

## LYDALL'S TERMS AND CONDITIONS OF SALE

### 1. DEFINITIONS:

- (a) **“Lydall” or “we”, “us” or “our”** means the subsidiary of Lydall, Inc. selling Products.
- (b) **“Buyer” or “you” or “your”** means the party purchasing Products from Lydall.
- (c) **“Product(s)”** means the goods sold by any Lydall affiliate or subsidiary.
- (d) **“Agreement”** means Lydall’s Terms and Conditions of Sale.

2. **TERMS OF AGREEMENT:** When you buy our Products, you are agreeing to these terms and conditions under which we sell our Products. Nothing you send us will change this Agreement (e.g., your purchase orders with different terms and conditions). If you object to any of the terms of this Agreement, your objection must be specifically brought to the attention of Lydall in writing, separate from any purchase order or other printed form. Your objections shall be deemed proposals for different terms and may be accepted only by a written addendum to Lydall’s Terms and Conditions of Sale executed by you and an authorized representative of Lydall. **LYDALL’S AGREEMENT TO SELL PRODUCTS TO BUYER IS EXPRESSLY CONDITIONED ON BUYER’S AGREEMENT TO THESE TERMS AND CONDITIONS. LYDALL EXPRESSLY REJECTS ANY ADDITIONAL OR DIFFERENT TERMS OR CONDITIONS** in any of your documents, whether received before or after your receipt of this Agreement.

3. **ORDERS:** The accuracy and sufficiency of Buyer’s orders are the responsibility of Buyer. Once accepted by Lydall, no order can be canceled without the agreement of Lydall. Lydall reserves the right to change specifications of its Products to meet statutory requirements.

4. **PRICES:** The price shall be Lydall’s quoted price (which expires after 30 days), or if none, Lydall’s published prices on the date of the order. Unless otherwise agreed, prices quoted are for shipment and title transfer: (a) in the US, FCA Lydall’s plant (Incoterms 2010) and (b) outside the US, Ex Works Lydall's plant. Prices quoted for Products to be shipped outside the country of manufacture are based on currency exchange rates in effect at the time of quotation. Prices do not include any federal, state or local taxes or VAT which, if applicable, will be added to the invoice. Where Buyer requires packaging other than standard packaging, the expense will be charged to the Buyer. To the extent permitted by applicable law, Lydall reserves a security interest in any Products sold to the extent of the invoiced amount to secure payment of Buyer’s obligation. If Buyer defaults, you agree to make the Products available so that Lydall may peaceably repossess. A copy of the invoice may be filed with the appropriate agency(ies) at any time as a financing statement. At Lydall’s request, Buyer will execute any instrument Lydall requires to perfect its security interest. Unless otherwise agreed in writing or prohibited by applicable law, prices on any undelivered Products are subject to further increase upon written notice (a) due to increase in cost to Lydall of raw materials, (b) as a result of restrictions or regulations imposed under any agreements, codes, licenses, laws decrees or orders, (c) as a result of increase in labor costs, or (d) due to variations in exchange rates, providing that this clause shall not be operated to fix a price in violation of

any price regulations of the U.S. Government.

5. **TERMS OF PAYMENT:** Unless otherwise agreed in writing, payment shall be net cash thirty (30) days from the date of invoice. Buyer shall have no right of setoff and invoices shall not be subject to dispute after payment is due. Products exported may be subject to a down payment, with the balance payable through an Irrevocable Letter of Credit established through a bank acceptable to Lydall. Any early payment discount on the face of this document shall be on the purchase price only. The obligation to make payment shall continue without regard to any warranty obligations made hereunder by Lydall and without regard to whether Buyer has made any inspection of the Products. Lydall shall have the right, in its sole discretion, to terminate the Agreement or require payment before shipment or payment via letter of credit if it determines that Buyer is delinquent in payment, financially unstable or will exceed the credit limit. A finance charge of one and one half percent (1 1/2%) per month (or the highest rate allowed by local law, whichever is lower) will be applied to any outstanding balance. Buyer shall pay to Lydall any expenses Lydall incurs for collection of money due and unpaid, including reasonable attorney's fees and costs. Buyer authorizes its creditors to disclose to Lydall information concerning Buyer's credit worthiness. By submitting any purchase order or other document, either prior to or subsequent to the date of Lydall's Quote, Buyer represents that it is solvent for the purposes of U.C.C. Section 2-702 and that it is not insolvent as defined by U.C.C. Section 1-201 (23). In the absence of written notification of insolvency, the transmission of any writing by Buyer to Lydall during the course of performance of the contract will be understood to constitute a written representation of continued solvency for the purposes of U.C.C. Section 2-702(2).

6. **DELIVERY:** Shipping dates are approximate, and time shall not be of the essence. Lydall disclaims all liability for general, special or consequential damages arising out of delays in delivery. If shipment is delayed for over one hundred and twenty (120) days, Buyer may reject the Products. Unless otherwise provided, Lydall shall have the right to make shipment in installments, and delay in shipment of any installment or failure to ship any installment shall not relieve Buyer of its obligation to accept remaining installments. Where special delivery is required, the expense involved will be charged to Buyer. Orders are subject to a ten percent (10%) over-run or under-run. Risk of loss of Products transfers to Buyer when Products are loaded for shipment. If shipment is made in reusable containers, Buyer shall be charged for any unreturned or damaged containers. Return product accepted by Lydall may be subject to a reasonable restocking charge.

7. **FORCE MAJEURE:** Neither party shall be held responsible for any delay or failure to perform its obligations hereunder (other than payment obligations) in whole or in part due, directly or indirectly, to matters outside of its control, including without limitation, war, insurrection, epidemics, flood, acts of God, accidents, power failure, shortage of transportation, terrorism, sabotage, blockades, embargoes, federal, state, municipal, or any other governmental action or regulation, import or export restrictions, strikes or other labor troubles, explosion, fire, damage to, or destruction in whole or in part of merchandise or manufacturing plant, lack of, or

inability to obtain, materials, labor, fuel or supplies, restraining orders or injunctions of any court or judge, or any other causes, contingencies or circumstances. If any shipment is delayed six (6) or more months due to a force majeure event, either party shall have the right by written notice to the other to cancel that shipment and the balance of this contract and, in such event, neither party shall be liable to the other for any losses or damages arising out of such cancellation.

8. **BUYER DELAY:** If Buyer is unable or unwilling to accept delivery of Products at time of completion, Lydall shall invoice Buyer for the full purchase price. Products held for Buyer shall be held at Buyer's sole risk and expense. Buyer's wrongful rejection of Products or attempted cancellation shall entitle Lydall, in addition to any other damages, the price of raw materials, work in process and finished goods inventory which cannot be resold or if resold, a minimum of 15% of the price of the Products as liquidated damages. Lydall shall have the right to prove higher damages and the Buyer shall have the right to prove lower damages.

9. **TOOLS:** Unless otherwise agreed, Lydall shall retain title to, and possession shall be returned to Lydall of, any models, drawings, patterns, dies, molds, jigs, fixtures and tools relating to this contract.

10. **WARRANTY:** If full payment for the Products is received, Lydall warrants that at the time of shipment and for a period of 1 year thereafter (unless a different period is specified by Lydall) its Products (not including any parts, materials or equipment not manufactured or supplied by Lydall) shall be substantially free of material defects in workmanship and material under normal use and service and shall substantially conform to contract specifications, subject to Lydall's standard tolerances for variations. Our warranties extend only to you, the original Buyer, and you cannot transfer them. This warranty is inapplicable to the extent Buyer has selected materials or designed the product. In no event shall Lydall be liable for any defective good if examination discloses that the good has been taxed beyond its normal capacity or the defective condition of such good was caused by willful damage, failure to follow instructions, abnormal working conditions, misuse, abuse, improper installation or application, improper maintenance or repair, alteration, accident or negligence in use, storage, transportation or handling. Any advice furnished by Lydall as to any use of the Products by Buyer and any samples provided by Lydall are offered "as is" without warranty of any kind, and shall not affect the limitations on Lydall's warranties or Buyer's agreement to indemnify. Buyer acknowledges that this Agreement is for the purchase of Products, not services, and that Lydall shall therefore have no liability to Buyer for any harm or loss caused by advice received by Buyer from any of Lydall's agents or employees. **ALL OTHER WARRANTIES, DIRECT OR IMPLIED, INCLUDING THE IMPLIED WARRANTY OF MERCHANTABILITY, WARRANTY AGAINST INFRINGEMENT OF INTELLECTUAL PROPERTY, AND FITNESS FOR A PARTICULAR PURPOSE, ARE HEREBY EXCLUDED TO THE FULLEST EXTENT PERMITTED BY LAW.**

*For contracts under German law: The above disclaimer also applies to the legal representatives and agents of Lydall, if the purchaser issues claims against them. Excluded from the above exemption of liability are claims for damages due to injury to life, limb, health and claims for damages from the breach of contract. Material contractual obligations are those whose performance to achieve the objective of the Treaty is necessary, for example, the provider has to give the customer the item free of material and legal defects and to gain ownership of it. Also excluded from the disclaimer is the liability for damages based on an intentional or grossly negligent breach of Lydall's duty, his legal representative or agents. Provisions of the Product Liability Act (Liability Act) remain unaffected.*

11. **SAFETY & HEALTH INFORMATION:** Upon request by Buyer, Lydall will provide applicable

information (including but not limited to Safety Data Sheets) and warnings concerning the safety and health aspects of its Products. Buyer agrees to communicate such information and warnings to Buyer's employees, agents, contractors and Buyers, and to require such persons to further communicate such information and warnings to all persons that they may reasonably foresee will be exposed to or handle such Products.

12. **EXPORTS:** Buyer agrees to fully comply at all times with all applicable import and export control laws and undertakes not to sell, supply, transfer, transmit, export or re-export any Products or their related technology in violation of the export control laws. Buyer shall not sell, supply, transfer, transmit, export or re-export any Products or their related technology to any non-US government if Buyer knows or has reason to know that the Products or technology will be used for military end use. Buyer confirms that the Products above will not be used for purposes associated with chemical, biological or nuclear weapons or missiles capable of delivering such weapons, nor will they be resold by Buyer knowingly for such intended or likely purpose. Buyer confirms that the Products will not be re-exported or otherwise re-sold or transferred by Buyer to a destination subject to UN, EU or OSCE embargo where that act would be in breach of the terms of that embargo. Buyer confirms that the Products, or any replica of them, will not be used by Buyer in any nuclear explosive activity or unsafeguarded nuclear fuel cycle. Buyer shall be responsible for complying with any law governing the importation of Products into the country of destination and for the payment of any duties on them.

13. **BUYER'S REMEDIES:** Buyer agrees to inspect the Products prior to acceptance and upon receipt and to give written notice within 15 days to Lydall of any claim that the Products breach any warranty provided herein. Lydall will be afforded a prompt opportunity to inspect the Products. If Buyer shall fail to give such notice or provide such opportunity to inspect, the Products shall be deemed accepted and to conform to the terms of the contract and Buyer shall be bound to accept and pay for the Products in accordance with the terms of the Agreement. Use or processing of the Products shall be deemed an unconditional acceptance. Defects in part of the Products shipped do not entitle rejection of the entire shipment. Complaints do not affect Buyer's obligation to pay for the Products. Buyer's failure to provide timely notice shall constitute a waiver of its claims. Buyer expressly waives any rights Buyer may have to revoke or refuse acceptance after such 15 day period. For a breach of warranty claim, Lydall may, at its option, repair or replace the nonconforming Products, credit the account for the value of the nonconforming Products or repay the amount paid. The aforesaid obligations of Lydall Products are expressly agreed by the parties to be the limit of Lydall's liability and Buyer's sole and exclusive remedy. Notwithstanding anything herein contained to the contrary, the liability of Lydall for any and all claims for direct damages arising out of or in connection with the Products and the use thereof shall under no circumstances exceed the sum of Buyer's payments for the Goods that are the subject of the claim. **IN NO EVENT SHALL LYDALL BE LIABLE FOR LOSS OF USE OR FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, MULTIPLE, EXEMPLARY OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO CONSEQUENTIAL DAMAGES FOR**

**PERSONAL INJURIES, EXCEPT AS REQUIRED BY LAW.**

14. **INDEMNIFICATION:** Buyer, if a reseller, shall include in its terms and conditions of sale an effective disclaimer of warranties and limitations of liability at least as restrictive as those contained herein. In any event, **BUYER ASSUMES ALL RISKS AND AGREES TO INDEMNIFY AND HOLD LYDALL HARMLESS AGAINST ALL CLAIMS AND LIABILITY ARISING: (1) OUT OF ANY PRODUCT MADE IN WHOLE OR IN PART FROM THE PRODUCTS SUPPLIED UNDER THIS CONTRACT AND (2) AS A RESULT OF USE OR POSSESSION OF THE PRODUCTS SUPPLIED UNDER THIS CONTRACT.**

With respect to Products manufactured solely to Lydall's designs or specifications, Lydall shall defend any action brought against Buyer claiming that such Products are an infringement of any patent, trademark or copyright and Lydall will pay any costs and damages finally awarded against Buyer in any such action, under the following conditions: (a) Lydall is notified promptly in writing by Buyer of any notice of such claim, (b) Lydall has sole control of the defense in any action on such claim and all negotiations for its settlement and compromise, and (c) should Lydall's Products become, or in Lydall's opinion are likely to become, the subject of a claim of infringement of a patent, trademark or copyright, Lydall will have the option of replacing or modifying the same so that it does not infringe or to accept its return and grant to Buyer a credit for such Products. This states the entire liability of Lydall with respect to infringement of patents by Lydall's Products or any parts thereof.

Buyer shall indemnify, defend and hold Lydall harmless against any damages, costs or losses resulting from any suit or proceeding brought for infringement of patents, copyrights or trademarks or for unfair competition (1) relating to the use or sale of any of Lydall's Products in any combination, method, or process and/or (2) arising out of compliance by Lydall with Buyer's designs, specifications or instructions, including claims for patent or copyright infringement. If a claim is brought against Lydall by an agent or employee of Buyer, Buyer agrees to defend, indemnify and hold Lydall harmless from and against any and all liability, loss, damages, and expense relating to the claim.

15. **INTELLECTUAL PROPERTY.** You acknowledge that all intellectual property rights relating to our Products, as between you and us, are solely and exclusively owned by us. Unless otherwise agreed to, our sale of Products to you only grants you a limited, non-transferable right under such intellectual property, for only you to use the quantity of the Products that you have bought. You may only use our intellectual property for the purposes of the Order and not for any other purpose. You expressly agree that you will not reverse engineer, disassemble, or decompile our products. Lydall does not warrant that it has verified the possible existence of third party intellectual property rights which might be infringed as a consequence of the sale of the Products and Buyer should conduct its own search for such infringement. The sale of Products does not convey any license under any intellectual property rights relating to the application of the Products and Buyer expressly assumes all risk of intellectual property infringement by reason of its importation or use of the Products in any of its

processing operations.

16. **SET-OFF.** Lydall shall have the right to set-off all amounts due against payments owed by Lydall whether arising out of this or any other contract between Buyer and Lydall, its subsidiaries, or affiliates.

17. **CODE OF ETHICS:** The Buyer shall adopt and comply with a policy statement or code of conduct regarding business ethics or elect to comply with Lydall's Code of Ethics and Business Conduct ("Code"). This Code will be suitable for the Buyer's business and at a minimum will require compliance with all applicable laws and regulations; assure a safe, healthy work environment; prohibit the use of child or forced labor; provide for protection of the environment and minimization of waste, emissions, energy consumption; minimize the use of materials of concern and prohibit engagement in corrupt practices (e.g., facilitating, offering or paying any bribe). This provision confers no rights on third parties.

18. **COMPLIANCE WITH STATUTES AND REGULATIONS:** Lydall makes no warranty that its Products shall conform to any law, statute, ordinance, regulation, code or standard unless expressly stated in the specifications or order acknowledgement. Buyer warrants and certifies that 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 Products using Lydall's Products, including but not limited to:

(a) all anti-bribery statutes, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act; in addition, Buyer shall not offer gifts of any nature, including holiday gifts or entertainment, above a nominal value; and

(b) all Equal Employment Opportunity statutes and orders, now in effect or later enacted, of the United States of America 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 Fair Labor Standards Act, as amended. Buyer 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, Buyer agrees to take 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 actions will include all human resources selection and decision practices such as demotion, transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training. These requirements are found 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. In addition, no action will be taken to the extent it is forbidden by the legislation applicable in the corresponding country.

19. **NO CONFLICT MATERIALS:** Lydall 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, Lydall represents and warrants that the Product(s) supplied in accordance with the Agreement and any substances contained therein do not contain any Conflict Minerals. Lydall shall take all measures as are necessary to comply with the Act and its implementing regulations, as they may be amended over time.

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

Lydall 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, Lydall 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. Lydall 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. Lydall 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.

**21. GENERAL**

a) Assignment and Delegations: The parties’ rights and obligations shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, directors, officers, employees and legal representatives. To the extent permitted by applicable law, Buyer will not assign any rights or delegate any duties under the Agreement without the prior written consent of Lydall. Lydall may perform its obligation through its affiliates or subcontractors. Lydall and Buyer are independent contractors and neither is authorized to

act on behalf or bind the other.

(b) Statute Of Limitations: Buyer agrees that any action of any kind by the Buyer against Lydall must be brought within one (1) year of the date of delivery.

(c) Mediation: Prior to either party filing a suit in court, the parties agree to participate in a non-binding mediation of any dispute before a neutral mediator at a time and place to be agreed upon.

(d) Modification, Termination and Waiver: This contract shall not be modified or terminated unless expressly agreed by both parties in writing. In the event of any termination of this contract, Buyer will pay for any raw materials, work in process or finished goods inventory which is not usable or salable by Lydall. All notices shall be in writing and electronic means of communication such as email shall be considered "in writing." No waiver or any default hereunder shall be deemed a waiver of the obligation of future compliance, and any provision waived shall remain in full force and effect. In addition to its other remedies, Lydall may cancel any unfulfilled part of the contract without any liability, upon written notice if Buyer fails to pay amounts due or Buyer shall become bankrupt, insolvent, makes an assignment for the benefit of creditors or a receiver is appointed for Buyer, or Buyer is acquired or sold in whole or in part.

(e) Sole Agreement: Unless otherwise agreed in writing, this Agreement constitutes the entire agreement between Lydall and Buyer, and supersedes any previous agreement, representation or warranty, whether express or implied, regarding the Products. Buyer acknowledges that no representations, understandings, conditions, or agreements have been made or relied upon other than those stated in this Agreement.

(f) Governing Law: The contract will be governed by the laws of the State of the Lydall operation selling the Product for Products sold from the US and by the laws of the United Kingdom for Products sold from other locations, excluding principles of conflicts of laws. The applicability of the United Nations Convention on Contracts for the International Sale of Goods is excluded.

(g) Construction: Any reference to a statute shall be construed as a reference to that statute as amended, re-enacted or otherwise modified. Headings are solely for convenience and shall not affect interpretation. The English version of this Agreement shall prevail over any translation.

(h) Severability: If any provision of this Agreement is held by a court to be invalid or unenforceable in whole or in part, the validity of the other provisions and the remainder of the provision in question shall not be affected. The provisions held to be invalid or unenforceable shall be reformed to provisions satisfying the legal and economic intent of the original provisions to the maximum extent permitted by law.

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