

Filtrona Filter Products Group
Terms and Conditions for the Supply of Filter Products.

1. Interpretation

1.1 In these Conditions:

"**Buyer**" means the person who purchases Products from Seller;

"**Conditions**" means these terms and Conditions as may be amended from time to time; pursuant to Condition 2.5 or 2.6 which constitute an integral and inseparable part of the Contract;

"**Contract**" means any contract between Seller and Buyer for the purchase of Products which contract shall be formed after an Order is sent by Buyer to Seller and the Order Acceptance thereof is issued by Seller or if no Order Acceptance is issued by Seller, upon Seller dispatching the Products to Buyer as requested under the Order;

"**Filtrona Filter Products Group**" means the group of companies which conduct the business of Filtrona Filter Products from time to time;

"**Intellectual Property Rights**" means all patents, know-how, copyrights, trade or services marks, design rights, and all other intellectual property rights of any kind in any part of the world;

"**Losses**" means all losses, claims, liabilities, costs, charges, expenses and damages of any kind, irrespective of whether they were reasonably foreseeable or avoidable;

"**Order**" means an offer to purchase the Products submitted by Buyer to Seller based on Quotes from time to time provided by Seller to Buyer;

"**Order Acceptance**" means a written acceptance of an Order issued by an authorised signatory of Seller;

"**Price List**" means the Seller's Price list from time to time for the Products in question at the time the Order is dispatched;

"**Products**" means any goods offered for sale by Seller;

"**Quotes**" means Price of the Products listed on the Seller's Price List accompanied by these Conditions;

"**Seller**" means the company listed in the Schedule of Sellers which has entered into a Contract with Buyer for the supply of Product;

"**Specifications**" means Buyer's Specifications for the Product from time to time.

1.2 In these Conditions: references to a "person" include any individual, company, corporation, or other entity whether or not having a separate legal personality; words in the singular shall include the plural and vice versa; any reference to any statute or statutory provision shall be construed as a reference to that statute or statutory provision as time to time amended, consolidated, modified, extended, re-enacted or replaced; and the word "including" shall, unless the context otherwise requires, mean "including without limitation".

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2. Quotes, Orders and Contracts

- 2.1 Quotes are made for reference only and they are not binding on the Parties until it is stated and agreed under an Order Acceptance; except for the Quotes that have been agreed under an Order Acceptance, Quotes may be withdrawn by Seller.
- 2.2 An Order is not binding on Seller until a Contract shall have been formed when an Order, as amended, is accepted by Seller issuing an Order Acceptance or if no Order Acceptance is issued by Seller, when Seller dispatches Products to Buyer, at which time a Contract shall be formed.
- 2.3 Once accepted in the form of Seller issuing an Order Acceptance, an Order may only be cancelled, varied or suspended by Buyer with the express prior written agreement of Seller; if however an Order is accepted by Seller and Product has already been dispatched, no cancellation, variation, or suspension may be made by Buyer.
- 2.4 The quantity and Specification of Products Ordered shall be as set out in the Order or, if different, the Order Acceptance.
- 2.5 The Conditions shall form part of any Contract to the express exclusion of any other terms and Conditions. A Contract shall comprise these Conditions, an Order Acceptance and any additional terms agreed in writing and signed by an authorised representative of each party.
- 2.6 No variation of these Conditions or any Contract, nor any representation, advice or recommendation relating to Products given by any representative of Seller, shall be binding upon the parties unless made in writing and signed by an authorised representative of each of the parties.

3. Specifications

- 3.1 Buyer acknowledges that it is not relying on Seller's skill or judgement in determining whether Products will be fit for any or all its purposes or whether the Specifications fully and accurately reflect Buyer's requirements for Products.
- 3.2 Buyer warrants, represents and undertakes that the Product will not be incorporated into any illegal or counterfeit product or sold with any product that is an illegal or counterfeit product.
- 3.3 Except as otherwise expressly provided in the Contract, Seller shall own all of the Intellectual Property Rights in the Products, the Specifications, their design, packaging, labelling and other materials supplied with or in connection with Products. No Intellectual Property Rights of Seller or any other person within the Filtrona Filter Products Group are transferred to Buyer and no licences to use any such Intellectual Property Rights are granted to Buyer except as may be necessary for the usual use of Products.

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4. Price

- 4.1 Subject to Condition 4.2, the Price of Products shall be as specified in Seller's Price List (the "**Price**"). The Price is given on an ex-works basis, unless otherwise stated on the Order Acceptance, and includes standard packaging in accordance with Seller's current practice.
- 4.2 Seller reserves the right, by giving written notice to Buyer at any time before Order Acceptance, to increase the Price to reflect any increase in the cost to Seller of supplying any Products which is due to:
 - 4.2.1 Any factor beyond its reasonable control;
 - 4.2.2 Any increase in the cost of labour or materials;
 - 4.2.3 Any variation to the Contract requested by Buyer;
 - 4.2.4 Any delay or additional work or materials caused by any instructions, neglect or default of Buyer; or;
 - 4.2.5 Any failure of Buyer to supply Seller with adequate and timely information, instructions or Specifications.
- 4.3 The Price excludes any applicable value added tax or other taxes or duties, and non-standard packaging, loading, unloading, carriage and insurance or similar costs, all of which shall be payable by Buyer, unless otherwise stated on the Order Acceptance.

5. Payment

- 5.1 Seller shall be entitled to invoice Buyer for the Price and any other amounts payable by Buyer in advance of delivery.
- 5.2 Payment of any invoice is due, without deduction, discount, and abatement or set-off, within 30 days of the date of the invoice, in the currency agreed. The time of payment shall be of the essence of these Conditions.
- 5.3 If Buyer fails to make any payment when due then, without prejudice to any other right or remedy available to Seller, Seller shall be entitled to:
 - 5.3.1 terminate the Contract; after giving thirty elapsed days written notice in relation to which the payment is failed and as the case may be, repossess the relevant Products pursuant to Condition 7.3 or otherwise charge an interest at the rate of 0.5% per month for any delay of payment;
 - 5.3.2 Deduct outstanding sums from any sums owed by Seller to Buyer under the Contract or otherwise;
 - 5.3.3 Suspend or cancel any further deliveries to Buyer under the Contract;
 - 5.3.4 Treat the Contract as repudiated and terminated;
 - 5.3.5 Subject to Condition 6.5, sell any Products not yet delivered to Buyer to other Customers and/or
 - 5.3.6 Retain any sums paid as deposit for Products.

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6. Delivery

- 6.1 Unless otherwise agreed in writing, Products will be delivered to Buyer by Seller making them available for collection by Buyer's nominated carrier or at the address set out in the Order Acceptance or, as the case may be, in the relevant Order.
- 6.2 Any dates quoted for delivery are approximate only and time shall not be of the essence.
- 6.3 Seller may deliver up to 10% more or less than the quantity of pallets, Products or rods Ordered under an Order and, in each case; Buyer shall accept and pay the Price for the quantity delivered.
- 6.4 Buyer shall notify Seller of a failure to deliver the Products pursuant to the date agreed under the Order Acceptance or for short delivery in writing within three working days from the estimated date of delivery stated under an Order Acceptance in relation to a failure to deliver or within three working days from the actual date of delivery in relation to a short delivery.
- 6.5 Where Products are to be delivered in instalments, each delivery shall constitute a separate obligation and neither any failure by Seller to deliver nor any claim in respect of any one or more instalments by Buyer shall entitle Buyer to treat the Contract as a whole as repudiated or terminated.

7. Risk and Title in Products

- 7.1 Products shall be at Buyer's risk immediately on and after delivery.
- 7.2 Notwithstanding delivery to Buyer of Products, title in all Products shall be retained by Seller until Seller has received in either cash or cleared funds all sums due in respect of Products and on any account whatsoever from Buyer to Seller
- 7.3 In case of failure of payment by Buyer, Seller may require Buyer to deliver up any Products to Seller prior to title in Products passing to Buyer. Buyer grants Seller and its agents an irrevocable licence at any time to enter any premises where such Products are stored to inspect or, if Buyer has failed to deliver up possession when requested by Seller, to repossess such Products.

8. Quality

- 8.1 Seller warrants that on delivery:
 - 8.1.1 Products shall comply with the Buyer's written Specification in all material respects;
 - 8.1.2 Products will be free from defects in materials and workmanship.
- 8.2 Upon delivery of the Products by Seller to Buyer, Buyer shall perform inspection of such Products and immediately notify Buyer in writing not later than fourteen elapsed days after the date of delivery of any alleged breach of Seller's warranty. The warranties in Condition 8.1 shall not apply unless:
 - 8.2.1 In respect of defects that are apparent on inspection, Buyer notifies Seller, in writing, of such defects within fourteen elapsed days after collection by Buyer or after the delivery of Products;

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- or 8.2.2 in relation to defects that are not apparent on inspection, Buyer notifies Seller in writing of such defects within fourteen days after the defect became apparent or ought to have become apparent to Buyer, and in any event in the case of speciality filters within six elapsed months and in the case of non-speciality mono-acetate filters twelve elapsed months of the date of delivery;
- and 8.2.3 the total Price for Products has been paid by Buyer
- 8.3 Seller shall not be liable for any breach of any of the warranties in Condition 8.1 if:
- 8.3.1 caused by the acts or omissions of any persons not expressly authorised by Seller;
- 8.3.2 caused by materials incorporated into a Product but not manufactured by Seller, in respect of which Buyer shall only be entitled to the benefit of any such warranty or guarantee as was given by the manufacturer to Seller and which is capable of being assigned to Buyer, at Buyer's cost;
- 8.3.3 Buyer makes further use of or resells Products after giving notice of a defect or fails to comply with Seller's reasonable instructions in relation to a product hold or recall;
- or 8.3.4 the breach was caused by environmental Conditions or use, storage or handling of Products other than in accordance with its Specifications or Seller's instructions.
- 8.4 Subject to Condition 8.2 and Condition 9, Seller shall, at its option, replace defective Products or refund the Price. Seller shall own any Products that have been so replaced, until fully paid by Buyer.
- 8.5 Subject to Condition 9, the remedies set out above shall be the sole extent of Seller's liability arising out of or in connection with defective Products and all implied warranties, terms and Conditions are excluded to the fullest extent permitted by law.
- 8.6 Buyer shall comply with all reasonable instructions of Seller in relation to any product hold or product recall campaign organised in respect of Products or any other corrective action reasonably taken by or on behalf of Seller in respect of Products after delivery to Buyer.

9. Limitation of Liability

- 9.1 Without prejudice to Condition 9.5, Seller's aggregate liability to Buyer, including any liability for the acts or omissions of its employees, agents, sub-contractors, or other persons within the Filtrona Filter Products Group, for any and all claims arising out of or in connection with the supply, use, incorporation into other products or resale of the Products, or for any breach of these Conditions, any Contract or any duty implied by law and whether arising in contract, tort, including negligence or breach of a statutory duty, misrepresentation, restitution or otherwise shall not exceed the lesser of the Price paid by the Buyer for the defective Products which are the subject of the claim or £ Sterling five hundred thousand pounds or the local currency equivalent, converted at the Bank of England official exchange rate at the date of Contract formation.
- 9.2 Where Buyer makes more than one claim in respect of Products and the Product is part of the same Order Acceptance such claims shall be deemed to be a single

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- claim for the purposes of the Contract and shall be subject in aggregate to the above limits.
- 9.3 Subject to Condition 9.5, Seller shall not be liable to Buyer or any other party for any (a) indirect Losses, (b) economic Losses, (c) Losses of profit or anticipated profits, (d) Losses of expected future business, or (e) damage to reputation or goodwill.
- 9.4 Nothing in these Conditions shall exclude or limit Seller's liability in respect of any claim, other than by Buyer for re-imbusement of sums paid to a third party, for death or personal injury caused by its negligence, for fraud or fraudulent misrepresentation or for any other liability to the extent that it may not be excluded or limited by law in the relevant jurisdiction, subject to Condition 13.6.
- 9.5 If Buyer becomes aware that any third party has made or appears likely to make any claim in respect of Products it shall:
- 9.5.1 Promptly notify Seller of such claim or circumstance;
- 9.5.2 Promptly provide such assistance to Seller and take such action as Seller may reasonably request in respect of such claim or circumstance including but not limited to allowing Seller to take full control of any proceedings or negotiations in connection with the claim;
- and 9.5.3 not settle or compromise, make any admissions, nor agree any matter in the conduct of any dispute, without the prior written approval of Seller.
- 9.6 Without prejudice to any other provision of these Conditions, Seller will not be in breach of the terms of the Contract for any delay in performing, or failure to perform, its obligations under the Contract if that failure or delay was due to any cause or circumstance beyond Seller's reasonable control, which shall include without limitation; war or other action of military forces, terrorism, riot, civil commotion, sabotage, vandalism, accident, break down or damage to machinery or equipment, fire, flood, acts of God, severe adverse weather, strike, lock-out or other industrial disputes, whether or not involving employees of Seller, or shortage of materials at the market rates existing when the Contract is made, legislative or administrative interference or was due to any failure, neglect or delay on the part of Buyer or its agents or representatives. Seller shall use reasonable endeavours to mitigate the effects of such event. If such event continues for a continuous period in excess of thirty elapsed days, either party shall be entitled to terminate the Contract on written notice to the other party.
- 9.7 Buyer acknowledges that the limitations of liability set out in these Conditions are reasonable and reflect the commercial intentions of the parties in the context of the anticipated earnings of Seller under the Contract and the ability of Buyer to protect itself through insurance. Seller may be willing to vary the limitations on liability in relation to specific Products if requested by Buyer subject to Buyer bearing the additional costs as notified to it by Seller.

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10. Termination

- 10.1 Seller may terminate the Contract forthwith:
- 10.1.1 by giving thirty elapsed days written notice if Buyer breaches pursuant to Condition 5.3 or breaches any material terms of any Contract; or
 - 10.1.2 Immediately, if Buyer makes any composition or voluntary arrangement with its creditors or any step, application, Order, proceeding or appointment is made or taken by or in respect of Buyer including the making of an application or the giving of any notice by Buyer or any other person for a distress, execution, winding up, dissolution, or to appoint an administrator of Buyer or being an individual or firm, becomes bankrupt or being a company, goes into liquidation, otherwise than for the purposes of a solvent amalgamation or reconstruction;
 - 10.1.3 Immediately, if an encumbrance takes possession or a receiver, administrative or otherwise, is appointed, of any of the property or assets of Buyer; or Buyer ceases, or threatens to cease, to carry on business;
 - 10.1.4 Any event analogous to the foregoing occurs in any jurisdiction in which Buyer is incorporated, resident or carries on business;
 - 10.1.5 Immediately, if Buyer breaches the Intellectual Property Rights of Seller or any other person or member of the Filtrona Filter Products Group;
 - 10.1.6 Immediately, if Buyer breaches the warranty in Condition 3.2
 - 10.1.7 Seller reasonably apprehends that any of the events mentioned in Conditions 10.1.1 to 10.1.6 above is about to occur in relation to Buyer and notifies Buyer accordingly.
- 10.2 Buyer may, on thirty elapsed days' written notice, terminate the Contract within thirty elapsed days of receiving notice from Seller pursuant to Conditions 4.2.1 or 4.2.2 that the Price under the Contract is increasing by more than 10% of the Price stated on the Order Acceptance.
- 10.3 Where Seller terminates the Contract in accordance with Condition 10.1 then, without prejudice to any other right or remedy available to Seller:
- 10.3.1 Seller shall be entitled to suspend any further deliveries under the Contract;
 - 10.3.2 where Seller retains title to the Products pursuant to Condition 7.2, Buyer shall immediately deliver up Products to Seller, failing which Seller may repossess Products and Seller may dispose or use any of Products as it wishes;
 - 10.3.3 the Price shall become immediately due and payable notwithstanding the Contract, any previous agreement or arrangement to the contrary.
- 10.4 Termination of the Contract, for whatever reason, shall not affect any of its provisions which are intended to continue to have effect after it has come to an end, including Conditions 3,5,7,9,12 and 13.

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11. Export Terms

- 11.1 Unless otherwise agreed by the parties in advance by writing, Condition 11 shall apply where Products are supplied for export and shall prevail to the extent of any conflict with these Conditions.
- 11.2 Export sales shall be governed by Incoterms (2000) and shall be ex-works, unless otherwise specified on the Order Acceptance.
- 11.3 Buyer shall be responsible for complying with any legislation or regulations applying to Products in the country of destination governing the export of Products, including if necessary, satisfying local revenue and customs authorities that value added tax, sales tax, or other similar tax is not payable on the Price, and the importation of Products into the country of destination, and for the payment of any applicable import or export duties or taxes thereon.
- 11.4 Buyer shall notify Seller of any obligations which Seller is obliged to comply with pursuant to any such legislation or regulations and shall reimburse Seller any associated costs.

12. Confidentiality

- 12.1 Neither party shall without the prior written consent of the other party, during and after termination of the Contract, use other than in performance of the Contract, or disclose to any other person, save, in relation to Seller, any member of the Filtrona Filter Products Group any confidential information of the other party, except that any obligations contained in this Condition shall not prevent any disclosure of confidential information which is required by law, court Order or any legal or regulatory authority, which is required to comply with the rules of any relevant stock exchange, or disclosure to a party's professional advisors, acting in their capacity as such.
- 12.2 Buyer shall not publicise or disclose the existence of any Contract, nor its relationship with Seller, without the prior written consent of Seller.

13. Miscellaneous

- 13.1 Seller may perform any of its obligations or exercise any of its rights hereunder by itself, through its subcontractors or agents or any member of the Filtrona Filter Products Group provided that any act or omission of any such subcontractor, agent or member of the Filtrona Filter Products Group shall be deemed to be the act or omission of Seller and shall be subject to the exclusions or limitations on liability set out in these Conditions. Buyer shall not transfer, assign or sub-contract any of its rights or obligations under the Contract without Seller's prior written consent and in any event shall remain responsible for the performance of the Contract by any transferee, assign or sub-contractor.
- 13.2 Any notice shall be in writing including by fax, addressed to the other party at its registered office or principal place of business or such other address as may at the relevant time have been notified to the party giving the notice. Hand delivered notices shall take effect immediately, postal notices, two working days after

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- posting by first class post and, if sent by fax or e-Mail, at the date and time on the sender's transmission acknowledgement slip or if lost, on receipt.
- 13.3 No waiver by Seller of any breach of the Contract by Buyer shall be binding unless and until given in writing and duly signed by an authorised signatory of Seller. No waiver shall be considered as a waiver of any subsequent breach of the same or any other provision and any failure by Seller to enforce any term of the Contract shall not be waiver of Seller's rights.
- 13.4 If any provision of the Contract is held by any competent authority to be invalid or unenforceable in whole or in part, the validity of the other provisions of the Contract and the remainder of the provision in question shall not be affected thereby.
- 13.5 The Contract contains the entire agreement and understanding of the parties and supersedes all prior agreements, understandings or arrangements, both oral and written, in respect of the relevant Products specified therein, save that neither party seeks to exclude liability for fraudulent pre-contractual misrepresentation upon which the other party can be shown to have relied.
- 13.6 The Contract and any dispute arising out of it or in connection with it, whether in contract or otherwise shall be governed by and construed in accordance with the laws of the legal jurisdiction in which the Seller is incorporated. Any dispute shall be referred to the exclusive jurisdiction of the local Courts of the Seller, save that Seller shall retain the right to bring proceedings against Buyer in any other court.
- 13.7 Save in respect of the rights, indemnities or warranties expressly stated to be given in favour of the Filtrona Filters Product Group, or Seller's agents or subcontractors, all of which shall accrue directly for their benefit, the parties to the Contract do not intend that any term of the Contract will be enforceable by any person that is not a party to it. No such person shall have any rights relating to any extension, waiver and/or amendment to the Contract including but not limited to, any rights to approve any extension, waiver and/or amendment to the Contract.

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Schedule of Sellers

Filtrona United Kingdom Limited, with registered office at Avebury House, 201-249 Avebury Boulevard, Milton Keynes, Buckinghamshire, MK9 1AU and its successors and assigns;

Filtrona Filters Hungary Gyártó Kft, with registered office at 2310 Szigetszentmiklós, Leshegy út 30, located at Prologis Ipari Park, Leshegy U. 30, 2310, Hungary and its successors and assigns;

Filtrona Italia SpA, with registered office in Salerno, Viale Andrea De Luca, 3 FUORNI, 84131 Salerno, Italy, its successors and assigns;

Filtrona Greensboro, Inc., a Delaware Corporation, located at 303 Gallimore Dairy Road, Greensboro, North Carolina, 27409 and its successors and assigns;

Filtrona de Mexico S. de R.L. de CV, with registered office at Ave. Industrias 150 Esquina Privada la Silla, fraccionamiento Industrial PIMSA Ote. (Parque Industrial Kronos), Apodaca, and its successors and assigns;

Filtrona Brasileira Indústria e Comércio Ltda, with registered office at Av. Guarapiranga, 1061/1063, Sao Paulo and its successors and assigns;

Filtrona Venezolana C.A, with registered office at Urbanización Industrial Castillito, Calle 103 con Av. 66, Valencia, Edo. Carabobo, Venezuela, and its successors and assigns;

Filtrona Paraguaya SA, with registered office at Ruta Internacional 7 Km. 12 - Calle 12 Acaray, Paraguay and its successors and assigns;

P.T. Filtrona Indonesia, with registered office at Jalan Berbek Industri I no 18-20, Surabaya Industrial Estate Rungkut, Sidoarjo 61256, Indonesia and its successors and assigns;

FilThai Company Ltd, with registered office at 776 Charoennakorn Road, Daokanong, Thonburi, Bangkok 10600 and its successors and assigns;

ITC Filtrona Limited, with registered office at Doddajala Post, Yarthiganahalli, Bangalore North, Karantaka, 562 157 and its successors and assigns;

Filtrona Jordan(Limited Liability Company), with registered office at PO Box 12, Na'ur, Amman, 1170, Jordan and its successors and assigns.