractual obligations are those obligations, which are imperative to proper performance of the principal contractual obligation incumbent upon the Customer and in the observance of which the Supplier trusts and may trust as a matter of course. In the event of the violation of essential contractual obligations by the Customer, the Claim for Damages of the Supplier against the Customer shall be limited to the foreseeable damage typical of this type of contract, unless the Customer is liable based on the provisions of the Product Liability Act, or for a breach of duty due to willful misconduct or gross negligence, for damage to health or bodily injury of the Supplier, or for the non-compliance with a warranty for the presence of a characteristic. A loss or damage that must be typically expected when the essential contractual obligation has been violated is deemed typical of this type of contract/foreseeable.

A breach of duty by any of the Customer's legal representatives or vicarious agents [*Erfüllungsgehilfen*] shall be deemed equivalent to a breach of duty by the Customer itself.

14.2 The provisions set forth above do not imply a reversal of the burden of proof to the detriment of the Supplier

15. Statute of Limitations

The limitation period for the parties' mutual claims shall be governed by the law, unless provided otherwise below. In derogation of Section 438(1) No. 3 BGB, the limitation period shall be three (3) years from the passing of risk.

16. Compliance

16.1 The Supplier undertakes to comply with all relevant provisions of the law on dealing with employees, the protection of the environment, and occupational safety, and to work toward reducing adverse effects on people and the environment in its activities. To this end, the Supplier shall set up and further develop, within the scope of its possibilities, a management system in accordance with ISO 14001. The Supplier shall also observe the principles of the UN Global Compact Initiative. These essentially deal with the protection of international human rights, the right to collective bargaining, the prevention of forced and child labor, the elimination of discrimination in employment and occupation, the responsibility for the environment, and the prevention of corruption. Additional information on the UN Global Compact Initiative is available at www.unglobalcompact.org

16.2 In the event that a Supplier repeatedly and/or in spite of a notice to that effect behaves illegally and does not prove that the violation of the law has been remedied as far as possible and that reasonable precautions have been taken to avoid future violations, the Customer reserves the right to rescind existing contracts or to terminate them without notice.

17. Minimum Wage

The Supplier guarantees that it will comply with the requirements of the Minimum Wage Act that entered into force on January 01, 2015, and that it will put all sub-suppliers and subcontractors under that same obligation and monitor them accordingly. Upon first request, the Supplier must indemnify and hold the Customer harmless from and against any claims resulting from the Supplier's failure to comply with the obligations set forth above.

18. Data Protection

The Customer shall be entitled within the scope of the business relationship with the Supplier, to electronically store, process and use required data of the Supplier and the individual contracts with the Supplier in accordance with the provisions of the law.

19. Place of Jurisdiction and Applicable Law

The location of the Customer's registered office shall be the place of jurisdiction for all contract disputes. The laws of the Federal Republic of Germany shall apply exclusively without regard to the United Nations Convention on Contracts for the International Sale of Goods (CISG).

20. Severability

If any of the provisions of a contract with the Supplier on deliveries and services, of which these Standard Purchase and Contract Terms and Conditions are an integral part, are or become invalid, this shall not affect the validity of the remaining terms and conditions of that contract. In order to replace the invalid provision, the Customer and the Supplier shall agree on a provision which shall fully, or, to the extent that this is not possible in a legally effective manner, to the greatest possible legally effective extent provide for that which the parties intended to achieve economically under the invalid provision.

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