



ADDITIONAL PURCHASE ORDER TERMS AND CONDITIONS FOR CAPITAL EQUIPMENT

These Additional Purchase Order Terms (“Additional Terms”) govern the purchase of all capital equipment (“Equipment”) sold or supplied to Buyer on its Purchase Order (“Order”). These Additional Terms are in addition to the Purchase Order Terms, which can be found at <http://purchaseorderterms.donaldson.com/> (the “Purchase Order Terms”, and collectively the “Terms”).

If there is any conflict between the Purchase Order Terms and these Additional Terms, these Additional Terms shall supersede. The parties agree that these Additional Terms and the Purchase Order Terms shall govern all purchases made by Buyer until such time as new Terms are provided by Buyer to Supplier. None of the terms and conditions contained in this Order may be added to, modified, superseded or otherwise altered except by a writing signed by an authorized representative of Buyer, and; each shipment received by Buyer shall be deemed to be only upon these Terms, notwithstanding any terms and conditions in any acknowledgment, acceptance, invoice or other Supplier forms, and notwithstanding Buyer’s act of accepting or paying for any shipment or similar act of Buyer.

CONTRACT ADMINISTRATION: The Equipment Buyer or a Purchasing Manager, acting on behalf of the Equipment Buyer are the only individuals authorized to make the changes in or redirect the work required by the Order. Where the Buyer’s approval is required under the terms of the Order, it shall be understood to mean the approval of the Equipment Buyer or a Purchasing Manager, acting on behalf of the Equipment Buyer. In the event the Supplier effects any changes at the direction of any other person, the change shall be considered as having been made without authority and an adjustment shall not be made to the Equipment, in the price or delivery schedule as a result thereof.

ORDER OF PRECEDENCE: Unless otherwise stated in the Order, the order of precedence shall be as follows:

- A. The Order
- B. The quote exception form, if applicable
- C. Buyer’s Statement of Work (“SOW”), Specification(s) and/or Addendum signed by both Parties
- D. Buyer’s Additional Purchase Order Terms for Capital Equipment
- E. Buyer’s Purchase Order Terms

CHANGES: Buyer at its sole discretion, and Supplier upon written approval of the Buyer, may make changes to the Order. In the latter case, Supplier shall promptly give notice in writing to the Buyer detailing benefits and impacts to scope, budget, schedule and functionality. Approval of any change proposed by the Supplier is at the sole discretion of the Buyer.

Such changes may include changes to the specifications, drawings, designs, methods of shipping and packaging and in the time and/or place of delivery. Should such changes cause an adjustment in the price, quantity of items to be furnished, or the time for performance; an equitable adjustment will be made by Buyer. Supplier shall submit any claims against such adjustments prior to shipment or within 30 days of change, whichever comes first.

PAYMENT AND INVOICES: All invoices must include Buyer’s order number. Buyer will only make payments

on original invoices. All invoices must match Buyer’s order by line item showing the amount due for that specific line item (i.e., if there are five line items on Buyer’s order at a pay point, all five line items should be listed on the invoice at that pay point). Invoices must be submitted to the appropriate Buyer’s purchasing plant and contact in accordance with Buyer’s instructions. All paperwork and forms must be completed and sent to the Buyer’s purchasing plant before the last invoice is submitted. If a down payment is required, Supplier must submit an invoice for the down payment amount and the invoice must be marked “Down Payment”. Unless there is written consent between the Parties, previously agreed payment terms will not change because of agreed improvements and/or changes to the Order.

Unless otherwise agreed or governed by applicable law, Buyer will pay the purchase price on the following payment terms:

5%	After Order release	Net 60 days
30%	Design Approval	Net 60 days
25%	Successful FAT (Factory Acceptance Test)	Net 60 days
40%	Successful SAT (Site Acceptance Test)	Net 60 days

AUDIT OF RECORDS: Supplier shall keep adequate records of direct labor costs and all other costs of the performance of this Order, which shall be subject to audit by the Buyer or Buyer's agent in the event of termination for convenience or with respect to any work for which the price or any part thereof is based on time and cost of materials. The records and record keeping must be transparent and free of errors or omissions by meeting, for example, GAAP or IFRS accounting standards. Supplier shall provide a copy of the record keeping process and an example of the record keeping template, if requested by Buyer.

TERMINATION WITHOUT LIABILITY: Buyer reserves the right to cancel all or any part of this Order, without liability, if Supplier: (a) repudiates or breaches any of the terms of this Order, including Supplier's warranties; (b) fails to provide adequate assurances of performance; or (c) fails to perform services or delivery of the Equipment; and does not correct such failure or breach within five (5) days (or such shorter period of time as commercially reasonable under the circumstances) after receipt of written notice from Buyer specifying such failure or breach. Whether or not the Supplier's right to proceed with the work is terminated, the Supplier shall be liable for damages to Buyer caused by its refusal or failure to deliver the Equipment in accordance with the Order. Upon any such termination by Buyer, the Supplier will promptly refund to Buyer any prepaid purchase amount.

SCHEDULED DELIVERY: Supplier will deliver and provide the Equipment and other contracted items in strict accordance with the Schedule and Order; unless otherwise stated, Equipment must meet all requirements. Time is of the essence. The delivery date(s) in the Schedule or Order will be the exact date(s) the Equipment – complete to the Specifications and other requirements of the Order – will be delivered to Buyer's named location, unless otherwise agreed in the Order. Late and non shipments are subject to liquidated damages as provided below. Any deviations to the Schedule will be mutually agreed upon by the parties in advance and in writing.

LIQUIDATED DAMAGES: Supplier acknowledges that its failure to successfully complete and deliver the Equipment and other contracted items by the date(s) documented in the Schedule or on the Order will have a material adverse impact on Buyer's business and operations, and that the damages caused by such delay may not be determinable at the time of occurrence. Accordingly, unless expressly agreed otherwise, Buyer will be entitled to liquidated damages in an amount equal to one percent (1%) of the purchase price for each calendar week or portion thereof, at the full discretion of Buyer, in which the contracted items (or any portion thereof) have not (i) achieved acceptance in accordance with the SOW and then-current Schedule, or (ii) been shipped, or (iii) been delivered, installed, and achieved Site Acceptance in accordance with the SOW and then-current Schedule; provided, however, that such liquidated damages will not exceed a total of ten percent (10%) of the purchase price. Without limiting any non-monetary remedies available to Buyer under the SOW, at law or in equity, this sets forth Buyer's sole right to damages for delay. Supplier shall pay any liquidated damages to which Buyer is entitled within thirty calendar days upon Buyer's written demand. Payment will be made in the form of a one-time payment by Supplier or a credit to an outstanding invoice, with determination at the full discretion of Buyer. After such, Buyer may elect to terminate the SOW for material breach and either:

- (A) reject the Equipment or other contracted items, without affecting its other remedies, in which case Supplier shall promptly: (i) refund to Buyer all payments of the purchase price within seven calendar days of Buyer's notice of termination; (ii) arrange to dismantle, pack, and pick up the Equipment or other contracted items from Buyer's Plant, at Seller's sole expense, within seven calendar days of Buyer's notice of termination; and (iii) if Supplier fails to recover the Equipment or other contracted items within the foregoing timeframe, reimburse Buyer's actual costs and expenses to dismantle, package, transport and store such items until Supplier recovers them (including charges for time spent by Buyer personnel); or
- (B) complete the Equipment and other contracted items on its own, in which case Supplier will (i) reimburse all costs and expenses incurred by Buyer (including costs for time spent by Buyer employees and/or subcontractors) to complete such work in accordance with the then current Schedule and (ii) make available to Buyer all software necessary for Buyer to complete the Equipment.

EXCUSABLE DELAY: Except as otherwise expressly agreed, neither Party shall be liable for a failure to perform its obligations for reasons of force majeure, including, but not limited to, acts of God, acts of a public enemy, acts of the governments of any country, state or political subdivision or of any department or regulatory agency or other entity of such government, quotas, embargoes, acts of any person engaged in subversive activity or sabotage, fires, floods, explosions, or other catastrophes, epidemics, or quarantine restrictions, or any other cause or excusable delay beyond the control of the parties. It is explicitly agreed that shortages of raw materials or components or strikes at the Supplier or its sub-suppliers or other labor stoppages, slowdowns or disputes do not fall within the scope of this force majeure section.

If the Supplier reasonably becomes aware that its production or delivery of Equipment may be delayed, impaired or prevented by any such cause, the Supplier shall (i) immediately notify Buyer of the possibility of such cause, and (ii) use its best efforts to continue to supply the Equipment to Buyer. Should the Supplier's force majeure event continue for thirty (30) days, Buyer may immediately terminate the Order without any liability.

WARRANTIES AND REMEDIES: In addition to all implied and express warranties available under the Uniform Commercial Code and/or the Terms, Supplier warrants for two years from the date of shipment from Supplier's premises or one year from the date of receipt or final acceptance at Buyer's designated delivery address, whichever is later, that: (a) all Equipment will be free from any encumbrance and conform to the applicable Order, and all Buyer requirements, including but not limited to the specifications, drawings, samples, or descriptions furnished to or by Buyer; (b) all Equipment will be without any defect in design (except to the extent designed by Buyer), processing, materials and manufacture and; (c) all Equipment will be made or processed and all services will be performed, in compliance with all laws applicable to Equipment, Supplier and its business and with sound environmental, health and safety practices consistent with all requirements and documents referenced herein or in any Order. Supplier also warrants that: (w) Supplier has the expertise, and the resources to perform its obligations under any Order (including these Terms); (x) no Equipment infringes any third party's intellectual property rights; (y) Supplier has no third-party obligations that conflict in any way with Supplier's obligations under these Terms; and (z) Supplier acknowledges that Supplier knows of Buyer's intended use and expressly warrants that all Equipment covered by this Order which have been selected, designed, manufactured, and/or assembled by Supplier, based upon Buyer's stated use, will be fit and sufficient for the particular purpose intended by Buyer.

In the event of breach during the warranty period, Seller shall, without undue delay, submit corrective action plan for Buyer approval; once approved, Seller shall have the opportunity to execute and replace or modify Equipment so as to correct said warranty breach. Seller shall have five business (5) days (or such shorter period of time as commercially reasonable under the circumstances) to define, plan and execute the corrective action. At the Buyer's discretion, Buyer may exercise the right to affect repairs at the cost of the Seller. The Seller will be billed for all costs associated with such repairs and/or the equivalent value will be deducted from amounts due and/or future payables.

MATERIAL & WORKMANSHIP: All items and material incorporated in the work covered by the Order are to be new and of the most suitable grade for the purpose intended. Reference to any item and material or process by trade name, make, or catalog number shall be regarded as establishing a standard of quality and the Supplier may, with the Buyer's written approval, substitute any item, material, or process which in the judgment of the Buyer is equal to that named. The Supplier shall furnish to the Buyer for the Buyer's approval the name of the manufacturer, the model number, and other identifying data and information respecting the performance, capacity, nature, and rating of the machinery, material, or item which the Supplier contemplates incorporating in the Equipment as a substitute. If required by the SOW, samples shall be submitted for approval at the Supplier's expense, with all shipping charges prepaid, unless agreed to in advance by Buyer. Material and items used without required approval shall be at the risk of subsequent rejection.

INSPECTION, FINAL ACCEPTANCE AND REJECTION: Throughout the term of this Agreement and while work is being performed for Buyer, Buyer has the on-going right to access Supplier's site to inspect the Equipment. Upon request on the acceptance date, Buyer will provide to Supplier a written statement of its acceptance of the Equipment provided that the Equipment shall have demonstrated (during the acceptance process) performance in full compliance with the Order. The acceptance of the Equipment shall in no way release Supplier of any of its obligations under the Order, including but not limited to the Warranty obligations. Regarding inspection, final acceptance and rejection, the Parties agree as follows:

- A. All items, including without limitation raw materials, components, services, intermediate assemblies, and products and data, shall be subject to inspection and test by the Buyer to the extent practical at all times and places including the period of manufacture.

- B. If any items are defective in any manner or otherwise not in conformity with the requirements of the Order, the Buyer shall have the right to require their correction or replacement. Items which have been rejected or required to be corrected shall be removed or if permitted or required by the Buyer, corrected in place by and at the expense of the Supplier promptly after notice, and shall not thereafter be tendered for acceptance. If the Supplier fails to remove promptly such items which are required to be removed or to replace or correct promptly such items the Buyer may either:
1. Accept delivery of the defective items and by separate order or otherwise correct such items and charge the Supplier all costs incurred by Buyer, which may be deducted from amounts due the Supplier;
 2. By separate contract or otherwise replace such defective items and charge the Supplier the total cost incurred by Buyer thereof;
 3. Terminate the Order for default pursuant to the "Termination Without Liability" clause; or
 4. Require the delivery of such items at a reduction in price which is equitable, in Buyer's discretion under the circumstances.
- C. If any inspection or test is made by the Buyer on the premises of the Supplier or its subcontractors, the Supplier without additional charge shall provide all reasonable facilities and assistance for the safety and convenience of the Buyer's inspectors in the performance of their duties. If the inspection or test is made at a place other than the premises of the Supplier or its subcontractors at the request of the Buyer, unless otherwise specified in this Order, it shall be at the expense of the Buyer. With respect to rejected items, the Buyer shall not be liable for any reduction in value of rejected items used in connection with such inspection or test. All inspection and tests by the Buyer shall be performed in such a manner as not to unduly delay the work. The Buyer reserves the right to charge the Supplier for any additional cost of inspection and testing necessitated by rejection. Final acceptance or rejection of items shall be made as promptly as practical after delivery, but failure to inspect or accept promptly or reject items shall neither relieve the Supplier from responsibility for such items that are not in accordance with the requirements of the Order nor impose any liability on the Buyer therefor.
- D. Records of all inspection and tests by the Supplier shall be kept complete and available to the Buyer for review during performance of the Order and for a minimum of seven (7) years or such longer period as may be specified elsewhere in the Order.
- E. Unless otherwise provided herein, final inspection and final acceptance by the Buyer shall be after delivery to the Buyer's facility.
- F. Inspection and test by Buyer of any item does not relieve the Supplier from any responsibility regarding defects which may be discovered after final acceptance or during the warranty period.
- G. Final acceptance shall be conclusive except as regards latent defects, fraud, or such mistakes that are not discovered by inspection or final acceptance criteria, or with respect to the Buyer's rights under the "Warranty" clause.
- H. Final acceptance shall be evidenced by the Buyer's written statement to the Supplier that all items have been completed by the Supplier, and inspected and accepted by the Buyer.

NONCONFORMING EQUIPMENT: Nonconforming Equipment will be held by Buyer for disposition in accordance with Supplier's instructions at Supplier's risk. Supplier's failure to provide written instructions within five (5) business days, or such shorter period as may be commercially reasonable under the circumstances, after notice of nonconformity shall entitle Buyer, at Buyer's option, to charge Supplier for storage and handling, or to dispose of the Equipment, without liability to Supplier. Payment for the Equipment shall not constitute an acceptance thereof, limit or impair Buyer's right to assert legal or equitable remedy, or relieve Supplier's responsibility for latent defects.

TOOLS, MATERIALS AND DATA: If any designs, sketches, drawings, blueprints, patterns, dies, molds, masks, software, models, tools, gauges, equipment or special appliances should be made or procured by Supplier, especially for producing the Equipment covered by the Order and the cost of which is paid by Buyer then immediately upon manufacturing or procurement they shall become property of Buyer. Supplier shall maintain a current inventory list of all Buyer property. Any such item shall: a) become and shall be identified/labeled as property of Buyer; b) be held by Supplier on consignment at Supplier's risk; c) be used exclusively for Buyer; and d) be subject to disposition by Buyer at any and all times and upon demand they shall be returned to Buyer. The Supplier shall establish procedures for the adequate storage, maintenance and inspection of the foregoing and shall maintain inspection and inventory records therefor which shall be available to Buyer upon request.

Supplier hereby consents to and will cooperate with Buyer's filing of any necessary documentation to protect Buyer property.

INTELLECTUAL PROPERTY OWNERSHIP: Supplier is an independent contractor and understands that all Equipment under the Order are "Works Made For Hire" and as such, all intellectual property from the moment of creation as a result of or required to fulfil this Order are assigned to the Buyer. The term "Works" includes creative writings, research data and reports, writings, sound recordings, pictorial reproductions, drawings, film and video recordings, and other graphical representations, software, business methods, inventions, improvements, and discoveries and works of any similar nature (whether or not eligible for copyright, trademark, patent, or other proprietary protection). All intellectual property developed or otherwise owned by Supplier prior to the applicable Order shall be retained by Supplier and Supplier hereby grants Buyer the right to use such Supplier-owned intellectual property that is necessary for the use of the Equipment on a royalty-free, perpetual basis. Regardless of any detail or claims on the drawings, the Buyer owns the drawings and has all right to use, copy, or modify without permission from the Seller.

TITLE & RISK OF LOSS: Supplier and approved subcontractors shall maintain insurance and risk of loss on all Equipment and other items purchased under an Order until delivered to Buyer on Buyer's premises.. The Buyer shall have equitable title to items subject to down payments, advance or progress payments. Title and risk of loss to bailed property is addressed in the section below entitled "Bailment".

INDEMNIFICATION & INSURANCE: If the Supplier or approved subcontractor enters any premises of the Buyer or the Buyer's customer during the performance of the Order, the Supplier shall indemnify and hold harmless the Buyer, its officers and employees, from any loss, cost damage, expense, or liability by reason of property damage or personal injury, including death, of whatsoever nature or kind arising out of or as resulting from any action or inaction of the Supplier or of its employees, subcontractor, and lower tier subcontractors while at such premises or in performance under the Order.

The Supplier shall obtain and maintain and shall cause its subcontractors and lower tier subcontractors to obtain and maintain insurance for worker's compensation, employer's liability, bodily injury and property damage.

The Supplier and its subcontractor and lower tier subcontractors shall provide certificates evidencing such insurance and shall name Buyer as an additional insured. The insurance policies will be issued by a company or companies having an "AM Best Company" financial strength rating of A- (Excellent) or better prior to the execution of the Order.

ASSIGNMENT & SUBCONTRACTING: This Order or any interest hereunder shall not be assigned or transferred by the Supplier to any third party without prior written approval of the Buyer and subject to such terms and conditions the Buyer may impose. The Buyer shall not consent to any proposed assignment unless and until the Supplier furnishes to the Buyer a copy of the assignment for review. The Supplier shall not subcontract any rights or obligations under the Order without the prior written approval of the Buyer and any such assignment shall be void. Should the Supplier be approved to subcontract any portion of the Order, it is the responsibility of the Supplier to ensure that the subcontractor abides by all requirements of the Order.

BAILMENT: Where Buyer has furnished, or for which Supplier has been at least partially reimbursed by Buyer, and Supplier has accepted, equipment, component parts, documents, or tooling to Supplier for the exclusive purpose of assembling, integrating, or providing the manufacturing, production, assembly, repair, purchase, packaging, warehousing, labeling, finishing, design, development, planning, processing, use and application of all kind of work on components and accessories, or any other products, components or activities similar or related thereto to the Buyer ("Bailed Property"), such Bailed Property is and will at all times remain the property of Buyer and be held by Supplier on a bailment-at-will basis. Only Buyer has any right, title or interest in and to Bailed Property, except for Supplier's limited right to use the Bailed Property in the performance of Supplier's obligations under the Order. Supplier shall not commingle Bailed Property with the property of Supplier or with that of a Person other than Buyer or Supplier, shall mark the Bailed Property with Buyer's name as indicia of Buyer ownership, and shall not move any Bailed Property from Supplier's premises without the prior written approval by Buyer. Buyer may, at any time and for any reason, retake possession of any Bailed Property without the necessity of payment or notice to Supplier, or a hearing or a court order, which rights, if any, are waived by Supplier. Upon Buyer's request, Bailed Property will be immediately released to Buyer or delivered to Buyer by Supplier. Supplier shall not allow any encumbrance to be imposed on or attach to the Bailed Property through Supplier, and Supplier hereby waives any encumbrance that it may have or acquire in the Bailed Property and Supplier hereby indemnifies Buyer for any such encumbrance on Bailed Property. Supplier, at its sole expense, shall indemnify; defend; save and hold harmless Buyer, its subsidiaries, affiliates, directors, officers, employees, representatives, agents, successors, and assigns, from and against any and all claims; losses; damages; liabilities; penalties; actions; proceedings; interest awards; demands; suits and judgments, including all costs and expenses in connection with amounts paid in settlement, attorneys' fees and court costs, arising out of, related to or resulting from the leasing; possession; rental; use; condition; maintenance; operation; transportation or return of the Bailed Property or any breach of this Agreement. Supplier acknowledges and agrees

that BUYER HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS, CONDITION, MERCHANTABILITY, DESIGN OR OPERATION OF THE BAILED PROPERTY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE. Notwithstanding the foregoing, if the bailment relationship is deemed to be a secured financing transaction, Seller grants to Buyer a continuing security interest in any rights or interests it may have in the Bailed Property. Supplier agrees that in the event a bankruptcy petition under the Bankruptcy Code is filed by or against Supplier at any time, Buyer will be entitled (upon filing the appropriate motion) to the immediate entry of an order from the Bankruptcy Court granting Buyer complete relief from the automatic stay imposed under the Bankruptcy Code to permit Buyer to exercise its right to remove Bailed Property from Supplier's facility. Upon Buyer filing such a motion, Buyer shall be entitled to relief from the automatic stay without the necessity of a hearing and without having to prove the value of the Bailed Property, the lack of adequate protection of Buyer interest in the Bailed Property or lack of Supplier's equity in the Bailed Property. Supplier agrees that the lifting of the automatic stay is deemed to be "for cause" and Supplier will not directly or indirectly oppose or otherwise defend against Buyer's efforts to gain relief from the automatic stay.

RIGHTS TO USE INFORMATION: Unless otherwise expressly set forth to the contrary in the Order, Buyer shall have the right to use and have used, for any purpose, unpatented or non-proprietary information concerning the Equipment delivered by Supplier hereunder, including manufacturing methods and processes which Supplier may disclose to the Buyer during performance of the Order if such information is furnished without restrictions on its use.

SETOFF: (a) All amounts due from Buyer will be considered net of indebtedness of Seller. In addition to any right of setoff, deduction or recoupment provided or allowed by law, Buyer may without notice to Seller, set off against, and deduct and/or recoup from, any amounts due or to become due from Buyer to Seller, any amounts due or to become due from Seller to Buyer, including for damages resulting from breaches by Seller of its obligations under this Order or any other contract. (b) If an obligation of Seller is disputed, contingent or unliquidated, payment by Buyer of all or any portion of the amount due may be deferred until such dispute contingency is resolved or the obligation is liquidated. In the event of Seller's bankruptcy, if all of the contracts between Buyer and Seller have not been assumed (under applicable bankruptcy law), then Buyer may withhold payment to Seller for Equipment previously delivered (via administrative hold or otherwise) until the risk of potential rejection and other losses is eliminated.

APPLICABLE LAW; ARBITRATION: (a) Unless otherwise agreed elsewhere between the Parties, all related documents and all matters arising out of or relating to the purchase of the Equipment will be governed by the laws of the jurisdiction in which the Equipment is delivered (if Equipment is to be delivered in multiple jurisdictions, the jurisdiction in which Buyer is incorporated), without regard to any otherwise applicable conflict-of-laws provisions and excluding the United Nations Convention on the International Sale of Goods. The courts in such jurisdiction will exclusively adjudicate any disputes between the Parties. (b) If any arbitration or mediation proceeding is pending or threatened by or between Buyer and its customer pertaining to the subject matter of the Equipment purchase, Seller agrees that it will consent to and submit to the jurisdiction of and be joined in that arbitration or mediation proceeding upon the request or direction of Buyer, and will agree to be bound by all orders, rules and awards entered in that proceeding, which, in the case of arbitration, will be final and binding on the Parties.