

**1. DEFINITIONS:** a) "Lydall," "Buyer," "us" or "our" means the subsidiary of Lydall, Inc. buying your products or services. b) "Seller," "you" or "your" means the party selling products or services to Lydall. c) "Terms" means Lydall's Terms and Conditions of Purchase

**2. PURCHASE OF GOODS:** (i) When you sell products or services to Lydall, you are agreeing to these Terms, under which Lydall purchases goods and services; (ii) Nothing you send us will change these Terms (e.g., quotations, order acknowledgements or invoices with different terms and conditions.); (iii) Seller's (a) full or partial performance or (b) acknowledgement of our order is acceptance of these Terms; (iv) Any terms and conditions proposed in Seller's quotation, acceptance, acknowledgment, invoice or other form that add to, vary from, or conflict with the Terms are hereby rejected. If the order follows a prior offer by Seller, this order shall not constitute an acceptance of Seller's offer and any acceptance of Seller's offer is limited to the express terms in the order or in these Terms.

**3. SUPPLEMENTARY INFORMATION:** Any specifications, drawings, notes, instructions, engineering notices, or technical data referred to in this order shall be deemed to be incorporated herein by reference as if fully set forth. In case of any discrepancies or questions, the Seller shall refer to Lydall for decision or instructions or for interpretation.

**4. CHANGES:** (a) *by Lydall:* Lydall reserves the right to make changes at any time in (i) work to be performed or materials to be furnished; (ii) drawings, designs or specifications; (iii) methods of shipment and packing; and (d) time and place of delivery/performance, including temporary suspension of shipments/performance. If any such change causes an increase or decrease in the cost of, or time required for, performance of our order, an equitable adjustment shall be made in the contract price or delivery/performance schedule, or both. Any claim by Seller for adjustment under this clause shall be deemed waived unless asserted by Seller in writing and received by Lydall within five (5) business days after the Seller's receipt of the written order from Lydall affecting the change. Price increases or extensions of time for delivery/performance shall not be binding on Lydall unless evidenced by a purchase order change notice issued by Lydall.

(b) *by Seller:* Lydall may incorporate your product into Lydall products that are sold for use in food contact applications or other applications where customers require no changes to specifications. You must therefore provide Lydall with a written notification of any proposed change to your product's formulation or specifications or the place of manufacture or shipment at least ninety (90) days prior to any such change. Immediate notification to Lydall is required should any problem with meeting specifications develop.

**5. PACKAGING AND SHIPPING DOCUMENTS:** Unless otherwise specified, Shipment shall be without charge for boxing, crating or storage, and shall be suitably packaged to assure against damage from weather and/or transportation. Transfer of title to Buyer shall not constitute acceptance. Lydall's order numbers and symbols must be plainly marked on all invoices, packages, bills of lading, packing lists itemizing each good and shipping order. Delays in receiving invoices, errors or omissions on invoices, or lack of supporting documentation required by the terms of Lydall's order shall be cause for withholding payment without losing discount privileges. Lydall may deduct from Seller's invoice any charges which result from Seller's failure to provide required documentation.

**6. SHIPPING, DELIVERIES:** Unless otherwise stated on the purchase order or agreed in writing, deliveries are made D.D.P. (Incoterms 2010) site of customer. Title and risk of loss shall pass to Buyer upon receipt of goods at Buyer's facility or third party drop shipment location. Buyer's production schedules are based on Seller's commitment to deliver the goods or services purchased by the date specified on the face of our order. Time is of the essence for this order. Seller will promptly notify Lydall in writing of any and all events which could affect the ability of Seller to make deliveries or provide services as specified. If deliveries or services are not made or provided at the time agreed upon, Lydall reserves the right to cancel this order. In such event, Lydall may purchase elsewhere and hold Seller liable for damages. Delivery of any goods prior to the delivery schedule or delivery of goods in excess of the specified quantity, without Lydall's prior written approval, shall be solely at Seller's risk and Lydall shall have no obligation to pay for the goods until the date specified for delivery in the case of early delivery.

**7. TRAFFIC ROUTING:**

If Lydall specifies routing, Seller's account will be charged for any losses resulting from deviation from Lydall's routing instructions.

**8. INSPECTION AND REJECTION OF GOODS:** Payment for the goods or services provided hereunder shall not constitute acceptance. Lydall shall have the right to inspect such goods or services and to reject any or all of the goods or services which are defective, in Lydall's judgment. Final inspection shall be on Lydall's premises and made within 180 days after receipt of the goods or the performance of the services requested unless otherwise agreed in writing. Goods rejected may be returned to Seller at its expense, in addition to Lydall's other rights. Lydall may charge Seller all expenses of unpacking, examining, repacking and reshipping such goods. In the event Lydall receives goods whose defect or nonconformity is not apparent on examination, Lydall reserves the right to require replacement as well as payment of damages. Any goods rejected by Lydall shall be held, reshipped or otherwise disposed of solely at Seller's risk and expense.

**9. PAYMENT:** If no payment date is specified, payment shall be net, cash sixty (60) days after complete delivery of the goods to Lydall and/or the performance of the services requested.

**10. RIGHT OF SETOFF:** All claims for moneys due or to become due from Lydall shall be subject to deduction by Lydall for any setoff or counterclaim arising out of this or any other order or contract between Seller and Lydall, its subsidiaries, or affiliates, whether such setoff or counterclaim arose before or after any permitted assignment or delegation by Seller.

**11. PRICES:** Unless otherwise specified, the prices set forth in this order include all applicable federal, state and local taxes and all shipping costs, duties and other charges. If a price is specified in this order, no increase in price may be charged by Seller to Lydall without the prior written consent of Lydall. If no price is specified in this order, the goods or services shall be billed at the price last quoted to Lydall or the prevailing market price, whichever is lower. In the event that the prices in effect at the date of acceptance of this order on items specified in this order are reduced prior to the date of the final delivery or completion of performance, or in the event that Seller shall quote lower prices to other purchasers for the same or comparable goods/services and in similar or lesser quantities before the final delivery or completion of this order, Seller agrees to reduce the prices on the whole of this contract to the lower price, including credits for overpayments already made by Lydall.

**12. DISCOUNTS:** If discounts are offered by Seller for payment of the contract price within a specified time period, such period shall not begin to run until the latter of (i) the receipt by Lydall of Seller's invoice or (ii) delivery of the goods and performance of the services requested; provided, however, such period shall not begin to run with respect to goods delivered early until the date specified for delivery.

**13. ASSURANCE OF PERFORMANCE:** If Lydall has reasonable grounds for insecurity as to Seller's continued performance, Lydall may demand adequate assurance of performance from Seller. Failure to provide such assurance within a reasonable period will be deemed a breach of the agreement.

**14. AUDIT:** Seller (which, for the purposes of this Section, includes Seller's suppliers) shall at any time, and after reasonable notice by Lydall, (i) grant to Lydall, Lydall's customers and/or to any competent regulatory authority, unrestricted access to (or if requested by Lydall, provide to Lydall copies of) Seller's books and records (including, without limitation, agreements and technical inspection and quality records, but excluding financial books and records) related to the goods or services provided, wherever such books and records may be located (including third-party repositories), and (ii) provide Lydall, Lydall's customers and/or any such authority the right to access, and to perform inspection, test, audit or investigation at Seller's premises, including manufacturing and test locations for the purpose of enabling Lydall to verify compliance with the requirements set forth in the order in connection with the design, development, certification, manufacture, sale, use and/or support of the goods.

**15. WARRANTIES:** Seller warrants that all goods delivered and services provided hereunder (i) shall be free from defects in workmanship, material and manufacture for a period of the longer of its standard warranty or one (1) year from the date of delivery; (ii) shall comply with the requirements of the order,

including any drawings or specifications which are incorporated herein or samples furnished by Seller; and, (iii) if of Seller's design, shall be free from defects in design. Seller further warrants that it has good and marketable title to all items purchased hereunder and that such items shall be of merchantable quality and shall be fit for the purposes intended, whether express or implied. The foregoing warranties shall survive any delivery, inspection, acceptance or payment by Lydall, and shall run to Lydall, its successors, assigns, customers and any third parties injured in person or property by reason of any breach.

**16. INDEMNIFICATION:** Seller will defend, indemnify and hold Lydall harmless from and against any and all suits, judgments, awards, losses, claims, costs and expenses (including counsel fees and increased Workers' Compensation premiums) and damages (including incidental and consequential damages) which Lydall may sustain or become liable for in whole or in part by reason of, relating to, arising out of the performance hereunder, act or omission of Seller or any goods or services, whether resulting from injuries to persons (including to Seller's employees) or property, and whether said liability is premised on contract, tort (including, without limitation, strict liability) or otherwise. (a) INDEMNIFICATION FOR WORK AT LYDALL'S PREMISES: In the event this order covers construction work, the installation of machinery or equipment or the performance of services at the premises of Lydall, Seller shall defend and save Lydall harmless against all claims of employees and agents of Seller for compensation payable under the Workers' Compensation Act of each state in which the work or services covered by this order is performed. Seller shall also defend, indemnify, and save Lydall harmless from, for and against any and all liability, loss, outlay and expense resulting from any accident or act of omission or commission of any employee or agent of Seller while engaged in the performance of the work or services covered by this order.

(b) INDEMNIFICATION FOR INTELLECTUAL PROPERTY: Seller agrees to defend, indemnify and save Lydall harmless from and against any and all claims for infringement of any patent, trademark, copyright or industrial design covering any articles purchased hereunder or their use. Lydall may actively participate through its own counsel in any suit or proceeding relevant to such claim if it so desires. Seller agrees to indemnify Lydall for all losses of whatever nature incurred as a consequence of injunctions against the sale, use or resale of any articles purchased under this order. Any such claim of infringement, whether asserted against Lydall or Seller and regardless of its validity, shall constitute cause for termination of this order if Lydall so elects, and damages to Lydall after such termination, in addition to the indemnities granted herein, shall be calculated in the same manner as damages for non-delivery.

**17. INSURANCE:** Without limiting Seller's duty to hold harmless and indemnify hereunder, Seller agrees to secure and carry as a minimum the following insurance with respect to all work to be performed under the order for the duration of the order: (i) Workers' Compensation Insurance, in an amount sufficient by virtue of the laws of the U.S., foreign country, state, or other governmental subdivision in which the work or any portion of the work is performed and Employer's Liability Insurance in the minimum amount of \$1,000,000 for any one occurrence; (ii) Commercial General Liability Insurance including Premises Liability and contractual Liability, in which the limit of liability for property damage and bodily injuries, including accidental death, shall be at a minimum, a combined single limit of \$1,000,000 for any one occurrence; (iii) if Seller's vehicles are used on Buyer's premises and/or used to accomplish work under the order or otherwise on behalf of Buyer, Automobile Liability Insurance in which the limit of liability for property damage and bodily injuries, including accidental death, shall be a combined single limit of \$1,000,000 for any one occurrence; (iv) if Seller or its permitted subcontractors have Buyer's materials or equipment in its care, custody or control, Seller shall have and maintain All-Risk Property Insurance in an amount sufficient to meet or exceed the value of such material; and (v) if Seller is performing professional services on behalf of Buyer, Seller shall maintain Professional Liability Insurance with a limit of no less than \$5,000,000.

**18. NONDISCLOSURE AND LYDALL'S PROPERTY:** All drawings, specifications, patterns, information or data furnished by Lydall or developed by Seller in connection with this order shall be Lydall's exclusive property, shall be used by Seller only for Lydall's work, shall be kept confidential, and shall be returned promptly at Lydall's request. In the event this order covers items, the development or

design of which is the concept of or is paid for by Lydall, all patent rights incident to such items shall automatically become the exclusive property of Lydall, and Seller shall cooperate with Lydall in obtaining all pertinent patents for Lydall, and Seller shall also do all things necessary to perfect title to such patents in Lydall. Seller shall not use Lydall's trademarks or trade names, disclose the fact that Lydall is a customer or disclose any confidential information of Lydall, including but not limited to drawings, specifications, information, designs, ideas or data, to third persons except with the written consent of Lydall and only to the extent that such disclosure is necessary for the proper performance of Seller's obligations hereunder, and then only after such third party has expressly agreed in writing to keep such property confidential. All dies, molds, jigs, fixtures, tools, and other equipment furnished to Seller by Lydall or made by Seller for performance of this order, and any replacements thereof, shall be the property of Lydall. Such property shall be adequately identified as Lydall's property and shall be safely stored separate and apart from Seller's property. Seller shall not use such property except in filling Lydall's orders. All risk of loss or damage to such property furnished by Lydall, other than for ordinary wear and tear (except that in the case of tooling, Seller will be responsible for wear and tear also), shall be upon Seller until the same has been redelivered to Lydall, and Seller shall maintain insurance at least equal to the replacement value of same. The obligations of this clause shall survive the cancellation, termination, or completion of this order.

**19. CODE OF ETHICS:** Standards of Business Conduct: Seller shall comply with a policy statement or code of conduct regarding business ethics ("Code"). This Code will be suitable for Seller's business and at a minimum will require compliance with all applicable laws and regulations. The Code shall assure a safe and healthy work environment, prohibit the use of child or forced labor, provide for the protection of the environment and minimization of waste, emissions, energy consumption and the use of materials of concern and prohibit engagement in corrupt practices (e.g., facilitating, soliciting, offering or paying any bribe). This provision creates no additional duties for Buyer with respect to Seller and confers no rights on third parties. If Seller does not have such a policy or code, Seller agrees to comply with Buyer's Code.

**20. COMPLIANCE WITH STATUTES AND REGULATIONS:** Seller warrants and certifies that, in the performance of this order, it will comply with all applicable national, state, provincial and local laws, statutes, rules, regulations, orders, and ordinances applicable to the manufacture, shipment and supply of goods for the use intended by Lydall, including but not limited to: (a) All import and export laws, anti-bribery statutes, including the U.S. Foreign Corrupt Practices Act. In addition, Seller shall not offer gifts of any nature, including holiday gifts or entertainment, above a nominal value to any employee of Buyer or to any party in performance of this order. (b) All Equal Employment Opportunity statutes and orders, now in effect or later enacted, of the U.S. and of any state or political subdivision of any state, including but not limited to statutes, rules, regulations, and orders pertaining to labor, wages, hours and other conditions of employment, wage and price ceilings, if applicable, and the U.S. Fair Labor Standards Act, as amended. Seller agrees to assure that applicants are employed, and that employees are treated during employment, without regard to their race, religion, gender, color, national origin, age, disability, genetic information or covered veteran status. Further, Seller agrees to take positive action to employ, advance in employment, and otherwise treat known qualified individuals with disabilities without regard to their physical or mental disability, covered veterans, minorities and females where underutilization exists in comparison to their representation in the local workforce population. These positive actions include all human resources selection and decision practices, such as demotion, transfer; recruitment or advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training. These requirements are in 4 main sources: Executive Order 11246, the Vietnam Era Veteran's Readjustment Act, Section 503 of the Rehabilitation Act of 1973, and the American Recovery and Reinvestment Act of 2009 and all other regulations by inference.

**21. NO CONFLICT MATERIALS:** Seller recognizes, consistent with the public policy underlying enactment of the Conflict Minerals provision (Section 1502) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"), the significant risks associated with sourcing Cassiterite (and its derivative tin), Columbite-tantalite (or 'coltan' and its derivative tantalum), Wolframite (and its derivative

tungsten) and Gold (collectively, the "Conflict Minerals") from the Democratic Republic of the Congo and adjoining countries. Supplier also recognizes that the goods supplied in accordance with the Agreement or order are not required to contain any Conflict Mineral for purposes of functionality or production. Accordingly, Seller represents and warrants that the Product(s) supplied in accordance with the Agreement and any substances contained therein do not contain any Conflict Minerals. Seller shall take all measures as are necessary to comply with the Act and its implementing regulations, as they may be amended over time.

**22. TOXIC, HAZARDOUS OR CARCINOGENIC SUBSTANCES; REACH:**

RoHS: Seller represents and warrants that (a) the Product(s) and any substances contained therein are not prohibited or restricted by, and are supplied in compliance with, any laws or regulations of any country or jurisdiction in the world, including but not limited to the United States, the European Union ("EU"), and nations adopting legislation similar to that of the EU; (b) nothing prevents the sale or transport of the Product(s) or substances contained therein in any country or jurisdiction in the world; (c) all such Product(s) and substances are appropriately labeled, if labeling is required, and have been pre-registered and/or registered and/or authorized under the EU Registration, Evaluation, Authorization and Restriction of Chemicals regulation ("REACH") if pre-registration, registration and/or authorization is required; and, (d) in accordance with the restrictions set forth in the Recycling of Hazardous Substance ("RoHS") directives, the Product(s) and any substances contained therein do not include hazardous substances banned under RoHS, such as lead, mercury, cadmium, and hexavalent chromium and flame retardants such as polybrominated biphenyls or polybrominated diphenyl ethers. In addition to complying with REACH and RoHS, Seller shall timely provide Buyer with all relevant information on the Product(s) necessary for the Buyer and/or any downstream user (as defined in Article 3(13) of REACH) to timely and accurately fulfill their obligations under REACH and RoHS, including a list of ingredients and quantities. Seller shall take all other measures as are necessary to comply with REACH and RoHS and their respective implementing regulations, as they may be amended over time. Seller shall bear all costs, charges and expenses related to REACH and RoHS, including the pre-registration, registration, evaluation and authorization under the REACH regulation of the chemical substances that are the subject of the Agreement or order.

**23. FORCE MAJEURE:**

Neither party shall be responsible for failure to perform if such failure is unforeseeable, unavoidable and due to matters outside of its control, including, but not limited to acts of God, federal, state, or local action, statute, ordinance or regulation, strike or other labor trouble or other incidents outside its control which makes performance impossible or impractical; provided that the affected party gives prompt, written notice of the force majeure and resumes performance as soon as possible.

**24. TERMINATION:**

Lydall may, at any time, terminate this order in whole or in part by written notice. If this order is terminated for Lydall's convenience and Seller is in full compliance with the conditions of this order, any claim by Seller shall be settled on the basis of reasonable actual costs it has incurred in the performance hereof prior to the receipt of the notice. If however, Seller (i) has breached any condition of this order, whether said breach affects the entire order or one or more installments, (ii) is insolvent by any test, (iii) is the subject of any proceeding voluntary or involuntary, in bankruptcy, or (iv) appoints or suffers the appointment of a trustee, receiver or assignee for the benefit of creditors, Seller shall not be entitled to any costs, and Lydall shall be entitled to claim against Seller all remedies provided at law or equity. IN NO EVENT WILL LYDALL BE LIABLE FOR ANY SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES (INCLUDING BUT NOT LIMITED TO LOST PROFITS OR BUSINESS), WHETHER BASED ON BREACH OF CONTRACT, TORT, PRODUCT LIABILITY OR OTHERWISE, ARISING OUT OF OR RELATED TO THIS ORDER, AND WHETHER OR NOT LYDALL WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

**25. GENERAL:** (a) CUMULATIVE RIGHTS AND REMEDIES: The rights and remedies herein provided shall be cumulative, and in addition to any other rights and remedies, provided at law or equity. (b) WAIVER: A waiver by either party of any failure on the other party's part to carry out any condition, term

or part of this order shall not be a waiver with respect to any recurrence of such failure or with respect to a failure to carry out any other condition, term or part. (c) SOLE AGREEMENT: These Terms supersede and cancel any previous understanding or agreement, written or implied, between the parties relating to the goods and/or services covered. It expresses the complete and final understanding of the parties in respect thereto, and may not be changed except in writing signed by authorized representatives of both parties. If any term is found to be invalid or unenforceable under any law or regulation, that term will be deemed reformed or deleted, as the case may be, to the extent necessary to comply with the law or regulation, and the remaining provisions will remain in full force and effect. (d) CONTRACT: These Terms, when accepted, shall be a contract made in the State shown in Lydall's address on the face of this order and governed by the laws of that State, excluding the provisions of the United Nations Convention on Contracts for the International Sale of Goods (Vienna, 1980), as amended or any conflict of law provision requiring application of another choice of law. **THE PARTIES EXPRESSLY WAIVE AND FOREGO ANY RIGHT TO TRIAL BY JURY.** The English version of this Agreement shall prevail over any translation. (e) INDEPENDENCE: Lydall and Seller are independent contracting parties and nothing in these Terms makes either party the agent or representative of the other for any purpose or grants any authority to assume or create obligations on behalf of the other party. (f) ASSIGNMENT/CHANGE OF CONTROL: Seller shall not delegate any duties or assign any rights or claims under this order, nor use any subcontractor without prior written consent of Lydall, and any such attempted delegation or assignment or subcontracting shall be void. In the event of a change in control in excess of 25% of the beneficial ownership of Seller, Lydall shall have the right to terminate this order. (g) CUSTOMER REQUIREMENTS: When end users or downstream customers request Lydall to confirm certain matters with its supply base, Seller agrees to respond promptly to any request made by Lydall.