

**1. Acceptance of Purchase Order.** This Purchase Order, including the specific order terms which are incorporated herein by reference (collectively, the "Order"), constitutes the terms and conditions by which the Freudenberg entity designated as the buyer on the Order ("Buyer") is to purchase from the party designated as the vendor in the Order ("Seller") the products described on the Order (hereinafter, the "Products"). Seller shall promptly acknowledge receipt of this Purchase Order. Seller shall be deemed to have accepted this Purchase Order by any reasonable indication of acceptance, including without limitation (i) if Seller fails to object to Buyer in writing within five (5) days of receipt of this Purchase Order, or (ii) if Seller ships the Products to Buyer. Seller's acceptance, however made, is expressly limited to the terms of this Order and on the face hereof or on an attached writings hereto, and Buyer objects to all additions, exceptions, or changes to these terms whether contained in any printed form of Seller or elsewhere unless expressly approved by Buyer in writing. Any terms and conditions set forth on the front side of the Order shall control over any inconsistent terms or conditions below hereof.

**2. Delivery.** Unless otherwise directed by Buyer in writing, all deliveries of Products purchased hereunder shall be DDP (delivered duty paid) (INCOTERMS 2010) point of destination. No tender of delivery of Products shall be deemed made to Buyer, and no liability or obligation to inspect the Products shall be imposed on Buyer, unless and until the Products are tendered in precise conformity to the specifications and instructions of the Order (including, but not limited to, specifications and instructions relating to kind, quantity, quality, assortment, labeling and packaging, delivery, shipping, routing, and conformity to specifications, designs, and samples). Delivery of Products shall be in accordance with the delivery schedule set forth on the Order. The time of delivery is of the essence. If Seller's deliveries fail to meet the schedule specified by Buyer, Seller shall, at its expense, upon Buyer's request ship the Products by express shipment, and Seller shall pay the difference between regular freight and express rates (without limiting any other remedies available to Buyer). Seller shall bear the risk of loss and damage until the Products are delivered and accepted by Buyer. Partial shipments are not allowed unless specifically noted by Buyer in this Order. Complete and detailed packing slips must accompany all shipments.

**3. Labeling, Packaging.** All Products shall be labeled and packaged in accordance with industry standards for container shipment, and any instructions provided by Buyer, including Buyer's part number on all packing slips and Purchase Order on all shipping labels.

**4. Non-Conforming Products; Over-Shipments; Substitutions.** All Products rejected by Buyer may, at Buyer's discretion, be (i) returned to Seller at Seller's expense, (ii) held by Buyer at Seller's risk and expense, or (iii) accepted by Buyer at an appropriate reduction in price. Buyer may reject other shipments in its sole discretion. Buyer reserves the right to accept some Products in a shipment and reject others. No substitutions of any Products may be made without Buyer's written consent. No charges for extra Products will be allowed unless such Products have been ordered in writing by Buyer and the price agreed upon by Buyer in writing.

**5. Price.** The price for the Products supplied shall be the amount designated on the Order. Unless otherwise specified, such price includes all charges for cartage, packing, boxing, labeling, hauling, storage, transportation to point of delivery, freight insurance, taxes, and installation. Seller warrants that the prices in this Order are no greater than those currently charged to any other buyer for similar quantities of Products; and Seller agrees that it will notify Buyer in writing of any price reduction extended to others by Seller prior to delivery of the Products and that it shall also extend such reduced price to Buyer from the date that price was first extended to any third party.

**6. Payment.** Unless otherwise set forth on the Order, Seller shall invoice Buyer upon acceptance of the Products by Buyer. Buyer will pay Seller the price for Products set forth in Section 5 within sixty (60) days, after receipt of Seller's invoice. All payments shall be made in Canadian Dollars to Seller, unless otherwise indicated on purchase order.

**7. Cancellation; Changes.** Buyer reserves the right to cancel all or any part of this Order prior to acceptance of the Products, for any reason, including at its convenience, upon written notice to Seller, without liability. Buyer may reschedule delivery of the Products under this Order in whole or in part at no additional charge, provided notice is given prior to the shipment date. Buyer may also at any time make changes in the scope or quantity of the Products, in which event Seller must, within 10 days of Seller's receipt of notice of such changes, notify Buyer of any request for an equitable adjustment to the price or delivery terms to reflect changes in Seller's cost or delivery schedule caused by the changes.

**8. Warranties.** In addition to all warranties provided by law, Seller expressly warrants, for a period of 24 months, that the Products shall be (i) produced in full compliance with Buyer's specifications and instructions (including without limitation those stated in this Order); (ii) produced to have all the same properties as any samples furnished by or supplied to Seller; (iii) free from defects in design, fabrication, material, workmanship, and manufacture; (iv) merchantable and fit for the purposes intended by Buyer; (v) free from infringement of any patent, copyright, trademark or other proprietary right of a third party; (vi) manufactured, labeled, sold and shipped in compliance with any and all applicable laws, rules and regulations of governmental authorities (including, without limitation, import/export and customs clearance regulations, consumer product safety regulations, environmental laws, equal opportunity laws, child labor laws, and other governmental requirements relating to working conditions); and (vii) free and clear of any security interests, liens, claims or encumbrances. All warranties and remedies shall be available to, Buyer, its affiliates, and their customers and all such warranties shall survive any delivery, inspection, acceptance, or payment by Buyer.

**9. Indemnification.** To the full extent permitted by law, Seller hereby agrees to indemnify, defend and hold harmless Buyer, its affiliates, partners, directors, officers, employees and agents, from and against any and all actions, claims, demands, judgments, losses, costs, liabilities, damages, expenses and/or fees (including reasonable attorneys' fees) of whatever kind ("Claims") that are incurred by or asserted against Buyer related to or arising from any: (a) actual or alleged infringement of any patent, trademark, copyright, trade secret, industrial design right, or other proprietary right, by reason of the manufacture, use or sale of the Products, except to the extent the infringement results directly from a design furnished by Buyer; (b) defect or alleged defect in any Products; (c) noncompliance or alleged noncompliance by Seller of its representations, warranties, or obligations under this Order; or (d) negligence or fault or alleged negligence or fault of Seller in connection with the design or manufacture of Products. Seller shall not make any admissions on behalf of Buyer or enter into a settlement without Buyer's prior written consent.

**10. Insurance.** Seller shall maintain for a period of three (3) years after the date of this Order, commercial general liability insurance, including without limitation coverage for products liability/completed operations, contractual liability and personal injury liability, with a limit per occurrence of not less than One Million Dollars (\$1,000,000) and an aggregate limit in an amount of not less than Three Million Dollars (\$3,000,000). Seller shall provide Buyer with certificates evidencing that the insurance required under this Section is in force, upon request from Buyer.

**11. Confidentiality.** In connection with this Order, Seller may be granted access to Buyer's confidential information, including, without limitation inventions, developments, know how, specifications, business plans, results of testing, systems, financial information, product information, methods of operation, customer information and compilations of data ("Confidential Information"). Seller shall use Buyer's Confidential Information only for the purposes contemplated under this Order and shall not disclose it to third parties or otherwise use it to its own advantage or Buyer's detriment. Confidential Information shall not include information which: (a) is or becomes publicly available without breach of this Agreement by Seller; (b) was known to Seller prior to its receipt from Buyer as evidenced in writing; or (c) is developed by Seller independently of its access to Confidential Information. Seller is permitted to disclose Buyer's Confidential Information to its employees and authorized subcontractors on a need to know basis only, provided that such employees and authorized subcontractors have written confidentiality obligations to Seller no less stringent than the confidentiality obligations under this Section. Upon termination of this Order, Seller shall return Buyer's Confidential Information and shall not use Buyer's Confidential Information for its own or for any third party's benefit. Seller's confidentiality obligations shall survive termination of this Order for so long as Buyer's Confidential Information remains confidential. In order to assure that Buyer is able to obtain the full benefit of the restrictions set forth in this Section, Buyer shall be entitled to injunctive relief, including, but not limited to, emergency, preliminary, temporary and permanent injunctions, from any court of competent jurisdiction as may be necessary to enjoin any violation of the foregoing covenants, without the necessity of proving immediate irreparable harm or an inadequate remedy at law. If the parties have already entered into a Confidentiality or Non-Disclosure Agreement ("NDA"), the terms and conditions of the NDA shall apply and control for confidentiality obligations between the parties in lieu of this section.

**12. Ownership of Proprietary Materials.** Except as specifically stated in this Order, neither party transfers to the other party any patent, trade secret, trademark, copyright or other intellectual property right owned by such party ("Intellectual Property Right"). Seller grants to Buyer a non-exclusive right and license of Seller's Intellectual Property Rights to: (a) use, sell, and modify Products and incorporate Products into other products for use or sale; and (b) in the case where Seller is unable to perform or has breached this Order, to make Products or have Products made by an alternate source for the remaining duration of this Order or as otherwise mutually agreed to in writing. All works of original authorship, ideas, inventions (whether patentable, patented or not), know-how, processes, compilations

of information, and other intellectual property created by Seller for which the development was paid for by Buyer (collectively, "Proprietary Materials"), and all Intellectual Property Rights in such Proprietary Materials, are owned by Buyer. Seller agrees that all such Proprietary Materials created by Seller for which the development was paid for by Buyer are "works made for hire" as that term is used in connection with the Federal Copyright Act.

**13. Buyer Tooling and Materials.** In the event Buyer provides Seller with any raw materials, tooling, equipment, drawings, schematics, dies, patterns, or other items ("Buyer Items") in connection with this Order, Seller acknowledges that all such Buyer Items shall remain the sole and exclusive property of Buyer and are provided to Seller on a commercial bailment basis. Seller agrees that it shall use such Buyer Items solely for the purpose of manufacturing the Products covered by this Order for the benefit of Buyer. Seller shall keep such Buyer Items in a safe, secure and appropriate location, segregated and separate from all other property, goods, or materials owned by Seller or any third parties. Seller shall clearly identify all such Buyer Items as the property of Seller. Seller shall keep all such Buyer Items free and clear from any and all voluntary and involuntary liens, security interests, and encumbrances. Seller hereby waives any rights it may have now or in the future to claim a lien, security interest, or other encumbrance on such Buyer Items. Seller shall be responsible for exercising due care with respect to all such Buyer Items provided to Seller. Seller shall be liable for any loss or damage to such Buyer Items. Buyer shall have the right, at any time and for any reason, to require Seller to return all or any portion of such Buyer Items.

**14. Inventory; Discontinued Sales.** Seller agrees to maintain a reasonable amount of buffer inventory of the Products ordered by Buyer during the one (1) year period after delivery of the Products under this Order. In the event Seller discontinues the sale of any Products within one (1) year after delivery of the Products under this Order for any reason, Seller shall give Buyer at least ninety (90) days prior written notice of such Product discontinuance, during which time Buyer shall have the option (but not the obligation) to place additional orders for such Products.

**15. Compliance with Laws.** Seller will at its expense comply with all federal, state, provincial, local and foreign laws, orders, rules, regulations and ordinances, including import and export laws and regulations, that may be applicable to Seller's performance of its obligations under this Order; and shall identify and procure required permits, certificates, licenses, insurance, approvals and inspections in performance of this Order. If applicable Seller will provide Buyer with material safety data sheets for Products and all other information required to comply with applicable laws. Seller agrees to provide Buyer with a statement of origin and applicable customs documentation for any Products manufactured in whole or in part outside of the USA / Canada as well as any requested NAFTA documentation, as applicable. For programs involving the supply of goods or services to the US Government, Supplier shall accept the flow-down of applicable Federal Acquisition Regulations and shall maintain the capability to meet all of the requirements of such regulations including, without limitation, requirements as to cost and pricing data, truth in negotiation and procurement integrity.

**16. Remedies.** If Seller defaults in the performance of this Order, or is in breach of any of its express or implied warranties, Buyer shall be entitled to all remedies available at law or in equity. All rights and remedies of Buyer are cumulative. Payment for all or any part of the Products shall not be deemed a waiver of Buyer's rights and remedies with respect to defective or nonconforming Products, including without limitation Buyer's right to reject the Products, revoke acceptance of the Products, to cancel future deliveries of the Products, and to recover direct, indirect and consequential damages by reason of any defect in the Products.

**17. Applicable Law.** This Order, the purchase and sale of Products and any dispute or controversy relating thereto, shall be governed and construed according to the laws of the Province of Ontario and the federal laws of Canada applicable in that Province excluding its conflict of law principles; and shall not be governed by or construed under the provisions of the 1980 United Nations Convention on the International Sale of Goods.

**18. Dispute Resolution.** Except for disputes relating any breach of confidentiality hereunder or for the misuse or infringement of Buyer's intellectual property rights, in the event of a dispute or disagreement between Seller and Buyer arising out of or relating to this Order (a "Dispute"), such Dispute, upon the written request of either party, shall be referred to the chief financial officers of each party or their respective designees. The chief financial officers or their respective designees shall promptly meet in good faith to resolve the Dispute and if they do not agree upon a resolution within thirty (30) calendar days after the reference of the Dispute to them, then such Dispute, upon written notice from one party to the other of its intent to arbitrate, shall be submitted to and settled exclusively by final and binding arbitration in lieu of any judicial proceeding; provided, however, that nothing contained in this Section shall preclude any party from seeking or obtaining from a court of competent jurisdiction (a) injunctive relief, or (b) equitable or other judicial relief to specifically enforce the provisions of this Order or to preserve the status quo prior to the event(s) leading to the Dispute. Arbitration shall be conducted in Toronto by a single arbitrator chosen by the parties (or if they cannot agree chosen by a judge of the Superior Court of Ontario) under the Arbitration Act, 1991 procedures, as applicable, under the International Arbitration Rules of the American Arbitration Association existing at the date of submission of the Dispute to arbitration. The language used in all proceedings shall be English. The arbitration award shall be binding and enforceable against Seller and Buyer and judgment may be entered thereon in any court of competent jurisdiction.

**19. Records; Audits.** Seller shall, at all times, keep accurate records of all Products manufactured and sold under this Order for a period of five (5) years. Buyer and its customers shall have the right, at all times, during Seller's normal business hours, in a manner that does not unduly interfere with normal operations and that is respectful of/consistent with Seller's security policies/procedures, to observe, inspect, and/or audit Seller's premises, manufacturing and quality control processes, and records, relative to Products supplied pursuant to this Order.

**20. General.** Seller may not assign this Order or subcontract any of its rights, obligations or responsibilities under this Order (by merger, operation of law or otherwise) to any third party without Buyer's prior written consent.

Buyer's failure to enforce its rights as to any violation of any provision (or part thereof) of this Order shall not be deemed a waiver or abandonment of its right to enforce its rights as to any other violation of the same or any other provision. This Order may be amended only by a written instrument signed by an authorized representative of Buyer. Any provision found invalid or unenforceable will not affect the validity or enforceability of any other provision and the invalid provision may be judicially modified to the extent enforceable. It is the express wish of the parties that the Order and any related documents be drawn and executed in English. Les parties conviennent que la presente convention et tous les documents s'y attachent soient rédigés et signés en anglais.